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COVID CASES CLIMB A3 • KITCHEN TO KITCHEN A12 • GHOST PATROL A13

Fort Worden PDA faces 'house of cards' financial crisis

Officials discover multiple capital projects loans, 19 credit cards tapped to pay for day-to-day operations

BRIAN KELLY
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The Fort Worden Public Development Authority will be broke by the end of the year unless it can raise \$250,000 to \$350,000 by the end of December, Acting Associate Executive Director David Timmons told the board of directors at its meeting last week.

The PDA's financial situation is actually more dire than that, however.

The organization must get Kitsap Bank to agree to refinance a loan and two lines of credit that total \$5.1 million.

One line of credit — \$1.5 million for the Makers Square project — comes due in December.

A second line of credit — \$2 million for Fort Worden's "glamping" project — is due during the first quarter of 2021.

Adding to the financial crisis: a loan taken out to pay for energy efficiency projects must also be refinanced.

Timmons told the board that work being done to prepare for a financial audit by the state revealed a broad set of financial problems that had not been shared with the board.

FUNDS DIVERTED

Much of the PDA's problems come from shifting borrowed money from capital improvements, such as Makers Square and the glamping project, to fund the day-to-day operations of the agency.

Approximately \$400,000 from the Makers Square line of credit was diverted to pay for operations during the early days of the pandemic. Another \$600,000 from the glamping project was also diverted, as was \$300,000 from the energy efficiency project loan, to pay for daily operations.

The budget set for the PDA's reopening also overstated the income that would come in, and underestimated expenses.

Timmons said sales in November and December won't cover the costs



The Fort Worden State Park "glamping" tents come with amenities ranging from sustainable hardwood floors and sitting decks to futons, tables, and queen-size beds. Leader file photo

of running the PDA.

He also said the PDA had amassed debt on 19 credit cards.

Timmons said 15 of 18 credit card accounts with Bank of America

American Express credit card that had a balance of \$60,000.

The credit cards had been used to pay utilities and vendors, he said.

Timmons said financial reports that had been presented to the

board as the organization shifted from cash to GAAP (generally accepted accounting principles) financing in 2016 were not accurate.

"It really didn't give you a very accurate financial picture, I believe, of what was happening and what was going on as you kind of progressed through those years," Timmons said.

TSUNAMI OF PROBLEMS

The number of issues arising all at once was overwhelming, Timmons added.

"It seemed like every day we were dealing with yet another issue, and challenge, both internally and externally," he said.

The Washington State Auditor's Office is planning to do an "accountability audit" of the organization. The audit, which will cover 2018-19, has already started and will take between three to four months to finish.

"They are going to take a deep

see PDA, Page A10



A group of whales from K-pod are seen swimming together in Puget Sound. Jill Hein photo, Orca Network

Whale-watching groups push back against proposed rules

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New rules for whale watchers may do the already-threatened marine mammals more harm than good, according to local groups that spend their days following orcas in Washington waters.

Pete Hanke, owner of Puget Sound Express — a whale watching tour group based out of Port Townsend and Edmonds — said proposed restrictions for whale watching from the Washington Department of Fish & Wildlife will hamstring those who are actually serving as guardians for Puget Sound whales.

"What we find is that if one of our boats is present around the whales, particularly the southern resident orcas, everybody slows down," Hanke said.

"We're able to say, 'Hey I've got the mama, I've got J-27 here and I've got her calf right here, you should be careful.'"

The Washington Department of Fish & Wildlife has proposed two options aimed at reducing the impacts from vessel noise and other disturbances to southern resident orca populations resulting from commercial whale watching businesses:

- Option A proposes a three-month southern resident whale-watching season running from July through September. Boats would be restricted to watching the whales only from Friday through Monday and a limit of three vessels at a time would also be placed for each group of southern residents.

"Orca Network is very much supportive of responsible whale watching and we do believe that these rules are too restrictive on whale watching."

Cindy Hansen
EDUCATION AND EVENTS COORDINATOR,
ORCA NETWORK

- Option B proposes a three-month July through September season for southern resident whale-watching, with viewing restricted to Friday through Monday. Option B also provides a "shoulder season" with Saturday and Sunday viewings for two months on either side of the main season: May-June and October-November. During the shoulder season, there would be a limit of one motorized commercial whale watching vessel at a time with a group of southern residents.

Hanke explained that the southern resident killer whales — for which the rules have been drafted — constitute only a portion of the various species that he's build his wildlife watching business around.

The impacts to his tours would be rather limited, he said, because it's not just tourist

trips he's worried about.

"We were on the situation last summer when the Washington State Ferry at Mukilteo rammed and killed a humpback whale," said Hanke, who is also a commissioner for the Port of Port Townsend.

"My son was driving that day and he repeatedly warned the ferry to slow down and turn. Unfortunately, the captain was not on the bridge; it was somebody else and they didn't do it and they hit the whale."

Hanke added that whale-watching boats are often quieter than other commercial and recreational vessels that might be operating in an area near a pod of southern resident orcas because while observing the whales, the vessels' engines are usually idling.

"We're able to kind of act as sentries and slow people down [which] is a really good thing, especially for the resident orcas," Hanke said.

"With these regulations, they're pushing us to the point where as an operator, I'm not even going to go to the residents because it's just a waste of time to be a half mile away. And there's no way that I'm going to be able to warn a boat because they're going to be a long ways from me."

Hanke isn't alone in his belief that whale-watching boats serve to guard vulnerable groups of whales.

Cindy Hansen is the education and events coordinator for Orca Network, a nonprofit focused on raising awareness of whales in the

see RULES, Page A6

Investigator to probe union claims against Port Ludlow fire chief

Investigation follows vote of no confidence in chief by firefighters

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Fire commissioners for Port Ludlow Fire & Rescue have hired an investigator to look into allegations against Fire Chief Brad Martin that have been made by the department's firefighters.

The move follows a recent "vote of no confidence" that was taken by the firefighters of IAFF Local 3811, Jefferson County Professional Firefighters.

The department's board of commissioners has met repeatedly in closed-door executive sessions to talk about the chief since union members passed their vote of no confidence in September.

The vote, the first ever by Local 3811 against a chief, faulted Martin for a lack of strategic planning and the loss of career firefighters who have taken jobs with other departments.

During a three-hour special meeting last month, most of which was held in private, Commissioner Gene Carmody said the board had received a second letter of allegations from the union and noted the board would review the claims and continue "our due diligence and see where we go from here."

In an announcement last week, the board said commissioners "had an opportunity to evaluate the concerns of the Local and have considered the initial response of Fire Chief Brad Martin."

"In order to make sure that the board has a full understanding of the facts before taking [any] further action, the board will be working with an independent investigator to further review the specific and

see CHIEF, Page A6

inside
this issue...

20 pages

FRONT
Opinion Forum..... A8
Jefferson County Sheriff's Log A9
Port Townsend Police Log A9
Community RecordA18-A19

ARTS & ENTERTAINMENT/CLASSIFIEDS
Arts & Entertainment A11
Classifieds & Legal NoticesA14-A16

INSERTS: Michael's, Kaufman's Small Engine

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Display of the dead



A Día de Muertos, "Day of the Dead," display in the windows of Port Townsend High School Spanish teacher Reed Aubin's classroom is illuminated against the dark of evening Friday, Oct. 30. Leader photo by Luciano Marano

PDA: Makers Square is top priority

continued from Page A1

dive on the organization's policies and practices to look at: How do we explain the current situation, and how we got to the situation that we're in," Timmons told the board.

The PDA's problems with its accounting and financial statements are not entirely new; in its audit of 2016-17, released earlier this year, the state auditor said the PDA lacked internal controls that would guarantee complete, reliable and timely financial statements. The state also said PDA staff responsible for preparing the financial statements "lacked the technical expertise needed to perform their duties."

TOP PRIORITY

Timmons, during last week's PDA board meeting, said the top priority for the agency was the financing for Makers Square, a \$12 million destination attraction centered on the rehabilitation of three of the fort's historic buildings into a year-round space of roughly 50,000 square feet for artists, educators, and makers.

Last December, the PDA secured a \$1.5 million line of credit for Makers Square, and the loan comes due in December.

But Timmons said the PDA never budgeted funds to retire the loan.

"We don't find anywhere in the financials where there are funds that have been set aside or designated to repay that loan," he told the board.

A new loan is needed to replace the \$400,000 that was diverted from the line of credit for Makers Square to pay for the PDA's operations, and the loan should be increased by another \$500,000 so the Makers Square project can be finished.

The \$500,000 is needed to cover retainage costs, which should have been set aside to pay the contractor's bond when construction is finished.

Retainage funds that were paid by the contractor at the start of the project were never set aside in an account for repayment later.

All told, funding for Makers Square is \$2 million short, Timmons said.

A windfall in excess income from the project that had been expected is no longer anticipated, he added, and the PDA will have to apply 100 percent of Historic Tax Credits, which come from a federal program to rehabilitate historic buildings, to complete the financing for Makers Square.

TAX CREDITS NEEDED

In addition to getting a new loan for Makers Square, the PDA also faces an end-of-the-year deadline to obtain federal Historic Tax Credits.

"We are also running short on the ability to make timely payments to the contractor on the project," Timmons said.

"That's creating its own separate set of issues that we're struggling with."

The PDA's outstanding debt issues could jeopardize the PDA's ability to secure the tax credits, Timmons told the board.

"If any one of those does not materialize, then I hate to say this: It becomes a house of cards."

"The cascading impact that that will have is going to be extremely damaging to the future of the PDA and the partners and the State Parks," he said.

Timmons asked for the board's support as the organization navigates its way forward.

"This is one where everyone's got to get on the same page to help do whatever we can do in the next few weeks to secure this with Kitsap Bank, and put all of this in place for Makers Square," he said.

MORE MONEY NEEDED

The "glamping" project, short for "glamorous camping," includes 19 tents with sustainable hard-wood flooring, queen-sized beds, and decks set near Artillery Hill at the edge of Fort Worden's 95-acre campus.

Timmons told the board construction of the glamping project was not finished and additional funding was needed to get it done.

"I know this comes as kind of like a surprise," he said. "It's something that also came as a surprise to me."

A new loan will be needed to cover the \$600,000 that was taken from the loan obtained for the glamping project.

"When I saw this, this is the one that made me hit the panic button," Timmons said.

Officials also noted that \$20,000 in charges for the glamping project were put on one of the PDA's credit cards.

Board members sounded shocked at the revelations.

Todd Hutton, co-chair of the board, said board members were never told that funding for capital projects was used to keep the PDA running.

"We need to understand how it happened," Hutton told Timmons.

"I'm just stunned," added Board Member Jane Kilburn.

OVERLY OPTIMISTIC PLANS

Timmons said the original reopening plan for Fort Worden actually overstated income and understated expenses to maintain the objectives of the campus' reopening.

A real-time explanation of what was happening with the fort was not possible because the financial reports were not tied to the organization's general ledger.

"It appears that the full picture was not being presented," Timmons said.

Timmons also noted that the fort faces an accounts payable balance of \$200,000; most of that is connected to fixed monthly costs, utilities

and insurance that are three to four months delinquent.

The PDA is also facing fixed monthly costs of \$25,000 to \$50,000 to pay for the ongoing costs of utilities and insurance.

"We've got to make some adjustments; we're looking at those now," Timmons said.

"We've got to adjust our operating conditions for 2020," he added. "I don't know how we're going to end the year without going into the red."

CREDIT CARD DEBT

Officials noted that the organization's credit cards had been used "for all manner of things," including dozens and dozens of purchases from Amazon.com.

Many of the purchases were made for supplies and appear legitimate. Still, officials have started to flag some items that might be questionable.

More examination is also needed for expenditures made on the organization's credit card with Bank of America.

The Bank of America card charges interest at 29 percent, and the interest cost is currently \$1,500 a month.

Jeffery Jackson, a board member who serves as treasurer, praised employees who had brought some of the financial issues to light, some who were no longer working for the PDA.

"As bad as this all is — and it's horrible — much of all of this, that none of us have ever touched this kind of thing before, seen it before, we have got to kind of find a way to sort of come together ... on this plan of moving forward," Jackson said.

"And pivot out of this state and into a state where we can begin to fix things and work together toward a better outcome," he said.

"We've got to find that sweet spot between finding all the malfeasance, solving it, and moving forward and being positive about what we have here to manage," Jackson said.

"We can't dwell on this for long, it will kill us," he added. "We have to fix it and we have to find a solution that we can build toward our future."

Timmons agreed. "Even as dark as this all looks, we have to look at it in the context of: Failure is not an option," he said.

The audit by the state will help officials learn how it got into its crisis, he said. There's no time right now to assess blame.

"I can argue, point fingers and things like that," Timmons said of the practice of using capital projects funding to pay for the day-to-day operations of the PDA.

What's needed first, he said, is to find a solution.

"Then we can have a conversation about how it happened, and why it happened and how it will never happen again," Timmons said.

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Lockdowns Worldwide Fueled by False Figures

In the Leader's Oct. 21 Health Officer interview, he concluded, "We think the next three months might be the most difficult yet in the pandemic." What is the source for this grave prognostication? From previous such statements and the timing of this one, I assume one of his sources is the Institute of Health Metrics and Evaluation (IHME) model that currently predicts 292,315 new COVID-19 deaths nationwide between Oct. 22 and Feb. 1 if a hard lockdown is not reimposed. (Note this refers to their "Mandates easing" prediction that confusingly means lockdown "mandates are not re-imposed" according to the small print.) <http://solmaker.com/public/IHME-201102.png>

This IHME prediction was cited in a NYTimes op-ed on Oct. 19 warning "if herd immunity were pursued [as urged by the 11,618 health scientists who signed [GBdeclaration.org](http://www.gbddeclaration.org)] deaths could rise to as many as 571,527. That's just by Feb. 1." <https://tinyurl.com/y3nmb5ng>

But on Aug. 22 these same modelers were predicting 250,000 deaths between then and Dec. 1, which IHME recently had to downgrade to 87,565 (probably still too high given current trends). But they hid this by pushing back their forecast date to Feb. 1. <http://solmaker.com/public/IHME-200822.pdf>

IHME modelers have been embarrassingly wrong throughout this crisis and received \$279 million dollars (!!!) from the Gates Foundation, so should not be uncritically trusted. <http://solmaker.com/public/DebunkIHME.pdf> <https://tinyurl.com/y56nlzuy>

These aren't mere academic questions, since such fallacious models continue to be used to push catastrophic lockdowns around the world.

On Oct. 20, Ireland was locked down and 150,000 jobs lost due to hysteria over false-positive-fueled "cases" despite a completely-flat near-zero death rate (actually indicating herd immunity is being achieved). <http://solmaker.com/public/Ireland-201031.png> <https://tinyurl.com/yxjhets>

Then on Oct. 31 England locked down again due to panic over inflated models based on out-of-date data. Who's next? <https://tinyurl.com/yy3v5nnz>

For more information and to see my petition to end lockdowns in Washington State please visit: <https://Change.org/EndLockdownWA>

Stephen Schumacher
Port Townsend

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Issue 48 / Vol. 131

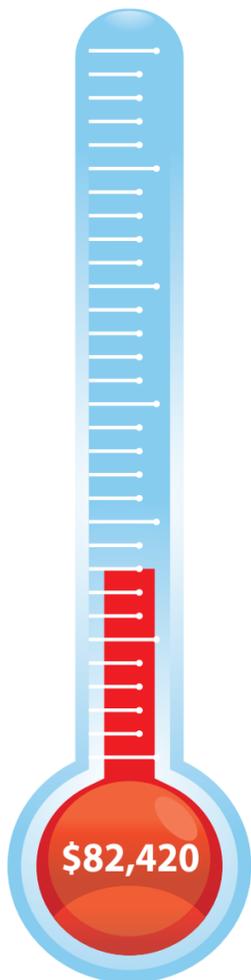
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MIXED REVIEWS ON ROUNDABOUTS A2 • AN ODE TO OUTHOUSES A3 • KITCHEN TO KITCHEN A16

Support United Good Neighbors

GOAL:
\$300,000



The United Good Neighbors campaign went in to overdrive in the past week — with donations climbing past \$80,000 in the past week.

Organizers of the annual campaign report the fundraiser has brought in \$82,420 through Monday.

This year's goal is \$300,000.

"From their academic success to their social skills to their physical, mental, and emotional health, the pandemic is a crisis for children," said Megan Clafin, director of development for The Production Alliance.

"On #GivingTuesday your donation to UGN's Give Jefferson directly impacts the lives of Jefferson County's most vulnerable population — our youth!" Clafin added.

United Good Neighbors supports the nonprofits, staff, and volunteers who are dedicated to providing critical programs and safety-net services to those most in need in Jefferson County.

Donors can choose to contribute to the Give Jefferson fund or can pick a specific partner to support.

Donations to Give Jefferson ensure that food, shelter, healthcare, and education continues to be available to those weathering uncertainty and recovering from crisis.

Go to www.givejefferson.org to learn more, view a complete list of eligible recipients, and donate.

Woman struck by truck while crossing Sims Way

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A 57-year-old woman was injured and airlifted to Harborview Medical Center in Seattle after she was hit by a pickup truck Monday evening while using a crosswalk on West Sims Way.

Port Townsend Police Chief Troy Surber said the collision occurred at 5:13 p.m. Nov. 30 when the woman was using a lighted crosswalk in the 1300 block of West Sims Way.

Though the crosswalk was illuminated with flashing lights, Surber said the woman — who was wearing dark clothing — was struck as she crossed the street.

The driver of the truck, Surber added, had his headlights on at the time of the collision, but was focused on a nearby bicyclist and did not notice the pedestrian as she crossed.

The driver stopped and provided aid to the woman after she was hit.

The woman was later airlifted with a leg and hip injury and was transported in stable condition, Surber said.

The driver of the truck was cited for failure to yield to a pedestrian.

Traffic was slowed on Sims Way following the crash as multiple police units, including the Port Townsend Police Department and the Washington State Patrol, responded to the incident.



Port Townsend police and Washington State Patrol respond to a collision on West Sims Way Monday after a pedestrian was hit by a truck. Leader photo by Nick Twietmeyer

'C'MON, MAN!'



Chief Civil Deputy Prosecuting Attorney Philip Hunsucker, a member of the Jefferson County Canvassing Board, reviews the signature on a contested ballot. Leader photo by Brian Kelly

Canvassing Board rejects ballots with mismatched signatures as 2020 Election comes to an end

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Ballots from 84 voters in Jefferson County were tossed out as election officials finalized results from the 2020 General Election.

Three ballots in that batch of rejects were sent to the Jefferson County Prosecutor's Office for further action, but members of the Jefferson County Canvassing Board indicated they did not think that trio of voters were intentionally trying to vote more than once in this year's election.

The 2020 election has been scrutinized like no other in recent history, with President Donald Trump continuing to falsely claim the vote was "rigged" and Republicans filing lawsuits across multiple states in a failing effort to hand Trump a second term.

In Jefferson County, turnout hit 90.04 percent — second in the state only to San Juan County, which

reported a turnout of 90.76 last week.

Jefferson County officials said early voting allowed elections staff to tally 20,527 votes on Election Day; or 82.2 percent of all ballots cast.

Overall, ballots were counted from 24,948 registered voters in Jefferson County.

"It was great; it was wonderful, I really couldn't be more happy," said Jefferson County Election Coordinator Quinn Grewell. "It just went so smooth, especially during a pandemic."

"For it being my first presidential election, I was super stoked it went well; everything went so well," she said.

The Jefferson County Canvassing Board met early last week to review 87 ballots that had been challenged and were referred to the board.

The board immediately rejected 10 of the ballots because they were postmarked after Nov. 3,

see **BALLOTS**, Page A20

County reports first COVID-19 fatality

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Jefferson County recorded its first death from COVID-19 last week, according to Public Health Officer Dr. Tom Locke.

In announcing the death in a Nov. 25 email, Locke said the woman who had died from the virus was in her 90s and was chronically ill and had been receiving hospice care.

She died at her residence last Tuesday and her physician certified her death as caused by COVID-19 infection last Wednesday, Locke said.

It appears that the woman was a resident at Avamere at Port Townsend at the time of her death.

Avamere, the company that operates the Port Townsend senior living facility, declined to comment specifically on the death, but according to an update posted to the company's website on Nov. 30, its Port Townsend location has reported one death of a resident due to COVID-19.

Currently there are two other active cases among residents. One staff member has also tested positive for the virus. 141 tests among residents and 85 tests among staff showed negative results at the location.

Locke said Jefferson County Public Health regularly investigates COVID-19 outbreaks in homes, workplaces and other group settings and that each investigation involves identifying contacts who could have been infected. He said such contacts are notified, quarantined and tested for COVID-19.

Locke declined to specifically say where the woman was living at the time of her death, saying, "we do not release information about exposure or outbreak location when we are able to identify and directly notify all close contacts through this investigation process."

In rare circumstances, Locke said Jefferson County Public Health could issue a public statement to notify potential contacts, but that it has not had need for such methods thus far.

Until last week's COVID-19 death, Jefferson County had been one of just four counties in Washington to not report a death due to the coronavirus.

The other counties that have not reported a death from COVID as of Monday are San Juan, Garfield and Wahkiakum counties.

In counties neighboring Jefferson, there have been four COVID-related deaths in Clallam, 14 in Island and 30 in Kitsap.

Jefferson County's total number of infections was 167 as of Monday.

There were 27 new cases of the COVID-19 reported in Jefferson County Nov. 23 and Nov. 30.

Fort Worden PDA awaits answers on financial crisis, asks for support

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In its first meeting since the enormity of its financial crisis was made public last month, the board of directors for the Fort Worden Public Development Authority appealed for patience from the public — and its support — as the organization attempts to stay alive.

At its previous meeting in late October, the board was told the Fort Worden PDA would run out of money by the end of the year unless \$250,000 to \$350,000 can be raised.

The PDA, according to Acting Associate Executive Director David

Timmons, also needed Kitsap Bank to agree to refinance a loan and two lines of credit that total \$5.1 million.

Much of the organization's problems come from shifting borrowed money from capital improvements, such as Makers Square and the "glamping" camping project, to fund the day-to-day operations of the agency. Timmons told the board approximately \$400,000 was diverted from the Makers Square line of credit to pay for operations during the early days of the pandemic. Another \$600,000 from the glamping project was diverted, along with \$300,000 from an energy efficiency project loan, to

pay for daily operations.

At the board's meeting last week, members said they recognized the scope of the PDA's debt issues that Timmons had earlier called "a house of cards."

"Mistakes have been made," said treasurer Jeffrey Jackson.

But Jackson placed the blame on the impact of COVID-19 on the fort, and added that other hospitality-based businesses have also been waylaid by the pandemic.

"Really, what I think is critical for this community to understand is the enormity of the situation that we face right now is completely

see **PDA**, Page A22

inside this issue... 22 pages

FRONT
Opinion Forum.....A5-A6
Port Townsend Police Log.....A7
Jefferson County Sheriff's Log.....A7
JeffCo - East to West.....A8
Community Record.....A21

ARTS & ENTERTAINMENT/CLASSIFIEDS
Arts & Entertainment.....A15-A17
Classifieds & Legal Notices....A12-A14

INSERTS: Port Townsend School Newsletter, Michaels

ptleader.com



PDA: Debt payments for line of credit postponed

continued from Page A1

about the impacts COVID has had on the operations.

"That is not an excuse. That is a grounded set of reality for anyone in this space," he said. "It has impacted our financials dramatically; it's impacted our people. We have many fewer of them."

Jackson added that other businesses that center on travel and public gatherings were seeing similar impacts.

"The turnover has been extraordinary. And our ability to, frankly, survive," Jackson said.

"Absent COVID ... all of the issues we are confronting ... all of them were solvable as normal business problems were it not for COVID," he added.

NOT IN IT FOR GLORY

Jackson stressed that board members are not serving the fort for compensation, recognition or glory.

"These are talented, ethical people. This community should be grateful for the people who are putting in this effort and the talents that they are providing," Jackson said. "Regardless of the outcome and regardless of how you feel, we should all be grateful."

He also asked for the community's support.

"What we do need is, we need an understanding of the complexity and the difficulty of the situation before we can move forward. Most importantly, we need support. Anything we do without the support

of this community and the various different constituencies that we serve, it just won't succeed," he said.

Representatives from the Washington State Auditor's Office have launched an "accountability audit" of the PDA. Officials said the audit, which will cover 2018-19, will take between three to four months to finish.

FORT'S VIABILITY IS FOCUS

Board Co-Chair Norm Tonina said the board recognizes the depth of the problems the PDA is facing.

"As board members we serve in our official capacity as volunteer public servants. And we recognize the severity of the problems confronting the PDA right now," Tonina said.

"We also feel that we owe it to the public and all those impacted by this current situation to do what we can to remedy what has happened and move forward to secure the longterm viability of the fort for the community at large," he said.

Tonina said state auditors will provide the board with an independent, thorough and transparent report that will be made public.

"Moving forward we and others need the facts so we can all understand from an independent source how this happened," Tonina said. "That process is underway and we are working hard to partner with the state auditors and do what we can to expedite the audit."

He also asked for the public's patience, and vowed that the PDA will take the steps needed to

preserve the fort's future.

"Steps will have to be taken by us and David Timmons to ensure that this never happens again," Tonina said.

"This is a critical time for the fort and we ask all concerned to allow the State Auditor's Office to present their findings," he added. "We commit to cooperate fully with any and all actions necessary to secure the future of the fort."

Board Co-Chair Todd Hutton said it would take the fort and the community working together "to solve this enormous problem."

"That old trite saying, 'It takes a village,'" Hutton said. "In this case, it does take a village to address this."

One line of credit from Kitsap Bank — \$1.5 million for the Makers Square project — comes due in December. A second line of credit that was extended to the PDA — \$2 million for Fort Worden's "glamping" project — is due during the first quarter of 2021.

Also adding to the fort's financial woes: a loan taken out to pay for energy efficiency projects must also be refinanced.

At last week's meeting, Timmons again noted that the reopening plan for the fort following the COVID shutdown was unsustainable; the PDA has a \$250,000 deficit, which is growing by the month.

Timmons has been looking for financial help in the past month, beyond getting a new financing arrangement with Kitsap Bank.

According to Timmons, Kitsap

Bank is willing to defer payments due on the PDA's line of credit.

Timmons has asked the city of Port Townsend to provide loan security for a \$900,000 loan that the PDA would borrow to restore \$400,000 in funds that were diverted to operations, and \$500,000 to replace a grant that was not funded, according to a Nov. 22 email to Port Townsend Mayor Michelle Sandoval and City Manager John Mauro.

In the email, Timmons also said he had reached out to Centrum for assistance, but Centrum denied his initial request but was working on an alternative.

"I can't disclose it quite yet since we only had one conversation and there is a need to follow up," Timmons said in the email.

"But it offers a way forward for all of us and it looks very promising to me," Timmons added in the email. "If we can lock an agreement into place in the next two weeks that would give everyone a perfect solution. But as you know, stuff happens and I need a backup plan. I am still looking at other options but we are running out of time."

COUNTY GRANT EYED

Earlier, Timmons submitted a request to the county to repurpose a Public Infrastructure Fund grant for \$150,000 that had originally been awarded to pay for employee housing at Fort Worden.

Timmons had hoped to use the grant to hire an outside consulting firm to create a new business model

for the PDA.

The request found little support at last week's meeting of the Public Infrastructure Fund Board.

"This is a real opportunity for us to move forward," Timmons told the board. "The fort itself is too vital of a community asset and too important from an economic development perspective."

The plan would be focused on the mechanics of making the PDA more resilient, Timmons said, "so that we don't have this kind of economic collapse in the future repeat itself."

"The vision is going to stay the same for Fort Worden. What we're looking at is changing the structural arrangement and the management model of it to be much more sustainable and viable," he explained.

County Administrator Philip Morley said the PDA's proposal didn't appear to comply with the county code and the definition of projects that are eligible for grants.

"Where we hit the shoals, I think, of compliance is on the definition of project," Morley said.

The problem could be avoided, officials noted, if the grant was instead awarded to Jefferson County's economic development council, with that organization guiding work on the business plan.

After other board members raised concerns about funding being used on a business plan, and not an infrastructure project, Timmons said he would come back with a revised proposal after talking with the economic development council.

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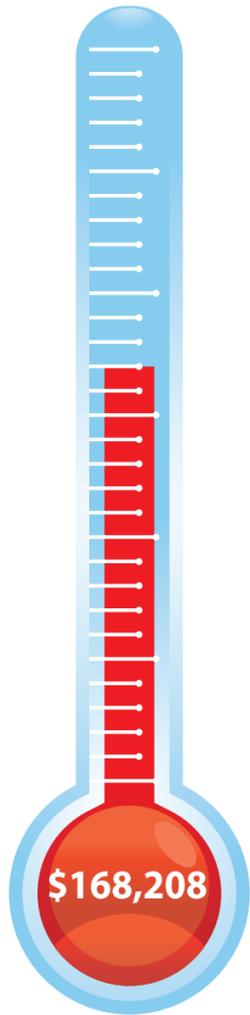
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RESPONDING TO COVID CLAMPDOWN A3 • PUT A BOW ON IT A15 • KITCHEN TO KITCHEN A16

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Organizers of the annual fundraiser has brought in \$168,208 through Monday.

“Given the extraordinary level of need in our community during the COVID-19 pandemic, United Good Neighbors is humbled by the generous outpouring of donations from local businesses and households,” said Megan Claffin, Give Jefferson campaign manager.

“Jefferson is a magnanimous community and with two weeks remaining in the campaign, we are confident that with continued support we will reach our goal of \$300,000 raised by year’s end,” she added.

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BUILDING ON A FUTURE



A construction worker does detail work on Building 305 at Fort Worden that is part of the Makers Square project. *Leader photo by Brian Kelly*

Fort Worden PDA board agrees to reorganization in response to financial crisis

BRIAN KELLY
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The board of the Fort Worden Public Development Authority has agreed to a comprehensive overhaul of the agency as it tries to reinvent itself due to its continuing economic collapse.

Acting Associate Executive Director David Timmons has proposed a new operating model for the PDA that turns it into a “holding company” that would spin off pieces of its operation — including hospitality services and property management of the assets on the 95-acre Fort Worden campus — that would run as not-for-profit corporation.

Timmons said the reorganization is needed because the PDA will run out of cash by the end of the year and, as a public entity, it must adopt a balanced budget by Dec. 31.

“Time is of the essence now and we are running out of time,” Timmons told the PDA board at its meeting last week.

The new business plan is a revised version of a model Timmons proposed late last month.

The board unanimously agreed at its Dec. 9 meeting to take the initial steps toward the PDA’s reorganization, which includes filing for the creation of a nonprofit corporation and getting the city of Port Townsend’s agreement to amend the PDA’s charter.

The change follows the recent announcement

“We’re going to run out of cash at year’s end. It’s just hard facts.”

Acting Associate Executive Director David Timmons
FORT WORDEN
PUBLIC DEVELOPMENT AUTHORITY

by the agency’s administration that the PDA is heavily in debt and must raise \$250,000 to \$350,000 by the end of the year.

The PDA, Timmons earlier told the board, also needed Kitsap Bank to agree to refinance a loan and two lines of credit that total \$5.1 million.

The agency’s financial problems, in part, stem from the diversion of loans obtained to use on Makers Square and the “glamping” camping project. That funding, as well as substantial credit card debt, was used to pay for operations during the early days of the pandemic.

Timmons told the board at its meeting last week that a new business model was needed for the PDA; one that investors would support.

The PDA, he added, was not able to raise capital or take out a new line of credit.

“This is very difficult for me — and I know it’s

very difficult for many of the board members, too — to accept that we have to look at a different way forward,” Timmons said.

“Status quo is just not going to carry the day. We’ve got to come forward with a new concept and a new approach,” he said.

Timmons also noted the PDA is expected to be operating in a negative cash position during the first two quarters of 2021.

Some progress has been made, Timmons added, including a \$200,000 private donation that will help pay for short-term operations.

“That came in in a very critical period and has been helping us get through the remainder of the year,” Timmons said.

“We’re going to run out of cash at year’s end. It’s just hard facts,” he added. “We don’t have enough income coming in to meet current expenses.”

“The \$200,000 donation is buying us time — but that time is limited and we’re going to run out.”

Timmons also noted that Kitsap Bank had agreed to defer payments on the lines of credit for Makers Square and the glamping project, which has reduced the loan guarantee the PDA needs from \$2 million to roughly \$900,000.

The bank has agreed to a six-month extension, with additional six-month extensions to follow for up to two years.

see *PDA*, Page A22

Jefferson Healthcare readies to disperse COVID vaccine

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Jefferson Healthcare has received confirmation from the Washington State Department of Health that it will receive an early shipment of 975 doses of the COVID-19 vaccine.

Vaccinations for medical workers could begin before the end of the week.

Amy Yaley, a spokesperson for Jefferson Healthcare, said the hospital district would start scheduling people on Monday to begin receiving the vaccine by Thursday, Dec. 17.

Jefferson Healthcare expects to have the first round of vaccinations completed by Christmas Eve.

Jefferson County has had 195 confirmed cases of COVID-19 since

the start of the pandemic.

There were 19 new cases in the county between Dec. 7 and Dec. 14, according to public health officials.

The vaccine, developed by Pfizer and BioNTech, requires two doses to achieve its maximum effectiveness. Jefferson Healthcare said the second doses — which must be administered between 21 and 28 days after the initial dose — are expected to come in a follow-up delivery.

Should the scheduled delivery become delayed, Yaley noted that the vaccine dosage timeline is focused on avoiding a second dose too soon after the first one has been administered, which allows for some flexibility of when the second shot may be administered.

“I think we have a little bit of leeway, but we don’t anticipate that being a problem,” Yaley added. “Every indication that we’ve received is that once these initial shipments get out to the various locations, subsequent shipments will come on a very regular basis.”

The vaccine also must be kept below 94 degrees Fahrenheit, which prompted the hospital to purchase a special freezer that is capable of storing thousands of doses of the vaccine.

Yaley said a recent poll of Jefferson Healthcare staff found that more than half of the hospital workers would agree to receive the vaccine. About 35 percent said they would wait for the next round of vaccines, and the remainder said

they weren’t interested in getting the vaccination or were undecided.

That said, not all of Jefferson Healthcare’s staff will be receiving the first round of vaccines, which is reserved for the most at-risk hospital staff. The roll-out will utilize a multi-phased approach and first targets individuals who have the highest risk of contracting COVID-19 or developing complications, such as first responders and front-line medical workers.

Exactly who would receive vaccinations under that first phase, dubbed “1A,” has constantly shifted, even as recently as late last week.

“They’re just now giving final details on who 1A [recipients] are;

see *VACCINE*, Page A22

inside
this issue...

22
pages

FRONT
Police Log, Sheriff’s Log A4
Opinion Forum A5-A6
JeffCo - East to West A7-A8
Community Record A20-A21

ARTS & ENTERTAINMENT/CLASSIFIEDS
Arts & Entertainment A15-A17
Community Calendar X
Classifieds & Legal Notices A12-A14

INSERTS: Michaels

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Judge gives Fat Smitty's burglar nine months in jail

BRIAN KELLY
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One of the men arrested for the Thanksgiving Day burglary at Fat Smitty's in Discovery Bay has pleaded guilty to second-degree burglary.

Daniel Richard Schwartz, 25, of Bremerton, admitted his guilt in the break-in during an appearance Friday in Jefferson County Superior Court.

Schwartz and two other Kitsap County men — Michael Duwane Smith, 34, of Port Orchard, and Spencer Aaron Schenk, 25, of Bremerton — were arraigned on charges of second-degree burglary and third-degree theft in Jefferson County Superior Court Dec. 4. All three entered pleadings of not guilty.

Customers at Fat Smitty's have long stapled dollar bills to the ceiling and walls of the iconic roadside restaurant on

U.S. Highway 101, leaving the business wallpapered with legal tender that is eventually removed by volunteers and given to the Scouts or other causes.

The popular hamburger stand has been burglarized three times this year, according to the Jefferson County Sheriff's Office, and in the most recent break-in, intruders stripped dollar bills off the walls after they entered the business just before 2 a.m. on Thanksgiving.

A sheriff's deputy discovered Schwartz, Smith, and Schenk driving away from the scene of the crime less than 10 minutes after 911 dispatchers learned of the rip-off at the restaurant, and police allegedly found wads of dollars in the pockets of their clothes after they were pulled over near the Hood Canal Bridge.

Schwartz changed his

pleading Dec. 11, and the charge of third-degree theft was dismissed by Superior Court Judge Keith Harper.

Harper sentenced Schwartz to nine months of confinement in the Jefferson County Jail. He was also ordered to pay \$500 to cover the costs of mandatory victim assessment, and the judge allowed Schwartz to make \$25 monthly payments toward his legal financial obligations starting in September 2021.

Schwartz faced a standard sentencing range of nine to 12 months for the charge of second-degree burglary. Court documents indicate he was sentenced in Kitsap County Superior Court for third-degree assault, possession of a controlled substance, and second-degree theft in 2016.

Schwartz has been in custody in the Jefferson County Jail since Nov. 26.

PT focuses its search for new chief

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The city of Port Townsend has received no shortage of applicants in its search for a new police chief, both from in-state job seekers and out-of-state.

City Manager John Mauro said the city had almost 30 applicants for the position. "Some of them certainly caught my eye with their strong experience and qualifications," Mauro said. "It's a long process to work out our priority candidates."

The city manager declined to detail the full process for winnowing down the applicants, but said he expected to keep busy with phone screenings as he prepares a cadre of between four and six final candidates for interviews around Dec. 18.

Mauro emphasized the importance of filling the chief's seat with a qualified candidate.

"I take all recruitment very seriously, but it's probably worth mentioning how important this particular role is for our community," Mauro said.

"I've asked for deeper involvement of my team as well as a number of external partners to assist with interviews — and this includes a community stakeholder panel, a management and staff panel and

a law enforcement panel," he said. Troy Surber has served as interim chief of the Port Townsend Police Department since March. The city's previous police chief, Mike Evans, announced his retirement back in February. Evans joined the department in 2000 and initially took over as interim chief in 2016.

In a description for the open position, the city called the job "an exceptional opportunity for a well-rounded law enforcement professional to lead a team of dedicated officers and serve the 9,500 residents of our historic seaport town."

The salary range for the incoming chief is between \$107,669 and \$137,201.

Applicants for the job are required to be a current, sworn police officer or someone who has been a sworn law enforcement officer within the last two years, plus a minimum of 10 years of progressively responsible law enforcement experience, and at least five years of supervisory/managerial experience.

The city also prefers candidates with a college degree in a law enforcement-related field, as well as experience as a police chief, assistant/deputy police chief or commander in a similar-sized community.

PDA: Approval needed from Port Townsend City Council for amendment to charter

continued from Page A1

"That was a big step forward," Timmons said.

The Makers Square project will be mostly done by the end of the year, he added.

Current maintenance staff for the PDA is also putting up tents at the glamping site.

Timmons said additional staff have been furloughed, and some of the buildings on the Fort Worden campus has been closed for the winter period.

The PDA has also asked Washington State Parks to take over some of the maintenance at the fort for the next six months.

Reorganization and a new business plan is needed because the current one is unworkable, Timmons said.

Hospitality services provide the primary income for the PDA, but revenue from accommodations, venues and restaurants has been hard hit by the COVID-19 pandemic.

That's expected to continue through the early part of next year.

"The first and second quarters, we're going to be operating in a negative cash position," he said.

The PDA doesn't have the ability to take

out a line of credit for cash-flow purposes, however.

"We're not in a position to raise that kind of capital or to take out a line of credit," Timmons told the board. "We're just not credit worthy at this point."

Instead, the PDA has to create something similar to a start-up plan, which can be used to attract investors or support from a financial institution.

A bridge loan from investors would then be used to secure cash flow for the reorganized PDA.

"We've got to really pivot and change," Timmons said. "We have to do something different."

Under the new model, the PDA will act as a trust or holding company that will hold the state lease for the property for the benefit of the agency's community partners and the state.

A small staff of four employees will run the PDA after its changeover.

The nonprofit created to provide hospitality services would get a 25-year franchise, Timmons said, to operate on the campus and the corporation would take over the services previously provided by the PDA.

As a trust, the PDA would serve as a pass-through entity for state and federal

resources.

The PDA's current liabilities, including some of its unpaid bills, would be transferred to the hospitality nonprofit, Timmons said.

He stressed the reorganization was needed to get financial support for the agency's survival.

"I think it's truly the only path forward that I can see. It's a stretch, but it's a stretch I think that we need to take," Timmons said. "Absent that, the outcome is obvious."

"We really don't have a future that I can forecast if we try to remain status quo," he said. "The status quo is not going to attract the investors that we need."

"They want to see change. And if we make these kind of changes, then they are more willing to step up and provide the support and assistance that we need," Timmons said.

Board members agreed, and signed off on the plan to reorganize.

"Sounds to me like it's a survival plan, and that's what we need right now," said PDA Board Member Jane Kilburn.

"I think it creates a framework for which we still have a number of economic problems to solve," added Board Member Jeff Jackson.

Vaccine: Shots come this week

continued from Page A1

we still haven't received information on who 1B [recipients] are," Yaley said.

"This is like planning a party and not knowing how many guests are coming or what we're going to eat," she said. "But we've got the plates. This changes, literally, hour-by-hour."

In anticipation of the vaccine's arrival Jefferson Healthcare has made moves to prepare its existing drive-thru flu vaccination location at the Sheridan Medical Office Building to allow for visitors to receive the COVID vaccine.

Upon receiving the vaccine, drivers will be instructed to pull forward and park for about 15 minutes, in case they begin to feel lightheaded. Jefferson Healthcare is in the process of establishing a secondary drive-thru site for the time when more people are eligible to get the vaccine.

"We already have a great vaccine delivery system which we can leverage for the specifics of delivering the COVID vaccine," said Jenn Wharton, chief ambulatory and medical group officer for Jefferson Healthcare. "And the work we have done during the pandemic for testing and administering flu vaccine has provided good practices for us to build upon."

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Past due debt for Fort Worden PDA totals hundreds of thousands of dollars

BRIAN KELLY
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The Fort Worden Public Development Authority is facing more than \$120,000 in bills that are more than 90 days past due.

Six of the eight delinquent accounts have debts that run into the thousands of dollars, according to records released last week by the agency.

The PDA has total debt of \$125,752 that is characterized by the agency as 90 days past due.

The amount of debt past due — bills more than

30 days old — totaled \$352,231 through Dec. 23.

The Fort Worden Public Development Authority is struggling to control a financial crisis that is threatening to leave the agency broke by the end of the year.

At the PDA board's most recent meetings, board members approved restructuring the agency in the hopes that a new business model will help attract investors who can keep the public entity afloat.

PDA officials have acknowledged the shaky financial foundation of the organization and its debt issues, which

Interim Executive Director David Timmons characterized as "a house of cards" during an earlier board meeting.

Timmons has told the board that the agency is expected to run out of cash by the end of the year. Lines of credit with Kitsap Bank that totaled \$2 million have been deferred, however, reducing the amount of funding needed for the Makers Square project and "glamping" camping development to less than \$900,000.

At the board's meeting Dec. 16, the board signed off on the terms of a grant

anticipation note from Kitsap Bank that would provide \$214,000 that would be used to pay construction costs for Makers Square.

Much of the PDA's financial woes stem from the diversion of loan proceeds that were meant to be spent on Makers Square and the glamping project to the day-to-day costs of running the PDA.

The agency's spending practices are currently the subject of an accountability audit by the Washington State Auditor's Office.

The comprehensive look at the organization's books will

cover the time span of 2015 through 2019.

In addition to the two outstanding lines of credit — \$1.5 million for the Makers Square project originally due December, and \$2 million for Fort Worden's "glamping" project that was due during the first quarter of 2021 — Timmons previously told the PDA board that substantial debt had been amassed on 19 credit cards under the agency's name.

Timmons closed 15 of 18 credit card accounts with Bank of America, as well as an American Express credit

card that had a balance of \$60,000.

The credit cards had been used to pay utilities, vendors, and other costs.

Public records released by the PDA to The Leader last week show \$58,283 as 90 days past due to American Express, as of Dec. 23.

Other debt that is past 90 days is \$17,696 owed to the city of Port Townsend; approximately \$17,390 to Jefferson County PUD No. 1; \$16,150 owed to Johnson Fire Controls Protection; and \$14,399 owed to East Jefferson Fire Rescue.

PDA leaders admit 'serious financial irregularities'

Board tells city council in letter that police are investigating alleged fraud at agency

BRIAN KELLY
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An examination into the operations of the Fort Worden Public Development Authority has uncovered "two very serious financial irregularities," the co-chairs of the agency's board said in a recent letter to the Port Townsend City Council.

Officials with the Fort Worden PDA announced last month the public entity was in a financial crisis, with millions of dollars of debt due after funding for construction projects had been diverted to day-to-day operations.

The meltdown prompted a reorganization earlier this month by the PDA in a bid to stay afloat.

But while leaders of the agency have shared little publicly on the intricate details of the PDA's fiscal dilemma — focusing instead on maintaining public support for the embattled agency while pinning

much of its monetary woes on impacts from the COVID pandemic — the board offered city officials a more unvarnished assessment of the agency's situation in a Nov. 16 letter to Port Townsend's mayor and city council.

A copy of the letter was released to The Leader last week by the city and the PDA in response to a public records request by the newspaper. The contents of the letter were previously published on the online blog, Port Townsend Free Press.

In the letter, Norm Tonina and Todd Hutton, co-chairs of the PDA board, noted the "financial irregularities" that had been made public.

"We are acutely aware of the criticisms that have been expressed about the state of the PDA," the pair wrote to the mayor. "We have heard from you and the city manager that there has been a lack of accountability at the PDA."

Tonina and Hutton, however, said they had not been trying to dodge responsibility for what's happened with the agency. They added a fundraising campaign was being conducted to raise money to keep the fort running.

"We both have the commitment to continue in our roles and believe that we have the experience and

"We are acutely aware of the criticisms that have been expressed about the state of the PDA. We have heard from you and the city manager that there has been a lack of accountability at the PDA."

Norm Tonina and Todd Hutton,
co-chairs of the PDA board,
in letter to Port Townsend City Council

knowledge to lead the PDA out of this crisis," they wrote. "We have devoted ourselves nearly full-time to the PDA, and have acted with due deliberation in responding to net revenue shortfalls and audit findings, rethinking the future business model required for a long-term sustainable operation, confronting personnel problems, addressing financial irregularities that were uncovered, working in the face of impossible odds to find solutions to the collapse of revenue due to COVID shutdowns and restrictions, and collaborating with our Fort Worden partners to re-imagine business and governance models."

The pair also noted in the letter the financial irregularities that had been found, adding that the Port Townsend Police Department

and the Washington State Auditor's Office had been notified of the "alleged fraud."

The suspected fraud involved two cases that totaled just more than \$10,000, according to the letter.

Tonina and Hutton wrote the "potential malfeasance" was being addressed by the hiring of financial experts to review the agency's books.

They said the PDA had "engaged the services of a forensics accountant, who is also a certified fraud investigator, to verify the PDA's preliminary findings, and we sought the counsel of a retired assistant district attorney who headed up a white collar crime unit."

Board members said they were shocked when they were told of the PDA's financial crisis in late

October by David Timmons, who was then serving as acting associate executive director but has since been made interim director.

In the letter, Tonina and Hutton cast blame on Dave Robison, the PDA's former executive director who retired in November.

"We are well aware that we have been criticized for not taking more decisive action regarding the now retired executive director's apparent lack of oversight of key staff," Tonina and Hutton wrote in the letter to the city, which is the charter holder for the agency.

"Actually, we did take decisive action about which you are aware. As a result of our investigation and performance review,

see PDA, Page A4

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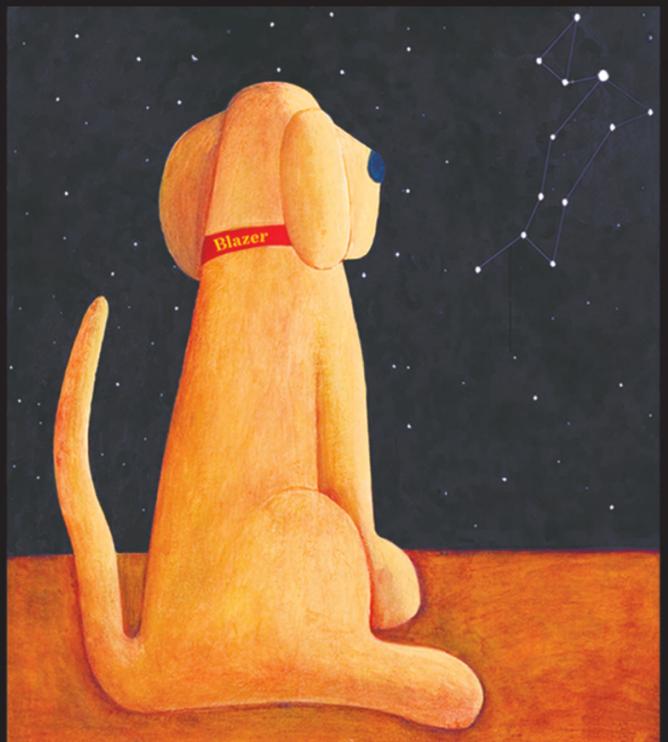


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Wooden boat school adds veteran resource center near campus

LEADER NEWS STAFF
NEWS@PTLEADER.COM

Veterans have another stepping stone available to them as they transition out of military service and seek training in the maritime trades, particularly when it comes to wooden boatbuilding and marine systems at the Northwest School of Wooden Boatbuilding.

The boat school recently secured a space adjacent to its Port Hadlock campus which will be used as a resource center for veterans in the program. The center will provide a space for students to relax and includes a kitchen, office and lounge.

“We have been seeking a more suitable space for some time and were delighted to find this space in an office building right across the street from campus,” said Betsy Davis, executive director for the school.

Traditional wooden boatbuilding student Antonio Romero will be serving as the school’s Vet Corps member and will work to coordinate with veterans and provide peer counseling, as well as help veterans and their family members navigate the support services available through the Department of Veterans Affairs.

Romero will be responsible for setting up the new Veteran Resource Center, supporting the military veterans who will be attending the boat school starting in April 2021, as



Above, Antonio Romero works on the transom of a boat at the Northwest School of Wooden Boatbuilding. Photos courtesy Northwest School of Wooden Boatbuilding
Below, Angie Cossell presents VetCorps member Antonio Romero and NWSWB executive director Betsy Davis with a \$3,000 for Boat School’s Veteran Supportive Campus.

well as prospective students who were formerly in the military.

“People in the community have been generous about offering furnishings and help with cleaning,” Romero said of the new space. “It will have couches, chairs, a fridge and microwave, computer, maybe an air hockey game, and posters representing the different branches of the service.”

“My vision is that it will be a quiet space where veterans can sit down, grab something to eat, play a game, play

some bills online,” Romero said. “A place to get your mind off that last dovetail or that last half lap or whatever was frustrating you in the shop. The best part is walking back down the hill, seeing the school, and feeling excited to get back to work.”

The Northwest School of Wooden Boatbuilding’s board of directors endorsed the school’s decision to pursue designation as a veteran supportive campus as part of a strategic plan adopted in 2016 and supports expansion of the program.

“One of the things we talk about at the boat school is ‘Make a living, craft a life,’” said board president Sonja Mathews.

“We want to help military veterans and their families ‘Make a living, craft a civilian life.’ That support starts even before students enroll in one of our programs,” Mathews explained. “Prospective students can read about our veteran support services on the website and then talk to Antonio, who has lived in both worlds. They can ask all kinds of



questions about what the environment is like, what the instructors are like, what the housing options are like ... to figure out if this is the right place for them.”

PDA: Board chairs defend decision to allow former director to retire

continued from Page A3

the former executive director was relieved of personnel and financial management responsibilities,” the pair noted. “We did not, however, show our executive director the door, which is what some in the community wanted and expected.”

Tonina and Hutton said Robison was not terminated because they “wanted to respect an individual’s intention to retire within a few months after a more than 30-year career serving Port Townsend in various capacities.”

They also said they needed Robison’s expertise on ongoing PDA projects and issues during the transition.

“And it should be noted that we have discovered zero

evidence that the former executive director had knowledge of or participated in the alleged fraud incidents. In retrospect, we would make the same humanitarian and business logic decision, even though we have experienced scorn for that decision,” Tonina and Hutton said in the letter.

The pair also noted in the letter that they had been transparent in their financial reporting to the PDA’s board,

but details of the alleged fraud had not been made public because of the ongoing investigation and the potential for a lawsuit.

“We had been asked by the Port Townsend Police Department and the State Auditor’s Office not to reveal publicly that we had reported information that suggested alleged fraud due to possible negative impact on an active ongoing investigation and potential future litigation,”

they said in the letter.

The board co-chairs closed the letter to the city by noting the financial impact that the COVID-19 pandemic has had on the agency, and complained that the city had not offered any assistance to the PDA.

“We feel it is important to stress, contrary to some people’s beliefs, the reason the PDA is in this financial situation is due to COVID and our adherence to the necessary state restrictions that are still

ongoing. As a result of the closure of Fort Worden State Parks in March and the ongoing restrictions, the PDA has lost upwards of 90 percent of its 2020 revenue.

“The financial irregularities that we uncovered have exacerbated the situation, to be sure. As co-chairs, our regret — our mea culpa — is that we have not advocated with the city more forcefully for the PDA during this crisis,” they wrote.

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The Leader

March 17, 2021
Issue 11 / Vol. 132

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PHASE 3 IS HERE A3 • RANGERS PLAY FOR CHAMPIONSHIP A9 • KITCHEN TO KITCHEN A16

Hastings Building to go on the auction block

BRIAN KELLY
BKELLY@PTLEADER.COM

The crown jewel of historic downtown Port Townsend will go up for auction at the Jefferson County Courthouse in April.

The Hastings Building, an iconic Victorian three-story structure that The Leader called “the most elegant building in the city” when it was under construction in 1889, will be sold to the highest bidder at 11 a.m. Friday, April 2.

The foreclosure sale was ordered by a Jefferson County Superior Court judge last year after the owners of the landmark fell behind in payments on a \$3.3 million loan that was made to its owners, Hastings Estate Company and Hastings Master Tenant.

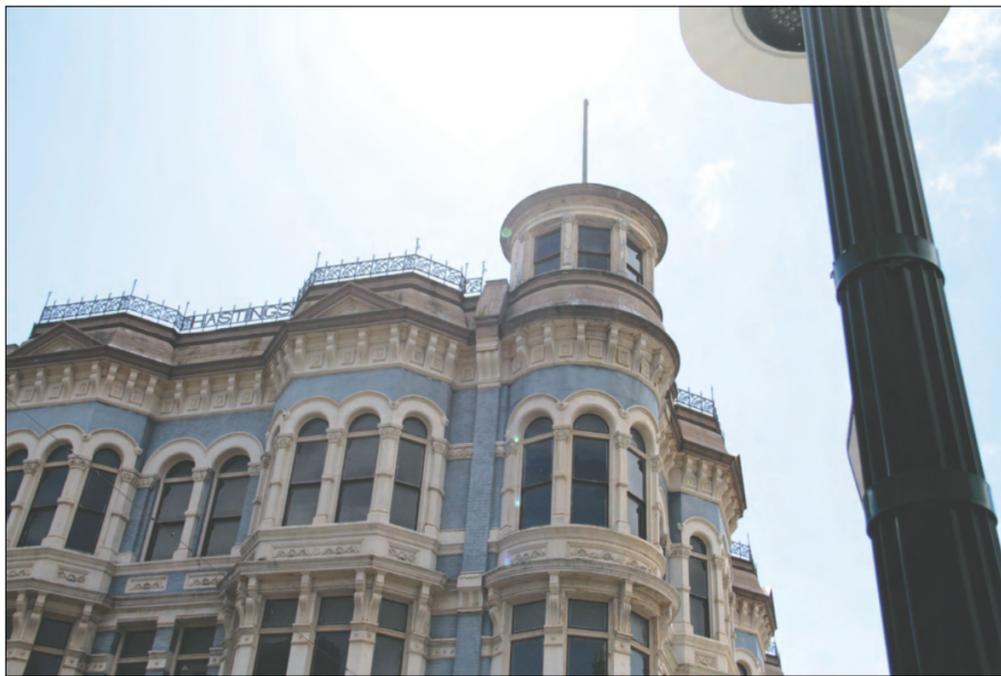
The Hastings Building, located at the corner of Water and Taylor streets, is still owned by the family that built it, the Hastings family.

The present generation of the family have been working for the past 15 years to restore the building and construct a new building next door that would allow the Hastings Building to be restored.

Harry Dudley, the president of Hastings Estate Company, is the great-great-grandson of Lucinda Hastings, the widow of Loren B. Hastings (one of Port Townsend’s four original pioneers in the 1850s).

Dudley, along with Lucinda Eubank, a great-great-granddaughter of L.B. and Lucinda Hastings, are the sole owners of Hastings Estate Company, which was formed in 1890 by Lucinda Hastings. They began working to save the historic building in 2006 after a storm damaged the pilings supporting the adjacent Surf Restaurant & Bar in 2005.

The family has invested more than \$1.1 million of their personal funds toward the project and permits for Hastings Landing Inn, a



The iconic Hastings Building on Water Street in downtown Port Townsend. *Leader photo by Brian Kelly*

see **HASTINGS**, Page A18

THE CENTER OF THE SINKHOLE

Records detail internal turmoil, AWOL leadership as PDA faced bankruptcy

BRIAN KELLY
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It wasn’t just a financial crisis that threatened the existence of the Fort Worden Public Development Authority as the COVID-19 pandemic shut down the fort last year.

Public records recently released by the authority detail an agency in turmoil, gripped by infighting and a lack of leadership as the PDA struggled for months to keep its financial head above water during the early months of the coronavirus crisis.

The trouble stretched to the top.

The board of the Fort Worden Public Development Authority launched an investigation into former executive director Dave Robison last year after an allegation of embezzlement in the agency and a whistleblower said he ordered paperwork shredded from the personnel file for Diane Moody, the fort’s former chief financial officer.

The PDA also wanted Robison investigated for the allegation he pressured staff to let Moody back into her office to “clean up files” months after she abruptly resigned from her post last June, according to documents obtained by The Leader under a public records request.

Records also show Robison was suspended from having any authority to sign “contracts, leases, licenses, operational and constructional expenses, and personnel actions” in light of “the ongoing criminal investigation and prospect of a more comprehensive internal investigation.”

The move coincided with the board’s discovery that the Washington State Auditor’s Office was conducting a fraud investigation of the PDA, and of Moody’s failure to file financial reports that ultimately put vital financing at risk for the PDA’s signature development, the \$12.5 million Makers Square.

Documents also show David Timmons, the acting associate executive director for the PDA, as well as the co-chairs of the agency’s board, had earlier “explicitly prohibited Moody from entering the office,” according to documents provided Friday to The Leader.

Despite the dark cloud of controversy over Robison, the organization’s financial footing, and fears the Makers Square project was over budget, records also detail how the PDA planned to give Robison a grand and grateful farewell as he retired last fall amid the organization’s continuing collapse into potential bankruptcy.

GOING PUBLIC

The Fort Worden PDA’s financial freefall became public in late October.

Timmons told the board of directors the PDA would be out of money by the end of the year unless \$250,000 to \$350,000 could be raised.

Payments on a loan from Kitsap Bank and two lines of credit that total \$5.1 million would also need to be refinanced,



Work on the Makers Square project continues last December. Late financial reports by the Fort Worden PDA’s chief financial officer put the \$12.5 million project at risk, according to records released by the agency. *Leader file photo by Brian Kelly*

with one line of credit — \$1.5 million for the Makers Square project — due in December.

Timmons also told the board a second line of credit — \$2 million for Fort Worden’s “glamorous camping” tents, or “glamping” project, were due during the first quarter of 2021.

In all, the PDA was more than \$9 million in debt. In addition to the \$5.1 million owed to Kitsap Bank, another \$3 million was owed to the contractors for Makers Square (a project to rehabilitate three historic buildings into a hub for a year-round community of makers, artists, and educators), Timmons said at the time. Another \$30,000 was owned to the contractor for work on the glamping project, and there was \$600,000 in incomplete work on the glamping project, and \$336,000 in incomplete work on the energy efficiency upgrade.

Timmons had learned the PDA had been paying its day-to-day bills by taking money that was supposed to be spent for construction of Makers Square and the glamping project, as well as money from a loan for energy efficiency upgrades. Approximately \$400,000 was diverted from Makers Square, while \$600,000 was shifted from the glamping project and \$300,000 was taken from the energy efficiency project loan to pay for daily operations.

He also said the PDA had amassed debt on 19 credit cards. At the time, Timmons declined to give details on who was ultimately responsible for the fort’s financial troubles.

What was more important, he said, was finding a way for the PDA to find funding that would help it survive as an agency. It was currently surviving month-to-month.

“We don’t have time to assess blame at this point,” he said. Timmons pointed to the state audit that was underway,

see **PDA**, Page A19

County prosecutor scrambling after Supreme Court ruling throws out drug law

NICK TWIETMEYER
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After the Washington State Supreme Court ruled unconstitutional a law related to simple possession of a controlled substance — effectively decriminalizing possession — county prosecutors across the state have been left reeling as they try to figure out what the decision means for pending, past and current drug cases.

Jefferson

County Prosecuting Attorney James Kennedy said his office has been working around the clock to manage an exponentially increased workload, following the decision.

While at first, Kennedy said he had his apprehensions

about what the determination could mean for criminal prosecutions going forward, that initial panic has been replaced by cautious optimism.

“I’m hopeful that we can look at this as an opportunity to maybe rethink drug policy,” Kennedy said. “It’s no doubt that the old policy definitely did not work very well, but the thing is — it’s all we had.”

Kennedy equated Washington’s longstanding drug policy to a crudely-constructed safety net, wholly imperfect in its design, but a net nonetheless.

He said he feared the outcomes for those who might otherwise have been caught by a flawed, but existent, safety net.

“Until something else is in place, those people are just going to keep falling and some of them are going to overdose,” he said.

“We didn’t catch everybody [before] but we were able to catch some people. And the people that we did catch, we were able to get them hooked up with treatment and get them help sometimes.”

Until the state can push through new legislation which adds provisions to the law requiring evidence of intent by the individual found in possession, Washingtonians cannot be prosecuted for having drugs.

The upheaval stretches back to late February, when the Washington State Supreme Court voted to vacate a conviction against a Spokane woman who claimed that when she was arrested for possession of methamphetamine, she was unaware that her borrowed pants had drugs in the pocket.

Prior to Feb. 25, possession was a “strict liability” crime, meaning for someone to be found guilty of

“It’s no doubt that the old policy definitely did not work very well, but the thing is — it’s all we had.”

James Kennedy
JEFFERSON COUNTY
PROSECUTING ATTORNEY

see **SUPREME**, Page A18

inside
this issue ...

20
pages

FRONT

Port Townsend Police Log A4
Opinion Forum A5
Jefferson County Sheriff’s Log A7
Sports A8
JeffCo - East to West A10

ARTS & ENTERTAINMENT/CLASSIFIEDS

Arts & Entertainment A15-A17
Classifieds & Legal Notices A11-A13
Comics & Puzzles A14

INSERTS: Michaels

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PDA: Outgoing director worried about paycheck amid collapse

continued from Page A1

and said that would detail any financial irregularities.

BAD AUDIT COMING

Although Timmons first announced the PDA's financial spiral in late October, fort officials had known for months that the authority was in a bad way.

The discovery of the PDA's dire financial condition came to light as state auditors had launched a fraud investigation into the agency after Moody failed to submit annual financial reports to the state.

It wasn't the first time Moody had missed the state deadline for sending in the fort's financial statements.

The PDA had been on the state's radar over its previous audits from 2016 and 2017, after state officials found the fort's financial statements filled with errors, including cash amounts and deposits that had been misclassified, operating expenses and liabilities had been understated for both 2016 and 2017, and \$3.5 million of debt that had been issued but was not disclosed. State auditors also said the 2017 financial statement had been submitted 180 days after the mandatory deadline, and the 2016 financial statement was 544 days late.

The Washington State Auditor's Office released its highly critical review of the PDA's operations in February 2020, but the negative report was quickly overshadowed by the COVID-19 pandemic and the statewide shutdown that followed in March.

Fort Worden closed, and Robison — who'd developed a reputation as an ineffective communicator who held information close to his vest — drew a rebuke from one of the board's chairs after he shared a draft press release announcing the fort would be used as a base of operations for the local pandemic response as well as a quarantine location and housing for the homeless.

Board Co-Chair Todd Hutton told Robison the fort's tenants, called partners, should be told in advance of the plan.

"We should NOT have our partners hear this through the media. That will not build trust," Hutton told Robison in a March 29 email.

Added Board Member Jeff Jackson in another email to Robison: "Dave. Gotta make phone calls to partners in advance. Gotta. Must have to. Required."

Robison replied: "STAND DOWN! Don't you think we all know that!"

It was a draft release, Robison added, and said there wasn't a formal agreement yet.

"Nothing will be announced until at least Wed. I will NOT be sharing any more information with you all until the announcement," Robison added.

Robison's response was not well-received.

"Dave, You are on thin ice here," Hutton told him in an email.

"I suggest you take board members' advice without defensiveness and with the understanding of the intent to protect the reputation of the PDA and its need for long-term positive relationships, while still attending to the greater public good in an emergency.

"You, Norm and I will need to have a very serious conversation once the dust has settled, but not too long," Hutton wrote.

At the board meeting earlier that week, board members had been told Makers Square and the glamping project were on time and on budget.

But a subcontractor told the board at the same meeting that workers on Makers Square were not getting paychecks on time due to cash-flow problems with the PDA.

Robison told the board the builder on the project, Clark Construction, had suspended work because they

were considered nonessential workers.

Moody noted that if operations didn't start back up until September, the PDA would need a minimum of \$500,000 in grants and loans to help cover operations.

The fort's operations would be more than \$60,000 in the red in July, she added, if the fort was still closed and the PDA made refunds on canceled events.

Moody announced her resignation July 8.

LOCKED OUT

Internal turmoil at the PDA continued to simmer over in July as the agency was figuring out how it would reopen its food and leisure services at Fort Worden amid the continuing COVID-19 pandemic; the board agreed on an August restart, six weeks away.

Robison remained at the center of conflict as he tried to let Moody back into her old office and access documents.

Director of Finance & Administration Sonya Baumstein, in a July 22 email to Hutton and Jackson, the board's treasurer, said she was "being met with distrust and frankly, on some occasions, disrespect by Dave Robison."

"I'm not sure how to function in this space where I feel that someone is at odds with allowing me to run financial scenarios to be able to make the best decision given the fort's capacity," she wrote.

Baumstein claimed Robison wanted them to let Moody back into the office but they resisted.

"None of us want to be a part of this activity. We have said 'no' as individuals to this and as a group in the same room with him just yesterday, but Dave R continues to press to allow Diane to come back into her office. I feel the need to put it in writing that there is the potential that she has committed fraud and that this is legally fraught at the very least, at most it is abetting what has already been done."

"As the current 'head of finance,' I do not feel comfortable reporting to Dave in any capacity or in his ability to make clear-headed decisions about HR or Finance. I feel constantly stuck in the middle of poor decision-making, both trusted and not trusted at the same time to try to stabilize the financial health of this organization."

In an email later that afternoon, Human Resources Manager Holly Height said: "I am having the lock changed ASAP to a non-Fort Worden lock."

"I am deeply disturbed at the urgency of which Dave wants Diane to access her office and question his motive. This is my notice to you that this is occurring," Height added.

More than a week passed until Timmons, in a July 31 email marked "confidential" to the PDA's co-chairs, stressed concerns about Robison's ability to handle the Moody matter.

There was a concern about theft, too, with the PDA's "glamping" project.

"It pains me to say this, but I am very nervous with Dave having to do with anything of Diane's matters without direct supervision," Timmons wrote.

"[Human Resources Manager] Holly told me that the former HR Director told her before she left, that Dave will be coming down after she leaves so be prepared. He did just that and asked for Diane's file. He took the papers out and told Holly to shred them.

"She had no other choice in my opinion but to comply at that time," Timmons added.

Timmons' email also hinted that Moody's abrupt resignation from the PDA followed a meeting where Robison was expected to, but didn't, remove Moody from her position.

"Holly ended up having to deal with Diane in the end because Dave could not bring himself to do it," Timmons wrote in the email. "What she describe[d] to me was

Dave was totally incapable to address the issue and tell her directly what was about to happen.

"She told me she had to intervene and take over the meeting and direct Diane that she was being placed on leave subject to an investigation and to have her hand over her keys and laptop and leave the property," Timmons wrote.

"So we can not trust Dave with anything to do with Diane," he added.

Timmons also said an investigation into a theft of property, notably tools, was underway.

"It appears the glamping project burns through an incredible amount of disposal items and tools. These are small items but it appears to be excessive," he wrote.

There was another issue, too.

Timmons recounted to the board co-chairs how

earlier that day, Robison had approached Sonya today and instructed her to adjust his salary, adding he "was quite resentful about his status."

Timmons said Robison was showing an "entitlement attitude" in his dealings with staff.

"I am growing very concerned with Dave's frame of mind. He is not the same Dave I have known and is shown signs to me of concern for his well being. I feel we may need to do something sooner than later to alleviate what appears to be a pattern of making bad choices and decisions.

"Sorry to bring this up tonight, but my ethics around this will trouble me all night if I do not share this with the two of you. I admire the two of you greatly and appreciate the opportunity and confidence you are entrusting me with, but I am deeply troubled by these actions and

feel I must report this to you," Timmons concluded.

SEARCH FOR ANSWERS

That same day — July 31 — Hutton and Holly were doing an inventory of the paperwork that was left behind in Moody's office.

"Let me emphasize that there appear to be materials that David and Dave need to address ASAP, and Sonya probably has a few time-sensitive files as well. (Not unlike Jeff discovering in the last two days that our D&O premium had not been paid)," Hutton wrote in an email to Timmons and other PDA officials, referencing directors and officers liability insurance.

Jackson, the board's treasurer, was growing increasingly frustrated with Robison, according to emails sent to the board's co-chairs.

The email followed days of back-and-forth over what

Robison was supposed to be paid in his now part-time role. The contract for Timmons — a former Port Townsend city manager who was hired in March 2020 to handle the PDA's COVID emergency response efforts — was extended and the board also approved a new agreement that made him the PDA's acting associate executive director.

"Todd and Norm," Jackson wrote in an Aug. 10 email, "the three of us have to talk."

"Whether you know it or not, or agree with me or not ... we're not sufficiently supporting or enabling the leadership change. And, until we three agree and execute our vision, it won't happen and there will be the continuation of the regime or portions of it.

"I'm not on board with

see PDA, Page A20

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PDA: Internal complaints lead to closed-door executive session

continued from Page A19

that," he added. Jackson was fuming after Robison made operational changes at the PDA after board members had already signed off on slides for a presentation on the agency's finances. "He's no longer my CEO. In my mind he's gone," Jackson said of Robison in an email

to Hutton. "He's in title only until he raises enough to pay himself." "We need to resolve this before we start to have casualties," Jackson added. In another email, Jackson added it was "bad news" that "Dave R is still in the game. I get we're transitioning but not fast or clear enough and the three of us look partially ineffective."

Jackson quickly apologized for the email outburst, calling it "not helpful and in poor form." He offered to resign. Hutton wasn't having it. "In my mind, you aren't going anywhere (unless you really want to)," Hutton said in an email back to Jackson. "We do need to reconcile our perspectives of Dave, and we need to stop listening to complaining staff members to the extent that some of the complaints are not grounded in fact or reality," Hutton added. "Some may be, but if there are specific ongoing problems that you hear about, you need to share them with either Norm or me." "Dave needs to let go and focus on public and private fundraising, government relations, liaison to [Washington State Parks], and long-range planning," he added.

DIRECTOR CONFRONTED

The board's opinion of Robison hardened by the end of August. In a closed-door executive session Aug. 24, the board talked about Robison's job performance. In a letter to Robison two days later, the co-chairs of the board said the discussion was needed "in light of the recent serious financial irregularities and your apparent lack of oversight and management of Diane Moody." The letter, signed by Hutton and Board Co-Chair Norm Tonina, said the board found the allegations "troubling and, if true, cause Board members to question their confidence in your leadership." Eight allegations were raised in the letter to Robison:

- Your direction to the PDA's HR Manager to shred documents that you removed from Diane Moody's personnel file.
- Your pressuring of staff on several occasions to allow Diane access to her secured office to 'clean up files,' when the Acting Associate Executive Director and co-chairs explicitly prohibited Moody from entering the office.
- The lack of adherence to established internal controls designed to ensure the organization remains predictable, stable, and in financial control.
- A working relationship with Diane Moody where she often operated autonomously with very little oversight or review.
- The fact the State Auditor's Office opened a fraud investigation based on Diane's failure to submit annual financials in concert with concerns the auditors allegedly observed during the Audit.
- Diane's behavior at the staff retreat where she was apparently inebriated and was disruptive in her comments and behavior. This aligns to a pattern in Diane's behavior that, while addressed with her in January, never was driven to completion.
- The state of Makers Square, which appears to be over budget, and with the LCP grants and important Historic Tax Credits at potential risk due to the PDA's

"He's in title only until he raises enough to pay himself. We need to resolve this before we start to have casualties."

PDA Board Treasurer Jeff Jackson
ON EXECUTIVE DIRECTOR DAVE ROBISON

"Dave's vision, passion, and ability to build and leverage a broad network of stakeholder relationships are what propelled the Fort Worden PDA's progress all the way back to 2011."

Norm Tonina
PDA BOARD CO-CHAIR

financial condition (including, the state of the financials, which pre-dates COVID). - Concern amongst staff and board members about your judgment and decision-making based on the above stated allegations, along with other concerns."

The board chairs told Robison an investigation was needed to examine the claims, "especially in light of the very serious financial situation that is unfolding."

Robison was told his authority to sign contracts and other agreements and payments was being suspended.

In a following meeting, Robison was given a chance to respond to the claims.

Notes of that meeting from the board's co-chairs, provided to The Leader via a public records request, show that Robison said the allegation that he wanted records shredded from Moody's personnel file was "troubling" and "he feels that he is being 'set-up' with this allegation."

Robison said he did not recall taking materials from Moody's file and asking that they be shredded. Robison welcomed an investigation into the allegation, according to notes from the meeting.

"He believes the allegation of 'pressuring staff' is overstated and inaccurate," the notes also said.

Robison also said the employee who made the allegation "tends to over-react."

On the claim that he let Moody operate autonomously with very little oversight or review, Robison said there was "major truth" in the allegation, and that "he did place major trust in Diane."

Robison said Moody was overcommitted in her job responsibilities of overseeing finances and operations, which was due in part to the decision to not fill the vacant position of general manager.

Robison also said he had been monitoring Moody's behavior, but admitted her required counseling was apparently never completed.

Ultimately, Robison said he was responsible and offered to take a leave of absence.

"Dave understands that he cannot blame this situation on COVID or Diane. He recognizes that he is ultimately accountable—the buck stops with him," the board co-chairs said in a summary of the meeting.

"Dave fully understands the concerns about his decision making and judgment. He acknowledges that he has not been 'up to par' for the last six months to a year. He said, 'This is very distressing to me. I take responsibility.'"

The three agreed that an outside investigator should be hired to look into the allegations where there remained a difference of opinion — that he asked PDA's human resources manager to shred documents that Robison removed from Moody's personnel file, and that he pressured staff to let her get into her locked office to "clean up files" after the acting associate executive director and the board's co-chairs explicitly prohibited Moody from entering the office.

HAIL TO THE CHIEF

Fort Worden announced Robison's retirement Sept. 3. His last day would be Nov. 15.

In an email to the PDA board, Hutton and Tonina said Robison had been planning to retire for more than a year, and had hoped to step down in fall 2020 after Makers Square and the glamping project were finished.

The press release announcing Robison's departure, nine years after he started at the PDA, marked "the formal end of a 30-year career of working to make Port Townsend a stronger community."

It noted how the organization grew from 14 employees and an operating budget of about \$1 million in 2014 to an operating budget of over \$7 million and 170 employees in 2019, and said Robison was "ending on a high note."

"Dave's vision, passion, and ability to build and leverage a broad network of stakeholder relationships are what propelled the Fort Worden PDA's progress all the way back to 2011, when the PDA was first chartered by the City of Port Townsend," Tonina said in the press release.

Within the PDA, there was talk of a farewell with video messages and a champagne toast to Robison on Zoom.

A drive-by parade was also suggested.

A draft proclamation praising Robison was prepared.

Support across the entire PDA board was lacking, however.

"Sorry, I don't think it's appropriate at this time to do this. Let's not be tone deaf,"

Board Member Jane Kilburn said in an email. "Sorry, I just can't support this in any way," she said of the ideas to celebrate Robison's service. Hutton said he and Tonina, the co-chair, would sign the resolution themselves. "Dave deserves that much for a long career in PT," he noted in an email to board members.

The outside investigation never happened.

The board co-chairs began considering possible investigators following their meeting with Robison on the allegations, but soon decided to conduct an internal investigation.

Both Robison and Moody had high-limit American Express cards, and Hutton began a detailed review of the PDA's credit card charges, which included hundreds of dollars in restaurant bills, weekly gas purchases when it appeared Robison hadn't been driving much, and thousands of dollars that had been charged to a Safeway grocery store in Phoenix, Arizona.

"The Safeway Phoenix charges are questionable, unless the PDA has a corporate account and buys some food staples at retail price," Hutton wrote in an email to Tonina.

A review of credit card charges made on Robison's Business Gold credit card for the PDA totaled \$366,332 between Oct. 1, 2018 and Sept. 28, 2020.

Credit card charges made on Moody's credit card for the PDA totaled \$81,193 between Oct. 1, 2018 and Sept. 28, 2020.

A forensic accountant hired by the PDA to review credit card charges found there were at least 20 credit cards held by various employees and in vendor names in the PDA, "some with balances in the tens of thousands of dollars."

THE PAPER TRAIL

The PDA released hundreds of documents to The Leader following a request made Dec. 17 for any records detailing Robison's job performance.

Four installments of records were provided, with the final installment of 227 pages provided to The Leader on Friday.

Robison and Moody were given advance notice of the records release to the newspaper by the PDA on Feb. 9, and given an opportunity to seek a court order to prevent their release.

Moody notified the PDA of her intention to seek a court order Feb. 26, and the PDA set a deadline of March 5 for receipt of the court order from Jefferson County Superior Court.

An attorney representing Moody asked the PDA for a deadline extension until March 12 to obtain a temporary restraint on release of the records.

Moody contacted the PDA late last week to note that a court order would not be sought to prevent release of the documents.

Timmons recently told the board the state audit is expected to be finished sometime this month.

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