



Don Hoch  
Director

STATE OF WASHINGTON  
**WASHINGTON STATE PARKS AND RECREATION COMMISSION**

1111 Israel Road SW • PO Box 42650 • Olympia, WA 98504-2650 • (360) 902-8500  
Internet Address: <http://www.parks.wa.gov> TDD: (800) 833-6388

August 9, 2012

**Item E-9: Status Report on Fort Worden State Park Business and Management Plan- Report**

**EXECUTIVE SUMMARY:** This item reports to the Washington State Parks and Recreation Commission on the status of the business and management plan being developed by the Fort Worden Lifelong Learning Center Public Development Authority for Fort Worden State Park. This item complies with our Centennial 2013 Plan element, “Our Commitment – Stewardship” and with our core values.

**SIGNIFICANT BACKGROUND INFORMATION:** In 2008, the Washington State Parks and Recreation Commission (Commission) adopted the “Fort Worden State Park Long Range Development Plan”. A central feature of that plan was the need for the Commission to engage a partner so that Fort Worden State Park could become a lifelong learning center. The events that transpired between the adoption of the plan by the Commission in 2008 and the spring of 2012 are well documented elsewhere and will not be recounted as part of this report.

On March 29, 2012, the Commission took an action regarding the future operation and management of Fort Worden State Park. That action is found as Appendix 1. Also in March of 2012 the Legislature adopted a budget proviso regarding Fort Worden State Park. That budget proviso is found as Appendix 2. On March 2-3, 2012 staff from the Fort Worden Lifelong Learning Center Public Development Authority (PDA) and State Parks met to discuss how to comply with the directions expressed by both the Commission and the legislature regarding the future management and governance of Fort Worden State Park. Notes from that meeting are found as Appendix 3. Staff last reported on this issue at the May 24, 2012 Commission meeting.

Since that time the PDA has hired PROS Consulting LLC. (PROS), the firm that assisted the Commission with Fort Worden State Park planning in 2008, to create a business and management plan. State Parks staff met with staff from the PDA to offer comments on the proposed scope of services for the consulting work to be done on behalf of the PDA. State Parks staff has responded to information requests from PROS and has met with the consultant on July 12, 2012 to provide additional information as requested.

**SUPPORTING INFORMATION:**

- Appendix 1: March 29, 2012 Substitute proposed requested action for Item E-5 by the Washington State Parks and Recreation Commission regarding Fort Worden State Park
- Appendix 2: 3ESHB 2127-Budget Proviso regarding Fort Worden State Park
- Appendix 3: Meeting notes from meeting on May 2&3, 2012 Parks/PDA Staff Work Session

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**Author(s)/Contact:** Larry Fairleigh, Assistant Director  
[Larry.fairleigh@parks.wa.gov](mailto:Larry.fairleigh@parks.wa.gov) 360-902-8642

**Parks Affected:** Fort Worden State Park

Reviewer(s):

**Randy Kline: SEPA Review:** Pursuant to WAC 197-11-704, staff has determined that this Commission agenda item is a report and therefore is not subject to State Environmental Policy Act (SEPA) review.

**Fiscal Impact Review:** No impact. This item is a report only.

**Jim Schwartz, Assistant Attorney General Review:** July 12, 2012

Approved for transmittal to Commission:

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**Don Hoch, Director**

**APPENDIX 1**

**MARCH 29, 2012 SUBSTITUTE PROPOSED REQUESTED ACTION FOR  
Item E-5: Possible Transfer of Fort Worden State Park-Requested Action**

That the Washington State Parks and Recreation Commission:

1. Expresses its strong commitment and reaffirms its September 25, 2008 approval of the Fort Worden Long-range Plan and related planning documents to transform Fort Worden State Park into a Lifelong Learning Center (Agenda E-5). The Commission also reaffirms its previous resolution (March 2011) supporting the Fort Worden Lifelong Learning Center Public Development Authority (FWPDA) to serve as the managing entity for the Lifelong Learning Center.
2. Intends, prior to taking any final action on the best governance model to achieve the goal of Fort Worden State Park becoming a Life Long Learning Center, to provide ample opportunity for the public, stakeholders and the legislature to learn about and express their views to the Commission.
3. Recognizes that the FWPDA does not seek a transfer of the park. The Commission affirms its intention to maintain ownership of Fort Worden State Park and to ensure that Fort Worden will remain a State Park.
4. Directs the Director to designate a lead staff person to work collaboratively with the FWPDA in the development of a business plan and governance model (Plan) for the long-term management of the Lifelong Learning Center at Fort Worden State Park.
5. Agrees that State Parks will support the development of a Plan with staff support and other resources as may be mutually agreed upon.
6. Directs that the Plan and supporting materials provide information, options, and recommendations on matters related to the long-term governance of Fort Worden State Park including, but not limited to: terms regarding the scope and holdings of real and personal property; time frames; the long term sustainability of park operations, including sources of revenue, estimated revenue, as well as estimated annual operating and capital maintenance costs; potential risks and liabilities for the state, as well as potential mitigation measures; potential impacts on and transition plans for any affected state employees; ensuring the sustainability of the park in perpetuity; and contingency plans to address significant funding or other park challenges that may arise.
7. Urges the FWPDA to complete the Plan meeting the above requirements and submit it for third-party review by a mutually-agreed upon business plan consultant and OFM no later than September 1, 2012.

8. Urges the FWPDA to submit the Plan with findings and/or recommendations from the consultant and OFM, to the Commission no later than October 1, 2012. If the Plan is found to meet the above requirements and can stabilize the Park's operations and achieve sustainability the Commission shall review the report and Plan for consistency with the adopted 2008 Fort Worden Long-range Plan.
9. Subject to findings of consistency with the Fort Worden Long-range Plan, feasibility of sustainable operations and consistency with the interests of the public and State Parks system, the Commission agrees to vote no later than December 31, 2012 on its acceptance of the Plan and, if appropriate, enter into a management agreement with the FWPDA.
10. Acknowledges that it will not seek another management entity on or before December 31, 2012, unless the FWPDA abandons its efforts.

**APPENDIX 2**  
**3ESHB 2127- BUDGET PROVISIO REGARDING FORT WORDEN STATE**  
**PARK**

16 (5)The state parks and recreation commission, in cooperation with  
17 the Fort Worden lifelong learning center public development authority  
18 authorized under RCW 35.21.730 shall provide a report to the governor  
19 and appropriate committees of the legislature no later than October 15,  
20 2012, to create a lifelong learning center at Fort Worden state park.  
21 This plan shall support and be based upon the Fort Worden state park  
22 long-range plan adopted by the state parks and recreation commission in  
23 September 2008. The report shall include a business and governance  
24 plan and supporting materials that provide options and recommendations  
25 on the long-term governance of Fort Worden state park, including  
26 building maintenance and restoration. While the commission may  
27 transfer full or partial operations to the public development authority  
28 the state shall retain title to the property. The state parks and  
29 recreation commission and the public development authority will agree  
30 on the scope and content of the report including the business and  
31 governance plan. In preparing this report the state parks and  
32 recreation commission and the public development authority shall  
33 provide ample opportunity for the public and stakeholders to  
34 participate in the development of the business and governance plan.  
35 The state parks and recreation commission shall review the report and  
36 if it is consistent with the 2008 Fort Worden state park long-range  
37 plan shall take action on a long-term governance and business plan no  
38 later than December 31, 2012.

## APPENDIX 3

### MEETING NOTES FROM MEETING ON MAY 2&3, 2012

#### 1. Primary contacts

- Washington State Parks
  - Larry Fairleigh, Assistant Director; 360-902-8642; [larry.fairleigh@parks.wa.gov](mailto:larry.fairleigh@parks.wa.gov)
- Fort Worden Lifelong Learning Center Public Development Authority
  - David Robison, Executive Director; 360-643-1770; [drobison@fwpda.org](mailto:drobison@fwpda.org)
  - Emails to the Board of Directors at: [board@fwpda.org](mailto:board@fwpda.org)

#### 2. Ground rules for the meeting:

- Meeting attendees agreed that a mutually agreed upon set of notes would be published
- Parks directed by legislature and Commission to work collaboratively with PDA. Goal is to find a solution that works for both parties, the public and legislature.
- Both parties understand that process is under great scrutiny, transparency is important but during meeting parties need to get issues and needs on the table
- Parties may call “time out” to caucus as necessary

#### 3. Presentation by Brian Trusty (PROS Consulting) on 2008 Management Plan

- PDA arranged for Brian to present PowerPoint from 2008 Fort Worden State Park Long Range Development Plan
- Copies of PowerPoint available on request from Srey Ryser @ [srey.ryser@parks.wa.gov](mailto:srey.ryser@parks.wa.gov)
- Brian - Nationwide, aspects of state parks are becoming the closest thing that government has to a pure retail business – serving consumers who have a choice in a competitive market
  - Partnership should be a realistic solution to immediate problem not a reaction to conceptual outcome
  - Best practices, agency labor costs shouldn't exceed 65% of total budget and 4-6% of total asset value (not including land value) to be reinvested annually in buildings, facilities and infrastructure

#### 4. Presentation by Jeanine Livingston, Dave Pardy, and Terri McCullough

- Primary concern is that a fair and honest process that includes WFSE be held regardless of the outcome
- WFSE express support for 2008 Fort Worden Management Plan
- Lack of communication from State Park management to Ft. Worden employees.
- PDA should develop a list serve to notify the public about meetings and communications.
- WFSE feels that they've been excluded from communication since the PDA became involved in the Fort Worden process.
- WFSE wants more opportunity for public input at PDA meetings...three minutes at Commission meetings isn't enough.

- Fort Vancouver is an outstanding public/private partnership. WFSE subscribes to that model.
- Expressed concern about the brain storming list developed by the Ft. Worden partners.
- Shared that the Union is not out to make any transition fail, but we need to find areas of agreement as well as areas where we disagree
- Need to revisit 2008 Plan's program and services.

## **5. Discussion of needs of both parties:**

### **State Parks Needs**

- Transparent process
- Solution must work for a variety of stakeholders, including the Washington Federation of State Employees (WFSE)
- Time for adequate process related to the budget proviso, Commission action, and collective bargaining
- A solution that is acceptable to the "authorizing environment" and does not negatively impact the state park system as a whole
- Parks cannot get into an agreement that costs more money than we are currently spending at Fort Worden State Park
- Support and assistance to implement the lifelong learning center (LLLC) concept for the park
- Keep the identity of Fort Worden as a state park
- Revenue increase or cost reduction
- Assistance in the preservation of the natural, cultural and historic resources of the park
- To attract and recruit operational partners at the park that have maximum contributory value to the park and its long term success, either financial or otherwise (highest and best use of space consistent with the mission of the park)
- Assurance that the PDA has the financial capacity and staying power to take on the responsibilities ultimately approved by the Commission
- Viable business plan presented by the PDA
- Identify for all stakeholders all the existing conveyances, encumbrances, obstacles, etc. to the process
- Determine the viability and acceptability of historic preservation tax credits as a financing mechanism

### **PDA Needs**

- Transparent process
- Develop relationship of trust among multiple stakeholders
- Delay/money is our enemy because we don't have the financial capacity to sustain a long process; must have commitment by December 31, 2012; April 1, 2013 implementation
- The Conservancy is serving the purpose of being the fundraising component of the PDA for purposes of plan implementation
- We must break-even or better financially to sustain operations and reinvest in capital facilities at the park

- Support and assistance to implement the lifelong learning center concept for the park
- Facilitate a stronger connection between the park and Port Townsend community
- To support the operational partners of the park to improve their business acumen, operational efficiencies, and business outcomes
- To efficiently attract and recruit new operational partners at the park
- Flexible management practices that allow for better efficiency, appropriate level of autonomy, and clear definition of roles and responsibilities of any potential PDA presence at the park
- Official standing at Fort Worden State Park that supports the ability to raise money through grants, donations, and public appropriations for operations and capital
- Viable business plan
- Determine the viability and acceptability of historic preservation tax credits as a financing mechanism

### **Challenges to the Process**

- Potential lengthy process
- Poor communication
- Organized / organizing opposition
- Both parties, especially the PDA, establishing and maintaining a relationship of trust with the public
- Myth, rumor and innuendo

### **Challenges to the Status Quo**

- State of Washington financial circumstances to support operations and capital needs at Fort Worden State Park
- Financial capacity of the PDA is dependent on a viable agreement with State Parks

## **6. Governance and Management Options Discussion**

- This discussion was led as a review of the summary notes regarding multiple governance and management options as prepared by David Robison. Copies are available at [www.fwpda.org](http://www.fwpda.org).
- Both parties need to more clearly describe the meaning and intent of a “lifelong learning center” at Fort Worden.
- Both parties agree that investigation into the reality of bonding as a capital finance option by the PDA needs to be completed
- The leadership of the PDA has developed a greater respect for the position Parks is in and the efforts of Parks leadership to transform the agency into a more proactive standing in light of the “new normal” of operating circumstances. There is acknowledgement that the larger and bolder options may not be the best course of action at this time. Rather, the PDA discussed a “nested” approach that builds momentum while addressing current issues at the park:
  - The PDA could focus on the restoration of selected buildings
  - As recommended in the 2008 plan, the PDA believes it is critical to attract and recruit a private partner to renovate buildings 298 and 225 for the development of

- improved accommodations that support the park's operational efficiency and solvency, and works to achieve the vision of the LLLC
- The PDA's business plan process would explore directing a portion of existing revenues at the park to be shared so the PDA could support enhanced marketing, partner recruitment, and adaptive reuse of facilities that supports the vision of the LLLC
  - Parks needs any business plan developed by the PDA to clearly identify the portion of current revenues that are required/requested
  - Parks also needs a clearly identified timeframe under which the success of any partnership with the PDA be evaluated
  - The PDA suggested it may be helpful that a range of alternatives be fleshed out that would include:
    - Continuation of the status quo
    - The suggested hybrid approach
    - One of the more involved management options
  - Parks points out that infrastructure and servicing facilities enables the vision of the LLLC, but the heart of the LLLC is in the programming and experiences of visitors that may be better provided by a partner such as the PDA.

## 7. Discussion of Next Steps

- Independent review is needed by both the PDA and Parks to evaluate future operational realities and possible scenarios
- PDA staff recommendations for public comment and Board consideration:
  - Develop a scope for a business and management plan that evaluates two options –
    - Option 1
      - Lease options of selected undeveloped/non-renovated facilities in a phased approach for the purposes of redevelopment that supports the LLLC vision and financially sustainable operations
      - Lease of key revenue generating facilities at Fort Worden for the purposes of developing a consistent hospitality management entity pursuant to the vision of the LLLC, and to create reliable revenues to support the development of PDA's financial capacity
      - Management of selected services at Fort Worden that support the PDA as a facilitator of the LLLC vision and a hospitality manager that could include, but not be limited to
        - Food / concession services
        - Marketing
        - Programming
        - Reservations (?)
      - Revenue and cost sharing to maintain no negative impact on the current level of state subsidy supporting the operations at Fort Worden
      - Development of new business opportunities at Fort Worden State Park that support the vision of the LLLC and creates additional revenue options

- Option 2
      - PDA becomes a property and operations manager of the campus area of Fort Worden consistent with the vision of the LLLC
      - All aspects of Option 1 + transfer of all existing leases (management of existing leases and leaseholders)
      - Exploration of cost sharing possibilities related to maintenance of facilities and infrastructure
    - Compare / contrast the options evaluated in this business plan to the operational and management strategies outlined in the 2008 plan, including a summary of changed circumstances that may have resulted in some or all of the 2008 options as becoming obsolete
- State Parks:
  - Development of a white paper assessment by August 15, 2012, that evaluates the following:
    - Evaluate levels of service at Fort Worden State Parks, including operational projections based on available state budget data
    - Facility and infrastructure conditions and the projected ability (or inability) to address facility and infrastructure needs
    - Ability to comply with the direction of the Commission to pursue the LLLC vision at Fort Worden State Park
    - Inclusion of relative benchmark comparisons from other state park agencies

## **8. Milestone dates and opportunities for public and stakeholder comment**

1. April-Mid-May..... staff discussions on various options, no decisions made, discussion designed to narrow the field of options so the Fort Worden Life Long Learning Center Public Development Authority (PDA) can focus its efforts on developing a “business and governance plan”
2. \*May 15, 2012.....informational meeting with Fort Worden State Park staff and WSFE representatives
3. May 24, 2012 .....Report agenda item to the Commission at its meeting in Yakima including an opportunity for stakeholder and public testimony. Report will include a plan for stakeholder and public input and involvement as conducted by State Parks
4. \*June 7-8, 2012.....PDA completed selection of business plan consultant and conduct initial project meetings to start the business and governance plan process; public forum
5. June- August.....PDA develops proposed business and governance plan
6. August 9, 2012.....Report agenda item to the Commission at its meeting in Wenatchee including opportunity for stakeholder and public testimony.
7. \*August 23, 2012.....preliminary recommendations and draft business and governance plan to be reviewed by PDA, with a presentation and discussion with Parks
8. September 1, 2012.....proposed business and governance plan due to OFM and to a mutually agreed upon third party for review

9. September 6, 2012.....Report agenda item to the Commission at its meeting in Olympia including opportunity for stakeholder and public testimony
10. \*September 20, 2012.....coordination meeting with PDA and Parks; public forum to review recommendations and draft plan
11. October 1, 2012.....Proposed business and governance plan due to the Commission
12. October 25, 2012.....Report agenda item to the Commission at its meeting in Vancouver including opportunity for stakeholder and public testimony
13. December 6, 2012.....Requested Action agenda item to the Commission regarding a proposed business and governance plan for Fort Worden State Park with an opportunity for stakeholder and public testimony

\*indicates tentative dates

Note: Regular PDA Board of Directors meetings are conducted on the first Wednesday of each month at 8:30 am. Meeting locations are posted at [www.fwpda.org](http://www.fwpda.org). Public comments are welcome at each meeting.

#### **9. Regular communication expectations**

- Parks management will work to provide regular and consistent information available to Fort Worden State Park staff regarding the process, progress updates, achievement of milestones, and to address concerns and considerations relative to this project.
- PDA leadership will provide project updates at [www.fwpda.org](http://www.fwpda.org), and schedule community presentations as project milestones develop.
- Regular coordination meetings between Parks management and PDA leadership will be conducted.