

**FWPDA Public Forum  
August 23, 2012 • 7 p.m.  
Fort Worden Commons**

**Introduction**

PDA Chair Cindy Finnie opens the meeting, introduces PDA board members, special guests. They include from State Parks, Director Don Hoch, Assistant Director Larry Fairleigh, Mike Sterback, Ed Giraud, Fort Worden Manager Allison Alderman. From the City of Port Townsend, Mayor David King, councilors Bob Gray and Deb Stinson. From the Fort Worden Advisory Committee, Joyce Francis and Jan North.

**Agenda and Future Meetings**

PDA Director Dave Robison presents the process forward. PROS Consultant Brian Trusty completed this draft at 4:30 p.m. today and is presenting it as a working draft, to be revised through a series of public meetings to follow.

- Aug. 29, PDA Board Meeting, 8:30 am, Cotton Building, for public comment; board review
- Sept. 6, PDA Forum, 7 p.m., Commons, for public comment.
- Sept. 13, PDA Board Meeting, 8:30 a.m., more public comment and possible board action.
- Sept. 17, possible submission by PDA of final draft plan to Office of Financial Management (OFM).
- October 25, Washington State Parks and Recreation Commission (Commission) holds a public meeting on the draft plan in Vancouver Washington.
- The Commission is expected to take action by the end of 2012.
- The full Draft Business Plan is posted at: [www.fwpda.org](http://www.fwpda.org)

**PowerPoint Presentation**, Brian Trusty, PROS Consulting  
(Presentation is posted at: [www.fwpda.org](http://www.fwpda.org))

- This is a draft plan, will be revised by public comment, PDA board.
- 2008 Long Range Development Plan was first study and basis. We are not trying to change the vision and mission of Fort Worden.
- In the plan:
  - Summary of public and stakeholder input
  - Market analysis and update
  - Operational and management analysis
  - Business and management plan

**Key findings:**

1. Fort Worden is unique in many ways
  2. State cannot resource the Park's long-term needs
  3. Sustainable co-management model is feasible, practical and already there
  4. Management partnership between Commission and PDA can work
- "There is a unique partnership economy here at Fort Worden that makes it all work."
  - Fort Worden is one of the only conference center-type parks in the country that does not already have a co-management partner. Many other examples exist that work exceptionally well. (Asilomar is not the same kind of model -- 95 percent of Asilomar is managed by Aramark, a for-profit, out-of-state corporation.)
  - Buildings at FW are "being loved to death," they are tired. Some \$50 million in capital investment is needed. No way Washington State is going to produce \$50 million in revenue.
  - It was a partnership between Washington State Park, Arts Commission and Superintendent of Public Instruction that

created Fort Worden almost 40 years ago. State Parks has not had to provide programming; it comes from the partners. Partners like Centrum and the Marine Science Center have been providing great programs for over 30 years.

#### Summary of public input (heard to date):

1. Park should not be relinquished to anybody else. No intent on part of Parks to do this.
2. Commission seeks a meaningful partnership, following the course of the 2008 decisions and plans adopted by the Commission. The Commission needs a partnership to relieve operating costs while sustaining quality and diversity of park; it also seeks an entity that can leverage outside resources; and implement and grow lifelong learning center.
3. Fear among members of public and organized interest groups that a partnership might reduce access and affordability of public use; also loss of State Parks jobs.
4. Accusations that PDA will not operate Fort Worden in accordance with public interest in the park as a whole
5. Commission wants to retain traditional park presence on-site.
6. Legitimate concern about viable business for partners, in light of aggressive changes in structure of leases. May make it hard for partners to invest in buildings, expand programs. Concern about partners' financial viability to operate in the park. Could drive partners out of the park.
7. Unilateral applications of the Discover Pass inhibits partners' ability to attract visitors and program participants.
8. Is there support for this partnership agreement between the Commission and the PDA.

#### Market Analysis Summary:

- Total visitation to Fort Worden: Visitation rose rapidly to 2005, then use dropped for two years. It grew from 2009 to 2010, but an 8 percent drop in 2011; probably due to

Discover Pass expense. Overall day use has stayed fairly flat. But Conference Attendance has steadily declined from 2002 from 75,358 to 52,034 in 2011, a 31 percent drop. State Parks is not an agency that is well-tooled to do aggressive field marketing. Trusty attributes this to lack of sales and promotion over period of years.

#### Average Monthly Visitation:

High use during peak season (July: 195,081) but low visitation during shoulder seasons (December: 63,195). Day use accounts for the vast majority of visitation to the park. Camping attendance is not included as it is not part of the agreement under consideration. Camping is holding flat around 50,000/year.

#### Brian's Trusty's analysis:

1. Programs and services should be targeted to recapture what we had 10 years ago, and improving on those rates
2. Day use should be a priority
3. Improved overnight accommodations must appeal to broad segment of people.

#### Operations Analysis:

- 44 services provided at the park. We classify them as "Essential," "Important" or "Value-Added"
- This list of services compares this to public benefit versus individual benefit grid.
- Grid shows "Essential Services" as deserving public subsidy, such as Law enforcement and resource protection. "Important" and "Value-Added" services are a mix of services that should be provided by partners and should have little or no public support.

#### Revenues and expenses graph

- Fort Worden visitation has remained fairly flat. State Parks is

volume-based business. Revenues depend on traffic.

- In the meantime, State Parks are very expensive to operate and maintain. So there is a growing gap between revenues and expenses.
- Revenues have remained flat between 2004 and 2007 at about \$1.7 mil. Expenses have gone up substantially: Labor, infrastructure, etc.

### Business Plan Summary:

- Desired Outcomes
  - Identify financial requirements for the PDA to operate the specified facilities.
  - Commission wants to reduce subsidy of FW by 50 percent in the next 7 years, without cutting access or services
  - Detail capital funding requirements of PDA
- Assumptions
  - Commission owns entire site and is responsible for overall management, including campus area.
  - PDA agreement with Commission to manage aspects that are outside Parks' expertise, especially the partners. That would reduce the number of entities with which Parks must work from 15 to one.
  - PDA will support the Commission with facility renovation, daily maintenance, major capital repair and replacement -- up to a certain point. Maybe the repair line is at \$25,000/value.
  - Parks will operate the upper and lower campgrounds, and on-site law enforcement.
  - The PDA management responsibility should involve all the campus area and not a phased approach. It would be a poor decision to fragment this to cover one building at a time; the PDA needs to be able to go into it and make sure it works. You can structure the agreement so that, if it does work for the PDA, it reverts back to the State. It's easy for the State to

get out of. The only failed partnership is one that is not working that you stay in.

Governance Model:

- One option to consider is to increase regional representation and local accountability is to create a Co-Management Board to focus on Policy and Financial Management.
- In addition, consider creating a FW Operations Committee, which involves representation from the FWAC and Partners and oversees day-to-day operational issues.
- State Parks Commission, hires Fort Worden Manager who oversees, Administrative, Maintenance, Custodial, Rangers
- PDA Board of Directors, hires the Executive Director, who hires Facilities Manager and other staff.
- State Parks will always take care of core park functions. PDA functions on property management and programs within the campus area.

Pro Forma Budget:

Based on current visitation, current occupancy, current pricing over 10 years

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**Question and Answers:**

Ted Shoulberg: Budget proviso guiding this indicates there is governance model along with the business plan. Nobody has had a public meeting or draft plan on a governance model. You can't just put this online; some people can't get access to it online.

Brian Trusty: This meeting is the rollout of the governance model. We are seeking your feedback on the governance model starting tonight. Also, co-management has been in place for years. We're not suggesting a new thing.

Dave Robison: We will make hard copies of the Draft Plan available in the two libraries, city hall, etc.

Mike Cornforth (?): \$85 million of capital needs? That's a large number. Do you have any sources?

Brian Trusty: It is a lot of money, especially for historic facilities. We have identified some potential funding sources for it in the plan.

David King: Pro forma shows improved marketing?

Brian: Part of the solution is the PDA can do business cheaper than the State.

Scott Wilson: Is Year 1 of the pro forma this year?

Brian Trusty: We have not proposed when the first year begins. Year 1 is the base year, generated based on current costs at the Park. Base year is 2011.

Anne Murphy: On the Governance chart in the green column: Is this a new mix in management?

Brian Trusty: It is a proposal that is still evolving. How do you develop a management board that represents the key stakeholders, PDA and Commission. A board with representation of both, that can make decisions for park as a whole, and has overall oversight. Ultimately the Commission has oversight. The Co-Management Group would meet quarterly, and could include statewide representatives. Beneath it is the Operations Committee that makes daily decisions. This Committee could include Allison, could include PDA facility manager, could include Partner representatives, etc.

Dave Robison: We will be seeking input of the composition and type of representatives to serve on these two new groups. The goal would be to have them work on a consensus basis.

Charlie Bermant: What kind of new partners would you try to find.

Brian Trusty: The 2008 plan lays out criteria for new partners. New Partners need to be aligned with goals of Park--complement each other. Partnerships can look at a myriad of possibilities. We were not looking at or identifying specific partners in this business plan.

Ron Kubec: Your budget gets to black very quickly -- year one. But actually we're currently in the red at \$750,000 a year.

Brian Trusty: This plan assumes the PDA has flexibility to do better marketing, put heads in beds, attract new programs. I believe it can be done in Year 1.

David King: Pro Forma includes just PDA or Parks?

Brian Trusty: The Pro Forma is for just the campus area of the PDA. It does not look at the entire park--nor is this a business plan for State Park's portion of the park that they would run.

Ted Shoulberg: Are there Performance guidelines in the plan?

Brian Trusty: We always recommend performance guidelines, spelled out later in the agreement. This is not a draft agreement; this is business plan for how the PDA would need to operate financially sustainably and reliably. The Commission would negotiate performance expectations. It is absolutely needed.

Ted Shoulberg: Did you identify revenue-sharing arrangement with the PDA?

Brian Trusty: This does not include transitional funding from Parks to launch the PDA. This Plan assumes PDA would start from Day 1 to be self-sufficient. It is very likely PDA will need startup funds, but we're not writing that into the plan. Revenues from campus area would go to support the PDA. Revenues from outside that area would go to Parks and stay with Parks. One of the goals I have heard from the Commission is that Parks could try to reduce their operating expense by 50 percent in the next 7 years.

Question about leases:

Brian Trusty: We expect that the PDA would be granted authority by the Commission to manage existing and future partner leases.

Ted Shoulberg: What is the operational overhead for the PDA. How much will PDA siphon off?

Brian Trusty: All costs of PDA are figured in, including overhead and administration. Includes staffing for the executive director, facilities manager, staff, etc. All are accounted for. In State Parks, administrative expenses vary widely.

Ron Kubec: Does this include Partners' projections for revenue?

Brian Trusty: Only for lease payments and shared services. There is a lot of duplication on site. PDA can help reduce that duplication.

Robert Gray: What will impact be on Parks employees?

Brian Trusty: I don't know. Parks needs to study how plan would affect their own employees.

Ted Shoulberg: Question directed to Larry Fairleigh: Is it off the table, any change in union employees at Fort Worden, if PDA

becomes co-manager.

Larry Fairleigh: I'm unaware that State Parks ever said there would be no change.

Julie Jaman: How will PDA be able to get enormous amount of money to start up?

Brian Trusty: Startup revenues depend on when PDA starts: Peak season? Low season? It really depends on the time of year when the PDA takes on management responsibilities (e.g., summer or fall). My estimation is that PDA should raise from outside sources \$150,000 to \$250,000 to put in reserve from which it can operate.

Julie Jaman: How much of this depends on students from Peninsula College or Goddard College?

Brian Trusty: We are assuming that the occupancy level stays where it is now. Not assuming they are going away.

Julie Jaman: If they are here to study, do they have to use this facility for food? How will they generate money for other than paying the college?

Brian Trusty: Good question but beyond the scope of this study.

Ted Shoulberg: To Larry Fairleigh: Will you have signed agreement with PDA without a management agreement? Will the management agreement come before Parks approves this plan?

Larry Fairleigh: A governance agreement?

Ted Shoulberg: No, a management agreement.

Larry Fairleigh: Parks staff has not had a chance to evaluate this

yet. We need to do a lot of work between now and December. We will also have public process. We'll likely go to Commission in December with recommendation regarding viability, yes or no decision. If Commission authorizes staff to enter into agreement with PDA, a lot of hard negotiating will take place over time. Are we going to negotiate all the hard details by end of December?  
No.

Ted Shoulberg: If issues come up later, what happens?

Larry Fairleigh: For example, negotiating an agreement at Mt. Spokane: If certain things do not happen, the Director does not sign. We'll all know whether we get to an end agreement, a public document.

Julie Jaman: You mentioned \$250,000 gift package for PDA?

Brian Trusty: We recommend they raise up to \$250,000.

Julie Jaman: Would City of Port Townsend taxpayers have to pony up if no one else does?

Brian Trusty: I can't answer that.

Jake Beattie: This is a clear trajectory. Has there been an alternative, if not the PDA, what does the Park look like for the next 10 years?

Larry Fairleigh: Parks has gone from receiving \$100 million to just \$17 million/biennium, and next biennium might be zero. We are now a fee for service agency. Fort Worden operates on a \$2 million/biennium subsidy. We cannot expect to be able to run, can't expect people who visit Lake Samammish to subsidize Fort Worden. We have never tried to structure the park to break even. We are trying to be flexible. At some point the agency would need

to figure out, absent an agreement with the PDA, how to bring Fort Worden costs much closer to the revenue the Fort brings in.

Julie Jaman: To Larry Fairleigh: Why hasn't State gone ahead with a marketing arrangement. With Plan B, would you consider a marketing group, OFM, to go forward.

Larry Fairleigh: We would need to consider any viable options to continue to do our statutory responsibility to the public – protecting natural resources, offering recreation, and preserving historic buildings. We all recognize that the Fort is one of three major businesses in Port Townsend. Not going to say we end up laying off staff, but we don't know how we'd launch big marketing campaign -- how would we be able to afford that? We must consider all options

Brian Trusty: The PDA is an option. Another public entity that can do the work that Parks cannot do, and do so more cheaply than Parks can do it, leverage private fundraising, etc. State agencies have a very hard time leveraging private investment. A lot of investors will not invest in government, but they will find other options with partners and non-profits. Engaging partners is being done all over the country to keep these type of facilities open. California was looking at closing 70 parks, now only looking at closing 6 -- because they found partners. Same with Arizona.

Ron Kubec: Most investors want collateral. What's to offer?

Brian Trusty: That's normal for private buildings. But for this kind of thing, the collateral is the viability of the agreement that allows him to operate the business for a long enough time to get paid back on the investment.

Ted Shoulberg: If title is not transferred, the PDA asked for 99-year leases. Now stopped. Are you now looking at 60-year

leases?

Brian Trusty: We do not recommend term of a lease. We recommend a limit to a term of lease. Depends on what lessees bring to the table.

Larry Fairleigh: Other State Park agreements include Tillicum Village on Blake Island which is operated by Argosy. That is long-term agreement. We also have co-management agreement for part of Deception Pass, with the Swinomish Indian Tribe.

Gordon James: If Year 1 is based on 2011, then Year 1 is current lease baseline.

Brian Trusty: The Pro Forma assumes the PDA will take over the management of those leases. Parks would assign management of the leases to the PDA.

Julie Jaman: Map includes Marine Science Center. I would be sad to see that facility suddenly needs pay gate to get in.

Brian Trusty: Completely agree. It's in boundary of what is managed by the PDA. One of the important things is a seamless entrance. There is not a fence, just a zone, the campus area, that is managed by the PDA.

### **Public Testimony:**

Joe Finnie: We owe PDA members, and the 15 nonprofits who work out at Fort Worden, more than you have any idea, what they have done on our behalf.

Jim Buckley: As a critic of PDA taking over title or management, you've come a long way, you did listen to us. I am grateful for the clear words, that the State will always be in charge. Do I trust it

completely? Not really. I still think we need to look at lease restrictions. But I think this is the first time the PDA has listened to the public.

Sheila Westerman: AAA magazine that came out today mentions two places: Marine Science Center and Fort Worden as part of an arts cluster in Port Townsend.

Meeting adjourned at 8:40 pm

