



STATE HEADQUARTERS OFFICE

1212 JEFFERSON ST. S.E., SUITE 300 • OLYMPIA, WA 98501-2332
(360) 352-7603 • 1-800-562-6002 • FAX: (360) 352-7608 • www.wfse.org

October 12, 2012

Fort Worden Public Development Authority
Attention: Dave Robison, Executive Director
250 Madison Street
Second Floor
Port Townsend, WA 98368

Dear Mr. Robison,

I have received and had the opportunity to review the response prepared by the FWPDA to the WFSE's case study of the conditions at Fort Worden. I agree that an open process and honest dialogue would be the preferred method of working through our concerns and suggestions for the transformation of Fort Worden. It is regrettable that not only WFSE staff and members but many in the public are of the opinion that the FWPDA has not facilitated such a process. It is logical, therefore, that we would present our concerns in ways that you may not like.

In your opening, you make the assertion that if the arguments made in our paper were taken to their logical conclusion, Fort Worden's past 35 years of history would be considered a colossal error on the part of Washington State. This is a very rash and extreme statement that demonstrates a complete lack of understanding of the points made in our paper. I will take this opportunity to clarify.

Our paper is not a personal attack on the businesses at Fort Worden, clearly they are good, hardworking, beneficial businesses. There are, however, two significant concerns. First is the amount of rent being charged may have originally been offset in consideration for some initial investment, some dating back more than 20 years, but does not account for ongoing upkeep. The other concern is whether the business is truly attractive to the general public visiting a state park and nationally registered historic military fort or is more contributory to an exclusive use environment that actually serves to deter the public's interest. Both points are legitimate and are validated in the current state of attendance and revenue generation at Fort Worden.

The error that has been made over the last 35 years isn't the enjoyment of arts and museums at Ft. Worden. One error was to discount leases without considering the costs of ongoing maintenance, repairs and renovations that would be needed between when the investment was made and present day. Another error was to actively solicit tenants that may conflict with the access and recreational enjoyment of the general public and may exceed the statutory authority of the Commission. Ironically, your business plan allows for the current conditions to continue and speculates on the attainment of various types of donations, grants and tax breaks

OLYMPIA FIELD OFFICE
906 Columbia St. SW, Suite 500
Olympia, WA 98501
(360) 786-1303
1-800-624-0256
Fax: (360) 786-1338

SEATTLE FIELD OFFICE
444 N.E. Ravenna Blvd., Suite 108
Seattle WA, 98115-6467
(206) 525-5363
1-800-924-5794
Fax: (206) 525-5366

SMOKEY POINT FIELD OFFICE
16710 Smokey Point Blvd., Suite 306
Arlington, WA 98223-8435
(360) 659-4333
1-800-967-3816
Fax: (360) 657-3336

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316 W. Boone Ave., Suite 353
Spokane, WA 99201-2346
(509) 326-4422
1-800-442-8618
Fax: (509) 326-4424

TACOMA FIELD OFFICE
6003 Tacoma Mall Blvd.
Tacoma, WA 98409-6826
(253) 581-4402
1-800-924-5753
Fax: (253) 581-4404

VANCOUVER FIELD OFFICE
3305 Main St., Suite 109
Vancouver, WA 98663-2234
(360) 735-1115
1-800-967-9356
Fax: (360) 735-1121

YAKIMA FIELD OFFICE
601-A W. Lincoln Ave.
Yakima, WA 98902-2610
(509) 452-9855
1-800-439-9855
Fax: (509) 457-1939

that are by no means assured and in some cases aren't even desirable to offset those conditions. Given that the current business model has not been effective, it makes little sense to proceed without some measure of reform to that model.

Another concern is in expanding the role of colleges at Ft. Worden. It should by no means be construed that the WFSE is unsupportive of higher education; in fact, the opposite is true. We represent many members at institutions of higher education and regularly advocate for increased opportunities for our members to benefit from advanced learning opportunities.

One of the inherent problems with educational entities in a state park is their need for continuous growth. It is not only inherent but desired that institutions of higher education increase their curriculum and attendance: as evidenced by the current need to increase classrooms at Fort Worden for Goddard and Peninsula Colleges. Building 202 is in the process of being developed for that purpose. In fact, your business plan calls it a "cornerstone" of the main post. At some point, if the current adaptation of the "Lifelong Learning Center" is continued, there will be no more room on the main post for these schools to develop. In our experience, expansion is an ongoing process yet your business plan fails to address this eventuality that has great possibility of occurring within the initial time frame your plan addresses.

Many questions flow from the educational institutional expansion at Ft. Worden. How does such expansion improve Fort Worden specifically and the Parks system as a whole? How is public access benefitted? What will happen to the other tenants that do provide for the historical, cultural and interpretive needs of the general public? More significantly, is this really what was intended for a Life Long Learning Center? It appears the original definition the Commission adopted for the Life Long Learning Center is being derailed in favor of the City's interest in having a local college.

An important point you made that we completely agree with is that in order for State Parks to become more self-supporting, the agency needs to understand and "meet the market" for recreation and stewardship services people are willing to pay for which. This supports our point that the expansion of college curriculum and exclusive use businesses at Fort Worden may conflict with other programs of broader appeal and must be reconsidered.

Let me be perfectly clear. The WFSE has no objection to the Life Long Learning Center concept. We are not trying to tear it down. We simply want its definition clarified. It is an ambiguous term that some appear to be trying to interpret as 'local college' where the original intent, as stated in the 2008 strategic plan was for the types of programs with broader, general public appeal. This is where the FWPDA and its' supporters have deviated from those plans and is one of the reasons why the Federation is opposed to a co-management agreement with the FWPDA.

In our review of the deed documents we found that Fort Worden, since it was relinquished by the military, has always been state run. It bears noting that while the campgrounds and beach were being developed for public use the main post was being operated by the Department of Institutions. This created incongruence between the need for a more protected environment for Institutions and public access to the beach and waterfront. The

true colossal error would be to ignore this lesson and replicate it in the further development of the main post as a local college under the management of the FWPDA while the campgrounds, beach and Battery Hill are managed by the state.

Our opposition to co-management with the FWPDA is also attributed to its lack of experience. The FWPDA is an entity with no track record and carries a serious conflict of interest to "co-manage" Fort Worden. I am in receipt of a letter prepared by the attorney representing a group of citizens in Port Townsend outlining the legal concerns of the current FWPDA executive board. It is attached for ease of reference. The FWPDA's board reflects the interests of the tenants who have enjoyed great benefit in the use of the premises for very low cost in comparison to similar spaces elsewhere in the community.

The FWPDA was originally chartered in January 2010 for the purpose of furthering the city's interests including boosting affordable housing. The September 12, 2012 draft of your business plan includes provisions to add Section 8 housing at the Fort. We are pleased to see that element was removed from the September 17th draft however we remain concerned at the prospect of it being added back in the future. The point is, the FWPDA is a local entity that is not chartered to hold the interests of all of the citizens of the State of Washington. Your business plan comes with very little to put on the table but requires much to be granted. We agree that the FWPDA, as well as the City of Port Townsend, has a role at Fort Worden, just not co-management.

As for the assertion that the resolution to transfer Fort Worden to the FWPDA was made by Parks staff, that may be factually accurate but again it's only part of the story. We have a copy of an email string indicating that the resolution and its' support was in fact directed by Commissioner Roger Schmitt who has been heavily involved in developing the City's interests in Fort Worden since 2004. Commissioner Schmitt's apparent conflict of interest and related conduct is being addressed separately.

Further, with the state agency as a whole transitioning to an enterprise model and expanding the role of the Parks Foundation, the need for a co-management entity at Fort Worden becomes even more questionable. Clearly, conditions have changed since 2008 when a co-management option was being considered. And let's be clear, it was only being considered. Centrum entered into an memorandum of understanding that gave very clear benchmarks that had to be met, reviewed and approved before moving on to the subsequent phases. The FWPDA has not adopted this prudent model and we believe the Commission would be remiss in not insisting an inexperienced entity such as the FWPDA meet similar benchmarks before fully committing to the organization.

Regarding the individual tenant's response to our data sheets, I must direct you to Page 2 of our paper outlining the documents reviewed by the Federation. There are a few key points to be made. There is no question that the tenants have invested in the properties they occupy. According to the leases Parks provided in response to our information requests, all of the external structural repairs and renovations were paid for and performed by Parks. It is common for a tenant to pay for leasehold improvements necessary for the operation of their business. This investment would be necessary whether or not the business is located at Fort Worden. Similar investments would have been necessary if the businesses were located in the city of Port Townsend.

Second, the majority of other Investments cited in your response were made many years ago. In the case of the Marine Science Center and McCurdy Pavilion, the major investments were made more than two decades ago. While it certainly makes sense to discount leases or usage fees in acknowledgement of initial investments, the fee adjustments did not account for ongoing maintenance, repairs and renovations. This is evidenced by the severe deterioration of the pier the Marine Science Center is located on and McCurdy Pavilion, which is noted as such in your business plan. This business model is unsustainable as demonstrated by the current condition of the main post buildings.

In our duty to represent the interests of our members, an information request was made for an accounting of all payments made by the tenants for the 18 months preceding April 16, 2012, copies of all leases and copies of all utility bills. There is, in fact, a lease for the Friends of Fort Worden dated March 13, 2009. If the primaries of the "Friends" are unaware of it, they should request a copy from the agency.

In the accounting of payments received, there was no indication of payments made to Parks for other renovations by any of the tenants for that period of time. If the contributions cited by the tenants are in fact correct, they were not required as part of the lease or identified in the lease as the basis for an offset amount. We believe that this kind of loose arrangement is not in the best interest of the park and is, in part, the basis for our recommendation for improved lease negotiations and contract language.

Further, our paper examines the *current* conditions at Fort Worden. There was nothing in any of the documentation we reviewed, and no documentation cited or provided in your response that we could refer to, to indicate that new money is being invested by the tenants in order to justify the renewal of their leases on a discounted basis. It is an obfuscation of facts to submit past investments into leasehold improvements and relatively ancient contributions that were the basis of earlier rent reductions as a basis to continue extremely low or free rents into the foreseeable future in extended term leases.

Regarding open process and honest dialogue, my staff have made numerous attempts to set meeting times to discuss concerns and offer suggestions to your business plan. I have been copied on an email string going back to August 21st where my staff has made every effort to schedule a meeting to discuss concerns and suggestions to your business plan with no response from you other than to say you would check into available times and get back to us – without doing so. It is disingenuous for you to portray the FWPPDA as being willing to collaborate with us or the public when there are numerous press accountings of the public's displeasure, letters from interested citizens as well as our own concerns with your application of open process and honest dialogue.

The Federation is not in a "fight" to "just" save jobs nor are we attempting to "demolish a workable plan that would benefit the public and Parks employees", the Federation and AFSCME as a whole have made profound impacts on a myriad of policy issues. Our membership has a very significant interest in the development of a co-management arrangement at Fort Worden or any other state park. We intend to continue to weigh-in on all matters contributing to such an arrangement.

We believe that your plan is based on some inaccurate assumptions, assumes unexplored funding mechanisms with no projected likelihood of acquisition and takes current revenue away from the agency while requiring the

same or increased levels of state investment for staffing, maintenance, repair and renovation. In its current state, we believe your plan is, in fact, unworkable and is a detriment to our Parks membership in general and the Parks system as a whole. I am unable to determine how loss of jobs with no guarantee of re-employment to a position with reduced benefits and pension would benefit Parks employees at Fort Worden. We are still willing to meet and work collaboratively but given your lack of response to our requests, our members intend to proceed with presenting their own plan to the Commission.

We always understood that our paper was going to be controversial to the FWPDA and the tenants at Fort Worden. We believe that when businesses and local municipalities are lobbying heavily in public forums and to governing commissions for continued favorable treatment that the whole story should be told – particularly when the interests of our members are affected. The FWPDA and Fort Worden tenants have been crying foul over the prospect of being charged rents based on fair market value and over their customers being required to pay for a day-pass or Discover Pass. This is a self serving position that needs to be weighed with the rest of the story. The data we discovered wasn't disclosed in any discourse I am aware of but our members have been reporting it anecdotally for years. It was time to put more of the facts on the table to balance the bias being presented by the FWPDA, the tenant businesses and the city of Port Townsend.

In closing, I find that nothing in our case study is a misrepresentation as you call it. There are many assertions made in your response that can be actively debated. Rather than engage in a debate over your unsubstantiated assertions, we have requested an investigation into the conditions at Fort Worden by the State Auditor. I believe the Auditor's office will present an unbiased analysis of the conditions and can provide a more comprehensive audit than The Federation should have to provide. We look forward to those results.

Sincerely,



Greg Devereux
Executive Director

CC: The Hon. Governor Chris Gregoire
Pt. Townsend City Council
FWPDA Board
Washington State Parks & Recreation Commission
Senator James Hargrove
Representative Steve Tharinger
Representative Kevin Van De Wege
Michael McCarty, CEO, AWC
Brian Sonntag, State Auditor

