

Fort Worden State Park and Conference Center

Operating and Capital Programs: What are the consequences of continuing business as usual?

Operating Program

Since its dedication in 1973, State Parks has operated Fort Worden as a destination state park and conference center and – in partnership residential cultural and educational institutions – has developed an international reputation as a center for learning and creativity. Park and conference center staffing includes a combination of state employees and concessionaires, with state employees representing the majority of the work force. Resident nonprofit organizations provide arts, history, and environment-related programming, but are not directly involved in park and conference center operation. Areas of agency responsibility include:

- Overall park administration, oversight, and management
- Conference center management (booking and on-site support)
- Facilities and grounds maintenance
- Facilities cleaning and caretaking (furnishings, fixtures and equipment)
- Visitor safety and law-enforcement (park rangers and security guard)
- Reservations and front desk for overnight accommodations and camping

Park and conference center services currently staffed and operated by concessionaires include:

- Food and beverage service (Commons, Canteen, Pavilion, catering, vending)
- Linen and housekeeping services (overnight accommodations)
- Recreation equipment rentals (kayaks and bicycles)
- Recreational tours (kayaking and motorboat)
- Hostel accommodations

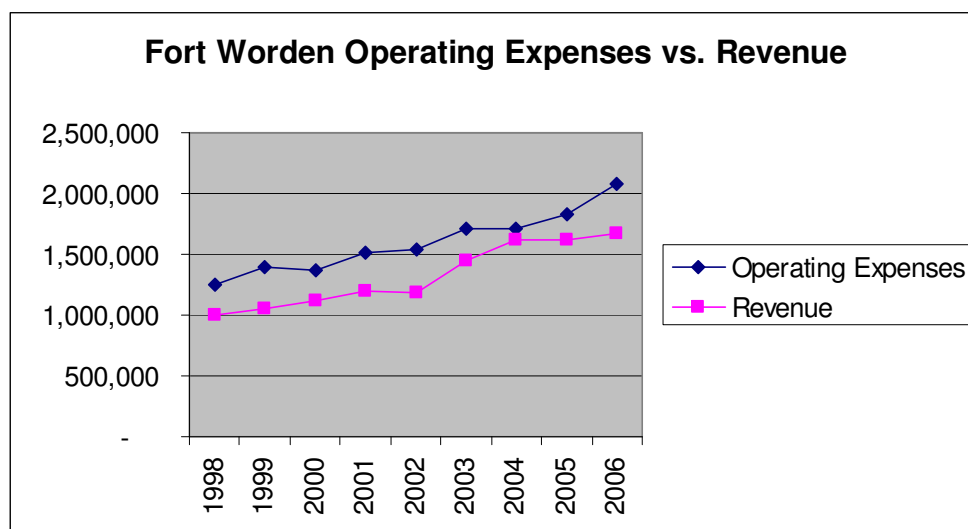
Park and conference center-related programs currently staffed and operated by non-profit organizations include:

- Visual and performance arts programs and educational activities including single event and residential programs
- Marine environmental education and interpretation
- Park historical education and interpretation
- Park information center and gift shop

Current cost to operate Fort Worden is about \$2.1 million per year. Staffing represents the majority of operating cost at approximately \$1.2 million per year or 60%. Utilities represent the second largest cost item at \$450,000 per year or 23% (not including the Commons building), with the balance necessary to pay for maintenance, Commons, equipment, and supplies. In 2005-07, State Parks allotted \$379,000 to address deferred maintenance activities in the park. While significantly higher than previous biennia, this figure represents only a fraction of the estimated \$8 million in small maintenance projects (those costing \$25,000 or less) that remain.

Revenues earned at the park (leases and concession receipts, lodging, camping, and other fees) offset about \$1.6 million of total operating costs, with the remaining \$500,000 funded by State Parks as a general operating subsidy. Figure 1 plots park operations funding and generated revenue during the past ten years.

Figure 1



Key Operating Program Challenges

Funding

Since State Parks began operation of Fort Worden in 1973, operational expenses have steadily increased. While agency funding has also increased during this period, it has not kept pace with actual need. This gap in funding has led to deficiencies in two principal areas: maintaining the condition of facilities/furnishings and achieving industry standards for retreat/conference centers.

Condition of Buildings and Furnishings

The Army began construction of Fort Worden and its supporting garrison post around the turn of the 20th century. The Fort's collection and use of buildings continued to evolve through WWI, WWII, and subsequent military conflicts until the 1960's, when it was decommissioned. The Army then turned the Fort over to State Department of Corrections for use as a "diagnostic center", essentially a home for troubled youth, before State Parks took on operation in the 1970's.

Maintaining a large collection of historically significant buildings, many of which are more than 100 years old, is a monumental and costly undertaking. The agency's commitment to care for these resources requires that all of them, even those without a well-defined use, be at least stabilized to slow deterioration. All buildings regardless of their location or cultural significance require periodic upgrades to electrical, mechanical, and heating systems to ensure that they remain useful for contemporary functions. At Fort Worden, historic preservation-related maintenance requires thorough planning, specially skilled trades people, and sometimes difficult to find building materials, and therefore is often more expensive than similar work on more modern structures. The task is made more demanding because the number of trades people in the park is out of balance with the number of properties that require care.

Despite the best efforts of the park's professional maintenance staff, the condition of structures and utility systems that have not had major capital attention continue to deteriorate. Failures in plumbing systems require emergency closure of accommodations and many electrical systems do not meet code or are no longer serviceable. Antiquated, heating systems are difficult to maintain and inefficient to operate. Painting, especially such a large number of buildings in a marine climate, is an unending challenge. The result of inadequate maintenance resources is an overall impression that the facility is run down and leaves visitors with a sense that staff and the agency simply don't care.

Perhaps the most visible effect of the gap in operational funding is the appearance and comfort of overnight accommodations. Furniture for accommodations and conference operations were never addressed in a replacement schedule budget process. The park must furnish and appoint 670 rooms in 36 different buildings. Park staff and volunteers have assembled existing furnishings opportunistically over the years, acquiring them through state surplus, donations, and small purchases as finances allow.

Dormitory furnishings predate State Parks' operation of Fort Worden (well over 30 years). Curtains, couches, mattresses, sheets, blankets and other furnishings in most rooms are worn out and even with regular cleaning, appear dirty and dated. To maintain attractive, comfortable accommodations, furniture and furnishings must be replaced and updated in a regular cycle. At an average cost of \$3,750 per room, cost to furnish Fort Worden is about \$2.5 million per ten-year cycle. Faced with other more immediate maintenance needs, funding for furnishings has not been available.

Achieving Industry Standards

Limited operational funding also makes it difficult to keep up with competing conference facilities and other overnight accommodations. Visitors and conference goers increasingly expect a level of technology and security that Fort Worden does not provide. Recent progress has been made providing WI-FI service in two buildings, but internet access remains incomplete. A business center with copier, fax, and computer access is another standard amenity frequently requested by visitors along with key card door locks and smart cards used to charge meals and other purchases to a single room invoice.

Marketing

Marketing Fort Worden, without specialized staff and funding for advertising, presents another significant challenge. The Fort finds itself in an increasingly competitive conference/retreat center market, all vying for the attention of conference and event planners. An effective marketing program can significantly increase use of facilities and resulting income, but is often considered a non-essential expense – especially when compared to staff and materials required to keep the facility operating day-to-day.

Staffing

Limited funding along with the fluctuating, seasonal nature of the conference center business makes it difficult to staff the park adequately and efficiently. Park managers find it increasingly difficult to attract and retain qualified employees for seasonal or intermittent work, because most employees prefer full-time, year-round positions. Changes in the labor climate compel managers to provide year-round positions, thereby making it difficult to meet peak season needs and creating off-season inefficiency. Peculiarities of public sector employment also make it difficult

to hire new employees, even when funding is available. This stems from a Legislative imperative limiting the agency to a set number of full-time equivalent (FTE) positions.

Conflicting Forces between the Conference Business and Residential Arts Programs

Growth in both the park's conference center business and Centrum's residential arts education programs increasingly places these two important park functions in competition for space and agency resources. Both functions rely on summer season, weekend, and holiday use of conference facilities from which the majority of their respective revenues are generated. Park management finds itself in the untenable position of choosing to schedule mission-oriented arts programs or schedule other private conferences that fetch higher rates and more financial support for the facility.

Conflict between residential arts programming and conferences also arises from differences in target market demographics and the level of accommodations that each supports. The nature of philanthropically driven arts programs requires very modest, low-cost accommodations and meals. Conferences of the type suited for Fort Worden, while also very cost conscious, require a higher degree of comfort and privacy (e.g., guest rooms with private bathrooms and showers). This higher level of accommodation could either place the facility out of reach of arts programming or require significant additional subsidy to operate.

Arts education programs typically use artists in residence programs as a means of attracting highly talented artists to work with students. Long-term use of overnight accommodations, also useful for conference purposes, creates an additional mission vs. revenue opportunity cost with which park management must wrestle.

Capital Program

Major maintenance and adaptation of historic buildings in addition to construction of new facilities is funded through the agency's capital program. The agency's major capital investment in Fort Worden began in earnest in 1995 with rehabilitation work on the Marine Science Center (formerly the post wharf) and culminated most recently with construction of the Commons, a 19,000 square foot central meeting and dining facility anchoring the park's conference center function. During the past ten years, capital appropriations for Fort Worden have varied significantly ranging from just under \$1 million in 1995-7 to a high of just under \$6 million in 2001-3 for a total of \$21 million (figure 2). Notable other capital developments during this period include:

- Building 204 rehabilitation for additional meeting space
- Guardhouse rehabilitation for information/gift shop
- Alexander's Castle rehabilitation for overnight accommodations
- Building 502 rehabilitation for Marine Science Center use
- Numerous infrastructure improvements including upgrade of utilities and replacement of slate roofs, porches, and windows

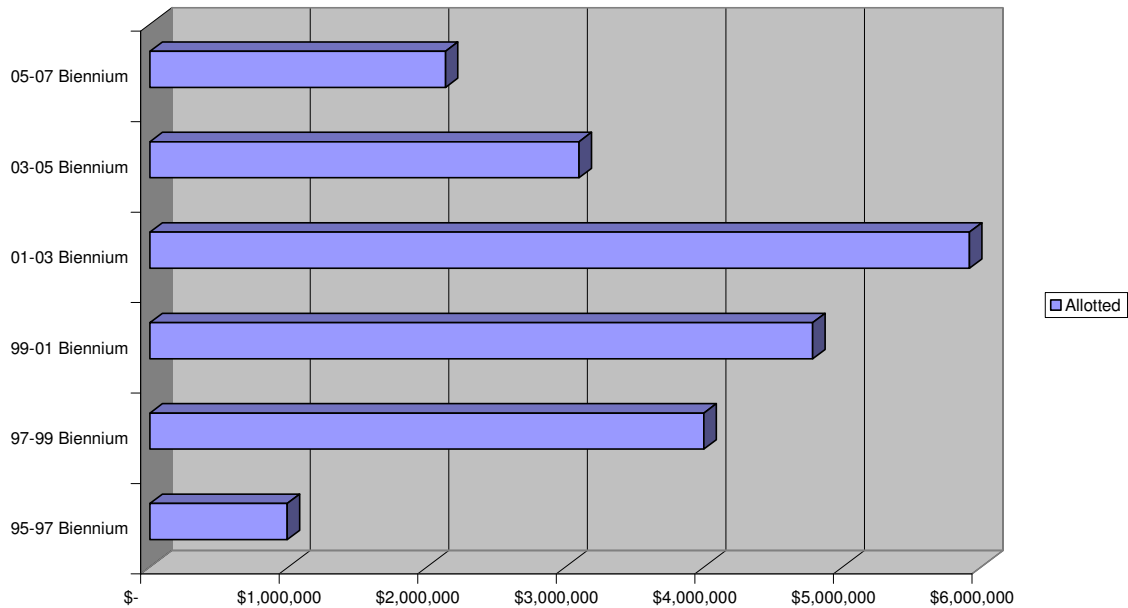
A \$2.1 million cooperative effort of Centrum, Port Townsend, Jefferson County, Department of Agriculture, State Parks, and other donors to rehabilitate the military balloon hangar into McCurdy Pavilion, an 880-seat performance venue, was completed earlier in 1991.

As part of State Parks' centennial celebration in 2013, the State Parks and Recreation Commission has developed a centennial plan that includes its capital priorities for the next six years. During this period, the agency expects to invest an additional \$10 million in capital improvements in the Fort Worden Area (includes Rothschild House and Old Fort Townsend

State Park). This amount represents an approximately 50% reduction in capital investment during the next ten years when compared to the previous ten-year period.

Figure 2

Fort Worden State Park
Capital Budget Allotments 1993-2007



Key Capital Program Challenges

Funding

Preservation and adaptation of historic buildings involves the careful evaluation and adherence to strict treatment standards to ensure that the historic integrity of the building is not compromised. Consequently, the cost to rehabilitate historic buildings is generally higher than construction of a new building.

Current planning suggests a minimum capital investment between \$26 million and \$37 million will be necessary to rehabilitate core overnight accommodation and conference-related buildings at Fort Worden (figures in 2006 dollars and don't include necessary site and infrastructure improvements, batteries, or other non-core structures). State capital investment at projected levels (\$10 million during the next six years), while significant, is simply not adequate to address this very large need. The condition of buildings without the benefit of significant capital attention will continue to deteriorate, while the cost of their preservation and rehabilitation will continue to rise.

In the short term, the likely response of park administrators could be to emphasize the care of selected buildings while closing others in order to shepherd limited financial resources. Fewer

buildings would then be available to meet user demands. Over time, the lack of capital investment coupled with inadequate maintenance will lead to the loss of buildings that become too deteriorated for repair.

Attractiveness to Investment Partners

Currently, partner organizations resident at Fort Worden operate under a landlord-tenant type of arrangement. State Parks rehabilitates and maintains buildings and then leases them to tenants who assume a minimal responsibility for building interiors. This arrangement works if the agency can obtain capital rehabilitation funding and/or the tenant can afford to pay market lease rates. Because public sector funding has lagged and because the agency charges sub-market rates to non-profits that serve the original vision of Fort Worden as a center for education and culture, the operational and capital revenue gaps persist and—because of mounting deferred maintenance—are expanding.

In order to attract private or nonprofits sector investment in park facilities, the agency will have to allow a greater long-term stake in facilities. Private organizations generally prefer to own buildings in which they plan to invest. This allows them to use the building to secure debt, gives the greatest amount of control, and provides long-term security. While it is not likely that the agency will ever sell structures at Fort Worden, longer-term leases and allowing greater autonomy could make private capital or philanthropic investment more attractive. Historic preservation tax credits may also provide further

Operating and Capital Program Trajectory

Fort Worden State Park continues to struggle with inadequate operational funding and capital investment. In this way, the park is emblematic of the entire state park system. Exceptionally committed staff, partners, and volunteers continue a valiant effort to keep the park held together, doing ever more with less. Without a dramatic infusion of financial resources into the park, the condition of facilities and level of visitor service will continue to deteriorate. Value conscious visitors and conference participants will take their business elsewhere, perpetuating the downward cycle until the facility is no longer viable to operate.

While State Parks remains optimistic, a large increase in funding through conventional state budget mechanisms remains uncertain at best. The agency must pursue new, creative methods of rehabilitating and operating Fort Worden in order achieve long-term financial stability and stewardship of the facility. This will necessitate involvement of either the nonprofit or private sector, or both. Clearly, continuing business as usual is no longer an option.