
Fort Worden State Park
Long Range Development Plan
Business and Operating Implementation Plan
Consultant Team Recommendations

Prepared by:



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Preface

In January 2007, the State Parks and Recreation Commission (Commission) adopted a series of recommendations to guide long-term development and management of Fort Worden. As envisioned, the Fort will become a full-service, year round destination providing a diverse array of meaningful experiences for people of all ages, backgrounds, skills, and interests through its programs, events, services, and facilities.

A multitude of resident partners will create a shared economy that supports state of the art programming in the arts and culture, health and wellness, natural science, outdoor recreation, and historic preservation. With a variety of conference facilities and accommodations ranging from camping to residences and single guest rooms, plus high-quality food service focused on locally grown ingredients, the new Fort Worden will allow visitors to design their stay around their needs and preferences.

As part of its 2007 actions, the Commission directed staff to prepare additional planning documents to guide implementation of its vision for Fort Worden. These included:

1. *Site and Facilities Use and Development Plan* to guide long-term use and development of the park and its many historic buildings;
2. *Design Guidelines* to guide treatment of structures and landscapes within the Fort Worden National Historic Landmark; and
3. *Business and Operations Implementation Plan* to guide financial management, program development, and operation of the envisioned lifelong-long learning center.

This document seeks to satisfy the objectives of the third document listed above, and is intended to guide operation, management, and development of programs and services for Fort Worden's Lifelong Long Learning Center in a manner that is financially sustainable. Plans related to facility development and stewardship are presented in *Fort Worden Site and Facilities Use and Development Plan* and the *Fort Worden Guidelines for Rehabilitation*.

It has been remarked in the public review process from April through June 2008 that this *Business and Operation Implementation Plan* seems to over emphasize the financial aspects of the vision for Fort Worden State Park to evolve into a lifelong learning center.

These deliverables listed above are the product of intensive research and analysis from a comprehensive assessment of current facilities, programs, services, management practices, financial capacity, and policies and procedures of Fort Worden State Park. This assessment also included numerous interviews with state park staff, community leaders from Port Townsend and Jefferson County, and partner organizations, as well as a benchmarking study on other sites within the United States and Canada that have achieved some of the programmatic and facility milestones similar to the newly developed vision and mission for Fort Worden. Finally, multiple opportunities for public input throughout the process have been provided and advertised from which the Project Team has received meaningful comments and suggestions that have been addressed in these final planning documents.

As a result of this iterative process, the Project Team has completed this *Business and Operating Implementation Plan* in order to support the integrity and the "do-ability" of the Fort Worden Lifelong Learning Center vision. The PROS Consulting / BCRA Architects Consultant Team could not responsibly provide program and service, and facility use recommendations without a detailed review of their operational context. The challenge was to produce program and service concepts that will support the

Fort Worden Lifelong Learning Center vision that have any underpinning in a financial analysis that clearly demonstrates what is a viable and sustainable opportunity.

This *Business and Operating Implementation Plan* provides sound and reasoned analysis to provide Washington State Parks guidance on what programs and services delivered in a strategic balance will allow Fort Worden to operate in the future without producing excessive budgetary obligations beyond the status quo that will threaten the sustainability of the park.

This *Business and Operating Implementation Plan* is not just an exercise in what is possible, but also addresses what is necessary to achieve the standard of excellence established in previous planning phases and throughout the existing operations of Fort Worden. These operating goals and performance measures are realistic and sustainable only with the commitment by all parties and stakeholders to persevere through the challenges involved in achieving the vision of the lifelong learning center. At times this may involve pressures to modify and evolve expectations, policies, and practices in order to activate the full potential of the project. In this vein, the State of Washington and stakeholders of Fort Worden can be assured that all involved parties remain good stewards of public assets and investments.

Foreword

Lifelong Long Learning Center Concept to Reality

As a lifelong-long learning center, Fort Worden State Park is envisioned as a “learning laboratory” where the site – historic buildings and grounds, natural areas and waterfront – will be a focal point for exploring our place in the world. As a center for lifelong-long learning, it will represent a confluence of creativity and experimentation. Hallmarks of the park will be coordinated cooperation among the resident organizations; integration with the community of Port Townsend, Jefferson County and the State of Washington and a deep commitment to stewardship of the natural and cultural resources. Through activities in the arts, history, recreation, stewardship and sustainability, and environmental education, the park can address the “whole person.”

As a complement to the lifelong-long learning activities presented by resident organizations, the park should continue to host retreats and special events presented by non-resident organizations and also provide short-term accommodations for vacationers in the various available rental units and the campground.

The lifelong-long learning center vision provides the park and the resident organizations a once-in-a-lifetime opportunity to develop an integrated economy, dramatically increasing their overall capacities through coordination, centralization, and consolidation of marketing, fundraising, and business management functions.

These partners have the ability to develop and promote a broad range of programming that ensure the mission and vision of Fort Worden State Park as a lifelong-long learning center are achieved as well as strive to ensure their own success as an organization. Partnerships between resident partners and other mission-consistent programs and organizations should bring additional audiences and resources to the park.

Resident organizations willing to increase their own organizational capacities to support the Life Long Learning Center and have the ability to work in an integrated fashion with one another need to be given priority. The economic viability of the park and its residential organizations will require a delicate balance of programming and creation of opportunities for entrepreneurial undertakings that can help support every partner’s mission.

Each phase of the Long Range Plan should be implemented looking through a lens of sustainability of the natural environment, the economics of the park and the relationship to the Port Townsend, Jefferson County and Washington State greater communities to ensure that Fort Worden State Park is available for future generations to enjoy.

As a Life Long Learning Center, Fort Worden State Park should partner with a variety of residential and non-resident institutions and groups to present programs involving performing and visual artists, the environment and natural resources, historic preservation and interpretation, culinary arts, stewardship practices, and educational training. Individuals and small groups from around the country seeking a variety of educational opportunities should find the learning center inviting while taking advantage of traditional park opportunities in a spectacular setting.

The park should offer programs for intensive experiences designed to engage participants of all ages. Nationally recognized organizations can present multi-day and seasonal programs that could include performances, lectures, presentations, exhibitions and festivals attracting the public. School-age

children will be able to participate in multi-day educational programs with an emphasis on experiential learning.

Artists, writers, scientists, environmentalists, musicians, recreational users, dancers, chefs, farmers and historians should find the park a place where improbable alliances could be forged and unique ideas come to fruition. The park should support people desiring to step out of their daily routines to brainstorm new ideas. This unique environment would provide room for remarkable things to happen.

This Business and Operations Implementation Plan focuses on the current potential of resident organizations and the future concepts for facilities. The plan does not presuppose or attempt to create a programmatic business plan, but to offer business strategies for future programming collaborations for the residential and non-resident organizations and groups.

The creative programming and collaborative possibilities of the residential and non-residential partners must be developed and implemented. Their success is the next logical step towards achieving the Fort Worden Life Long Learning Center vision.

Executive Summary

This *Business and Operating Implementation Plan* is a culmination of work and analyses performed throughout multiple planning phases that established a new vision for Fort Worden State Park to become the Fort Worden Lifelong Learning Center. This report is an implementation tool to be utilized for purposes of clarifying the business and operational requirements of the new Fort Worden vision. Reports that have contributed to the development of this *Business and Operating Implementation Plan* includes:

- Previous Fort Worden State Park Planning - Phases 1 and 2
- Substantial Public and Stakeholder Input – Phases 1, 2, and 3
- *Operations and Management Assessment Report* – Phase 3
- *Preliminary Recommendations Report* – Phase 3
- *Preliminary Design Guidelines* – Phase 3
- *Preliminary Site and Facility Use Plan* – Phase 3
- Governance Task Force Recommendations – Phase 3

Prior to the presentation of more detailed recommendations for the Fort Worden Lifelong Learning Center concept, however, it is prudent to revisit the vision, mission, values and development principles for the outcomes of this planning phase as was determined in the previous planning exercises association with the Fort Worden State Park Long Range Plan. Additionally, the goals for the Lifelong Learning Center will be included.

Vision

Fort Worden is a legendary gathering place where people are transformed through retreat, renewal and discovery.

Mission

Fort Worden is Washington's state park conference center for recreation, arts, culture, history and the environment. It is a confluence of creative learning, recreation, and retreat opportunities for people of all ages, abilities, and backgrounds.

Fort Worden is a partnership of the Washington State Parks and Recreation Commission, the Washington State Arts Commission, resident cultural institutions and businesses and major funders, achieving financial vitality through coordination and collaboration. The partnership:

1. Promotes personal growth and professional development through conferences, workshops, performances, exhibitions and special events for individuals and groups.
2. Develops and manages businesses that fund annual operations; and
3. Attracts public-private funding for capital projects and endowment.
4. Restores, preserves and interprets the significant historical, cultural and natural resources of the area

Values

Stewardship

Fort Worden State Park develops, cares for and manages the park and serves visitors, volunteers and donors through local, native and sustainable environments and economies. Activities, programs and individual visitor experiences at the park are framed around discovery of, attentiveness to, education about and deep appreciation of its specific natural, cultural and historic environments.

Integration

The economic vitality of the park is a direct function of the economic vitality of all Fort Worden State Park partners and the Port Townsend community. All businesses, programs and services at the park are dynamically integrated in demonstration of shared and interrelated core values and economic strategies.

Learning: Creativity & Discovery

Fort Worden State Park serves individuals and gatherings dedicated to preserving and revitalizing cultural traditions, taking creative risks and generating new practices, ideas, and conversations.

Culture of Hospitality

Programs, services and facilities are designed, developed and promoted to attract, welcome and be accessible to all individuals whose interests are aligned with the missions, visions and values of the park partners.

Play

A commitment to individual health, renewal and transformation is enhanced by maintaining open space and facilities for retreat and enjoyment, as well as self-directed and organized outdoor programs that heighten respect for natural and cultural environment.

Site Use and Development Principles

To reflect continued commitment to the exceptional character and public use of Fort Worden, staff recommends the Commission adopt principles and objectives to guide site and facility use and development. These principles and objectives augment State Parks' natural and cultural resource management policies and provide guidance for the location, function and approach to site and facility redevelopment and use in the implementation of the Long Range Plan.

General

First and foremost, Fort Worden State Park should continue to function as a park for public use, including day-use recreational activities, camping, meetings, reunions and vacations.

The park should accommodate increasing park demand in the future.

Any organizations and businesses operating at the park should have missions and values that support the vision, mission and values of Fort Worden State Park. Organizations offering the same visitor services should be consolidated under a single management structure.

Organizations operating at the park should work collaboratively to foster symbiotic relationships. The physical use and design of the site and buildings should support these relationships.

Site and Facilities

1. When addressing needs for additional indoor programs, lodging, visitor services or administrative spaces, first consideration should be given to the adaptive reuse of existing historic structures before construction of new facilities. Proponents of new construction must demonstrate that reuse of existing structures cannot reasonably satisfy programmatic needs or that the nature of construction would unacceptably compromise the historical integrity of existing structures.
2. In addition to complying with the State Parks and Recreation Commission's (Commission) cultural resources policy and the standards the policy adopts, any new buildings and facilities should be designed and sited so that the form, scale, massing and materials, is in keeping with the historic character of the park. As early as practical, site and architectural design guidelines specific to the park should be developed to inform rehabilitation and new construction activities.
3. Fort Worden State Park should provide access to programs, activities, and supporting facilities to people with disabilities consistent with Commission's policy on implementation of the Americans with Disabilities Act. Rehabilitation of the site and facilities should integrate accessibility and historic preservation goals, using creative approaches to provide programs, activities and alternative access routes to amenities. Development of new facilities will use a universal design approach.
4. Consistent with the Commission's sustainability policy, cultural resources policy, and within the context of the fort's historic district designation, rehabilitation of historic structures, as well as, construction of new facilities should integrate sustainable design and historic preservation goals, using "green building" practices whenever possible.
5. Rehabilitation and the location of accommodations should foster increased interaction among visitors and provide an expanded range of lodging choices, including guestrooms with private bathrooms. Reuse of facilities should be based on historic land use patterns.
6. Common-use facilities and amenities should be located within the central historic park area to foster interaction and cross-fertilization among park visitors and programs. An example of this would be the co-location of a lending library with business center and coffee shop. These shared amenities should be located geographically throughout the park area to provide convenient access. They should be located to allow visitors to have multiple levels of interaction with each other. Possible facilities could include a cafe, meeting space, library, gym, laundry and museums.
7. Within the context of the historic district designation and Commission cultural resources policy, ecological function of the main campus and surrounding areas should be restored and enhanced. Existing plant communities should be assessed for health and restoration, including planning for the removal and control of invasive species. When possible, unneeded impervious surfaces should be removed. These surfaces should be rehabilitated with drought-tolerant grasses or grass pavers to meet event parking, native vegetation and forested landscape requirements, as appropriate.
8. Permanent on-site parking should be provided to meet typical summer and weekend parking demand. All event parking should be evaluated and located in specifically designated areas using grass pavers for greater ecological function. Designated areas should be those that do not limit other concurrent uses of the park and should be located to concentrate impact in areas of the park, such as the Industrial Zone that could accommodate event parking (Appendix I). This retains the original conception of the historic fort as a village where parking is located in pods and users move on foot from facility to facility.

9. A well-developed and environmentally-friendly pedestrian and traffic circulation plan is core to enabling people access to buildings and activities. The circulation plan should consider a park-wide shuttle (perhaps using alternative fuel), bike/walking lanes, links to city bike trails and use of Jefferson County Transit to connect visitors to the city and other modes of transportation, such as the ferry. City of Port Townsend, Port of Port Townsend, Jefferson County, State Ferries, and Fort Worden State Park planners should closely coordinate transportation planning to seamlessly integrate the park into the city's transportation network and minimize traffic-related impacts on surrounding neighborhoods.
10. Park headquarters and administrative offices should be consolidated and moved closer to the visitor information center and park entrance to provide an earlier point of contact with visitors and better orient visitors to the park.
11. Housing for both full-time staff and temporary service level employees could ensure a positive and sustainable business environment. New housing should be constructed for full-time staff in the least historically significant areas of the park, if possible. This would create more privacy while allowing use of historic structures by park visitors. Service level employees should be provided dormitory housing in existing or new facilities in the least historically significant areas of the park, if possible.
12. Changing the use of some existing dormitories to single-room lodging, program, and administrative spaces would result in a reduction of modestly-priced bunkhouse accommodations for price-conscious visitors (e.g., school groups). Space in one or more existing barrack-type building should be reserved to retain this opportunity.

Goals of Lifelong Learning Center

- To be a Lifelong Learning Center that is recognized as a full-service, year-round destination providing a diverse array of meaningful experiences for people of all ages, backgrounds, skills, and interests through its programs, events, services, and facilities.
- A multitude of resident partners will create a shared economy that supports state of the art programming in the arts and culture, health and wellness, natural science, outdoor recreation, and historic preservation.
- With a variety of conference facilities and accommodations ranging from camping to residences and single bedroom guest rooms, Fort Worden allows visitors to design their stay around their needs and preferences.
- The Fort Worden Lifelong Learning Center will remain a part of the Washington State Park System and retain all aspects of a public park facility including accessibility, reasonable and equitable pricing, and natural and cultural resource protection priorities.
- Any future development of the Fort Worden Lifelong Learning Center will responsibly address and include effective management of the energy requirements of the site as a whole, safe and efficient circulation of people to and throughout the site, the protection of tranquil and personal experiences in the outdoors, and the preservation of the character of the site and its history.

Foundations of the Fort Worden Lifelong Learning Center Business Plan

Situational Assessment

The consulting team led by PROS Consulting, LLC., has performed extensive assessments of the existing conditions and operating parameters of Fort Worden State Park as a component of the *Fort Worden State Park Long Range Plan*. This process produced a reference point from which preliminary and final recommendations can be made. The assessments included review of:

- Programs and Services
- Operations and Finance
- Organization and Management
- Facilities
- Benchmark Assessment
- Stakeholder Input

The detailed findings of these assessments are provided in the *Organizational and Management Assessment* report provided prior to the development of this *Business and Operating Implementation Plan*.

Target Market Analysis

The detailed results of these assessments can be found in the Operations and Management Assessment Report provided to Washington State Parks in May 2008. Essentially, the analysis and reports presented herein translate the specific findings from the various assessments performed into detailed operational and capital priorities. The formulation of these priorities began with addressing the following fundamental questions:

1. What are the best yielding business functions of Fort Worden State Park?
2. What are the strategies and tactics best employed to enhance these functions?
3. What are the key best management practices needed for the success of Fort Worden's long range goals?

This report contains a review of the findings associated with these issues as determined from the assessments, the industry experience and expertise of the consulting team, and the review of market conditions surrounding the environment in which Fort Worden State Park operates.

Realistic Opportunities for Growth and Development

This *Business and Operating Implementation Plan* was developed on the understanding gained from intensive interaction with park and agency staff, key stakeholders, and members of the public on the spectrum of opportunities that are realistic and obtainable. No recommendations or analysis in this report suggest opportunities that are not within the realm of possibilities for Fort Worden. These findings have taken into account the local, regional and state political climates; available funding possibilities and limitations; strategies that represent a reasonable probability of operational success; the capabilities of the stakeholder organizations; and the support of the local population.

In summary, this report represents well researched and tested strategies and tactics for the future and legacy of the Fort Worden Lifelong Learning Center.

Best Yielding Business Functions

Fort Worden State Park features a tremendous diversity of programs and services available to visitors which is predominantly provided through on-site partners. While this diversity provides a rich blend of experiences to customers and guests, revenue generation is dominated by a small portion of these services. Based upon the data provided from the last six operating years and interviews with staff and stakeholders, the highest yielding business functions of Fort Worden State Park is the provision of improved overnight accommodations not including camping, and diverse programs and services.

Improved Overnight Accommodations

There are currently nine (9) distinct types of improved overnight accommodation facilities at Fort Worden. These include:

- Duplexes
- Six-bedroom units (compliant with Americans with Disabilities (ADA) regulations)
- Five-bedroom house
- Four-bedroom house
- 11-bedroom house
- Three-bedroom apartments
- Dormitories
- Barracks
- Two-bedroom houses
- One-bedroom houses

Utilization of these facilities typically only account for approximately 11% of total estimated annual park visitation, but represent approximately 67% of total annual earned revenues. Improved overnight accommodations, often provided as conference services, are the best yielding business functions of Fort Worden State Park.

The sustainability of the Fort Worden Lifelong Learning Center will be moderately dependent on the successful conversion and operation of additional single-guest accommodations. It is strongly recommended to continue with the existing preliminary plans to convert two historic buildings into 100 rooms of single-guest accommodations, and to seek an additional partner organization to develop these services.

Programs and Services

Fort Worden State Park currently has 16 partner organizations operating on-site providing programs and services. Each organization presents its own advertisements and conducts promotions independently of the park and other programming organizations. In addition to these quality stand alone programs, partners include another state agency, non-profit, and for-profit organizations, and are managed to provide a complimentary blend of programs and services to visitors. The nature and focus of these programs largely creates the appeal for visiting Fort Worden, and need to be developed to do so more effectively.

Well organized and facilitated destination learning programs and supporting services can reinvigorate Fort Worden's existing market, as well as build new markets both locally and nationally. Program providers need to be organized into areas of focus, with relevant program standards, and performance expectations. The core programs and services recommendations within this report detail suggested

categorization of program providers and these standards. Partners need be managed under formalized agreements that follow a consistent format and structure of terms.

Strategies and Tactics

The accommodations and programming services establish Fort Worden State Park as a full service destination. The Consultant Team has developed consensus that the prevailing attraction for guests and visitors to stay overnight in the improved accommodation of Fort Worden are the unique programs provided by the park and its on-site partners, concerted and collaborative marketing strategies, superb customer service, and the environment and surroundings of the park.

The *Business and Operating Implementation Plan* has been developed to pursue more reliable and sustained operations, and to accommodate the vision of the Fort Worden Lifelong Learning Center through the strategies and tactics detailed below.

Independent Management under Agreement with Washington State Parks

The Governance Task Force appointed by the Washington State Parks and Recreation Commission and the State Parks Director was directed to evaluate and recommend governance alternatives for the Fort Worden Lifelong Learning Center. Following extensive review of the current operating conditions and constraints at Fort Worden State Park, and the management needs and operational requirements of the Lifelong Learning Center the Governance Task Force issued a final recommendation to the State Parks Director. This recommendation details the optimal governance approach for Fort Worden Lifelong Learning Center is a qualified and selected non-profit organization engaged in a dynamic Memorandum of Understanding (MOU) with Washington State Parks to manage daily operations of the facilities.

The Governance Task Force included in their recommendations a suggested sequence of transitioning management responsibilities from Washington State Parks to the new managing entity that detailed an incremental approach to “earning” management responsibilities over time. This approach would enable Washington State Parks to suspend or reverse management transition of the park if the new management entity does not continually demonstrate compliance with the transition milestones or terms of the MOU. The terms of the MOU would include all concurrent reporting required by the new management entity, as well as all mandatory operational requirements addressing public access, facility and maintenance standards, other general operating mandates. In order to preserve the integrity of the process, regular review periods by an appointed third-party advisory panel commissioned by Washington State Parks can be established to verify compliance by all parties to the terms of the MOU.

The implementation of a new governance structure that engages an independent, non-governmental managing entity of Fort Worden Lifelong Learning Center will allow for more flexible management practices in tiered pricing, more efficient procurement practices, and establishing improved relationships with the private sector. This increased flexibility will enable Fort Worden to be operated more proactively with market conditions and increase the probability of successful and sustainable financial operations. This *Business and Operating Implementation Plan* has been developed in accordance with these recommendations.

Packaged Programs and Services

Currently, programs and services provision is fragmented and inconsistent. While there are a multitude of “high quality” experiences available to Fort Worden visitors, these are not linked coherently to assist customers with grasping the full extent of on-hand programs. Providing a blend of packaged programs and services that creates a menu of opportunities from which current and future customers can choose

should greatly enhance program participation. In order to engage the best yielding business functions of the park, these programs need to include a multitude of multi-day experiences.

Marketing and Sales

The existing operating functions of Fort Worden State Park do not include substantial marketing and promotions to support the programs, services and facilities of the park or its partners. The target market groups of Fort Worden and its programs are perpetually bombarded with messaging regarding the opportunities for them to spend disposable time and money for recreation, leisure, and entertainment. There needs to be consistent and prudent staffing and methodology for staying informed of the nuances and demands of the target markets for use in program planning and promotion. A responsible and strategic blend of marketing and promotion activities that support the core programs and services of the park and its partners will have a noticeable effect on park use.

Customer Fulfillment

Finally, there has been significant research and practical demonstrations of the relationship between customer satisfaction and profitability / return on investment. For purposes of this report this issue will be addressed as customer fulfillment. Increased marketing and promotional activities will greatly expand the proliferation of general customer expectations about the programs and facilities of Fort Worden. These expectations will grow and evolve as prospective customers increase the depth of their research including both on-line and through direct correspondence with the park. Consistent and courteous customer service will shape the expectations to which the actual experiences will be judged upon arrival. It is critical that park and partner personnel responsible for customer interface inform prospective visitors of the benefits and realities of staying at Fort Worden. Training and development opportunities need to be provided for all staff of partner organizations involved with service delivery. This will enable the development and enforcement of customer service standards.

Subsequently, following the provision of the customer experience, an equally important aspect to customer satisfaction is staying in contact with annual visitors through cost effective emails or limited direct mailings. True to the axiom that old customers are cheaper to keep than new customers are to obtain, Fort Worden State Park and/or its partners should engage former customers through simple promotional correspondence that both fosters nostalgia from their visit and provides incentive for making future reservations.

Key Best Management Practices

There are numerous best management practices currently utilized at Fort Worden State Park both by the park staff and that of the on-site partners. While continuation of these practices is critical, there were three areas in which improvement could dramatically impact operational performance: consistency, coordination, and communication.

Consistency

Throughout this report the Consultant Team will refer to consistent practices as a critical element for the success of the Life Long Learning Center concept. This consistency is needed in program delivery; handling customer inquiries, requests and complaints; messaging and branding; and administrative practices. Standards in these areas that are developed jointly by the park and its partners can improve the overall quality of experiences provided to Fort Worden visitors, while also strengthening the relationships of service providers both on and off-site.

Coordination

There are two areas of coordination identified that should be a priority for Fort Worden State Park and its on-site partners: facilities and programs. As observed through multiple site visits and stakeholder interviews, there is frequently a perceived disconnect between tenants and the state park on the required protocol for addressing facility maintenance needs. While the state park staff were frequently complimented on their resourcefulness, it seems generally unclear to on-site partners how facility needs can be addressed within a timely manner. Regular facility need coordination meetings between the park and its tenants would greatly improve the management of a unified facility needs inventory, as well as improve the communication to tenants regarding true constraints to addressing facility needs in the expected time frame.

Secondly, program planning and packaging will improve dramatically with regularly scheduled meetings between facility management and marketing staff and all program personnel from relevant on and off-site partners. These planning sessions should consist of clearly stated outcomes for programs needed to generate overnight traffic through Fort Worden facilities. It is recommended these meetings occur monthly initially, and possibly evolve to quarterly based upon the success of keeping all program providers engaged in the planning process.

Communication

Communication is a best practice that can be improved predominantly in two areas: internal, bi-directional communication between park management and on-site partners; and external informational and promotional communication with existing and prospective customers. There are currently increased efforts to address to the former and only recognition of the issue regarding the latter. While



internal communication requires time and effort, external communication will require dedicated staff and financial investment.

Improved Overnight Accommodations Review

Fort Worden State Park boasts over 434,000 square feet of facilities, which provides great diversity to what is available for rent and use by the public. This is especially true with overnight accommodations, as visitors can choose from camping sites, dormitories, barracks, vacation houses of various sizes, and bungalow-style rental units.

This diversity yields tremendous flexibility in attracting and adequately serving an equally diverse target customer base. Fort Worden can provide appropriately configured and priced overnight accommodations for a range of users including youth groups, economy travelers, family outings, reunions, business meetings, and honeymooners.

The analyses on the following pages detail prevailing usage trends of the different overnight facilities on site for purposes of identifying where key future investments can be made based upon current performance of existing facilities. Camping usage information is not included in this analysis.

There are currently nine (9) distinct types of improved overnight accommodation facilities at Fort Worden. These include:

- Duplexes
- Six-bedroom units
- Five-bedroom house
- Four-bedroom units
- 11-bedroom house
- Three-bedroom apartments
- Dormitories
- Barracks
- Two-bedroom houses
- One-bedroom houses

Utilization of these facilities typically only account for approximately 11% of total estimated annual park visitation, but represent approximately 67% of total annual earned revenues. Improved overnight accommodations, often provided as conference services, are the best yielding business functions of Fort Worden State Park. These types of improved accommodations can be further organized into the style of stay they facilitate:

- **Private**
 - One-bedroom houses
 - Two-bedroom houses
 - Three-bedroom apartments
 - Duplexes
- **Semi-private**
 - Four-bedroom units
 - Five-bedroom units
 - Six-bedroom house
 - 11-bedroom house
- **Group**
 - Dormitories
 - Barracks

The performance of these three meta-categories of improved overnight facilities varies greatly and provides an indication to the preferences and interests of Fort Worden visitors. Performance for this analysis is measured in four predominant areas:

1. Annual rentals (transactions)
2. Annual occupancy
3. Average length of stay
4. Total annual revenues

The sections on the following pages detail the current performance of existing private, semi-private and group accommodation facilities at Fort Worden State Park. From these specific findings on which style of accommodations are preferred most by current users, recommendations for any future capital expansion or improvements are provided.



Annual Rentals

Average overnight rentals are an average total of rental transactions of each facility type. Total maximum overnight rental transactions in a single year are 365 – renting the unit for one day, each day of the year. This number is not optimal, however, since the average length of stay is between two and four days, depending on the unit type.

Average overnight rentals from 2002 through 2006, of the three categories of improved overnight facilities are detailed in Figure 1 below.

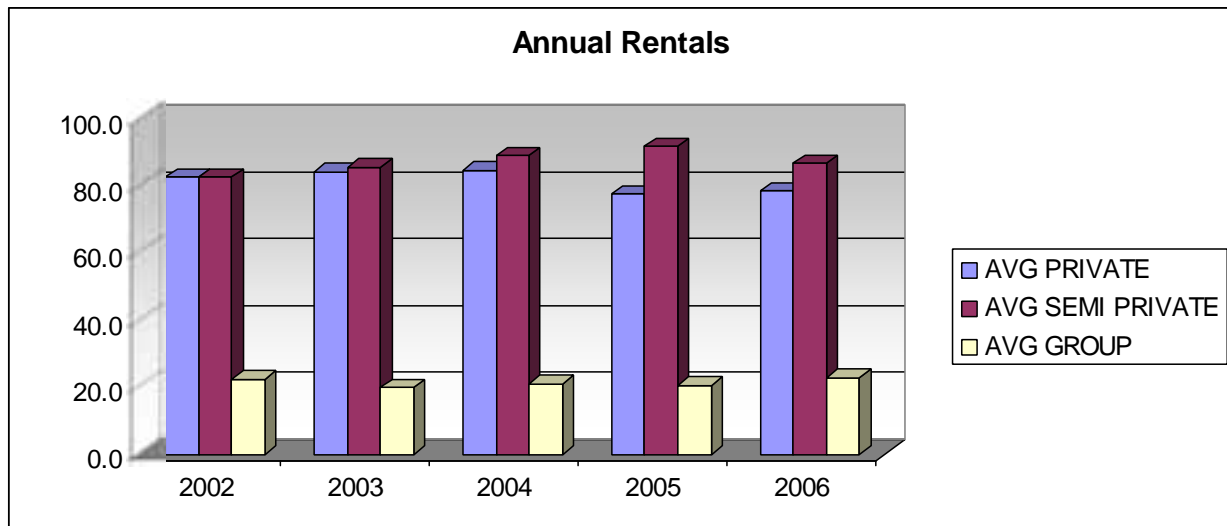


Figure 1: Average Annual Rentals by Facility Type

The following predominant findings are evident from this analysis:

1. Semi-private accommodations including the five, six, and 11-bedroom units generally have the highest rate of annual rentals, only slightly higher than private facilities.
2. Annual rentals of group accommodations including dormitories and barracks are significantly lower than semi-private and private facilities.
3. Annual rental performance can also be measured by the average total rentals divided by total possible rentals, or rental capacity (365). This will produce a fraction, or percentage, or rental transactions that are occurring in relation to total rental capacity. While the limitations of this formula lie in the assumption that length of stay is only one day, it does provide a helpful comparative statistic that establishes relative facility performance. Each of the style of accommodations were reviewed with the results as indicated below:
 - a. Private rentals – rent at approximately 22% of total rental capacity
 - b. Semi-private rentals – rent at approximately 24% of total rental capacity
 - c. Group rentals – rent at approximately 6% of total rental capacity

Annual Occupancy

Annual occupancy is a measure of actual facility use in relation to total possible facility use. Specifically, if the facility was completely filled every day of the year, it would operate at a 100% occupancy rate. If one quarter of the facility is filled for every day of the year, it would operate at a 25% occupancy rate. Occupancy does not measure capacity, however, as it only reviews whether the units are being utilized and not how many persons are in each room.

Because Fort Worden State Park is a facility with highly seasonal visitation during only 30% – 50% of the year, it is expected that occupancy would be similarly reflected as potentially below 50%. National occupancy averages for overnight accommodations tend to be between 45% – 65% based upon accommodation styles.

Annual occupancy in this analysis was average over all facilities that are included within the three categories of improved overnight accommodations. These results of this comparative analyses are illustrated in Figure 2 below.

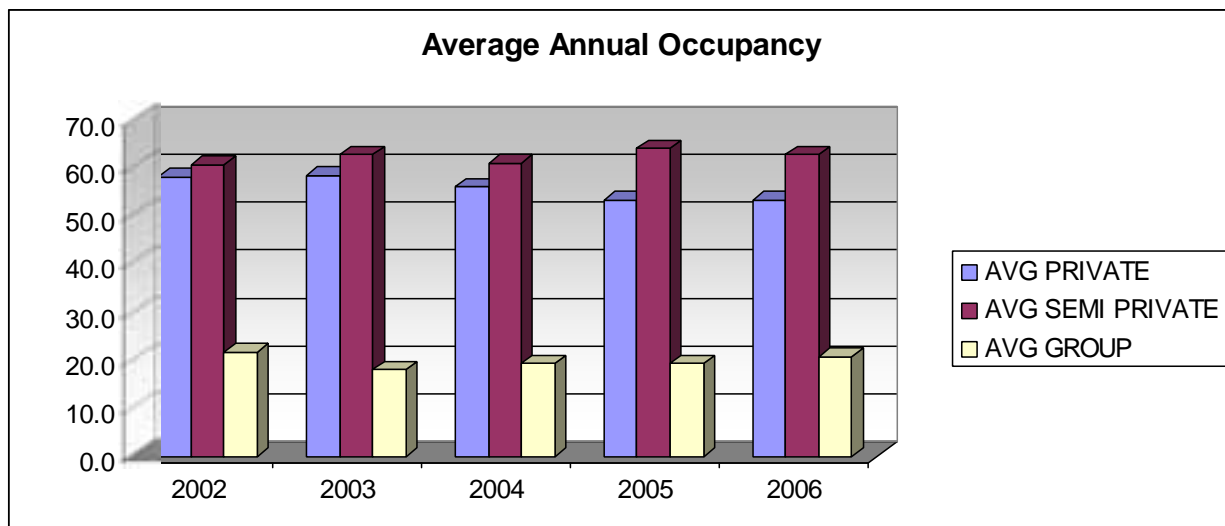


Figure 2: Average Annual Occupancy by Facility Type

The following predominant findings are evident from this analysis:

1. Semi-private accommodations including the five, six, and 11-bedroom units generally have the highest rate of annual occupancy, only slightly higher than private facilities.
2. Annual rentals of group accommodations including dormitories and barracks are significantly lower than semi-private and private facilities.
3. Occupancy of both semi-private and private accommodations is higher than 50%, indicating the popularity of these facilities extend beyond the peak season (June through August) and into the shoulder seasons (March through May; September through October).
4. Occupancy of the group accommodations are consistently below 20%, indicating the popularity of these facilities is very limited to specific audiences with distinctive preferences. Additionally, this low occupancy indicates that these facilities are not even used to their full capacity during the peak season.

Average Length of Stay

Length of stay varies greatly by unit type largely because of the types of users of these facilities and the reasons for their being at Fort Worden. More specifically, some units are predominantly used for multi-day programs that are longer in duration than the average use of other facilities.

Average length of stay from 2002 through 2006, of the three categories of improved overnight facilities is detailed in Figure 3 below.

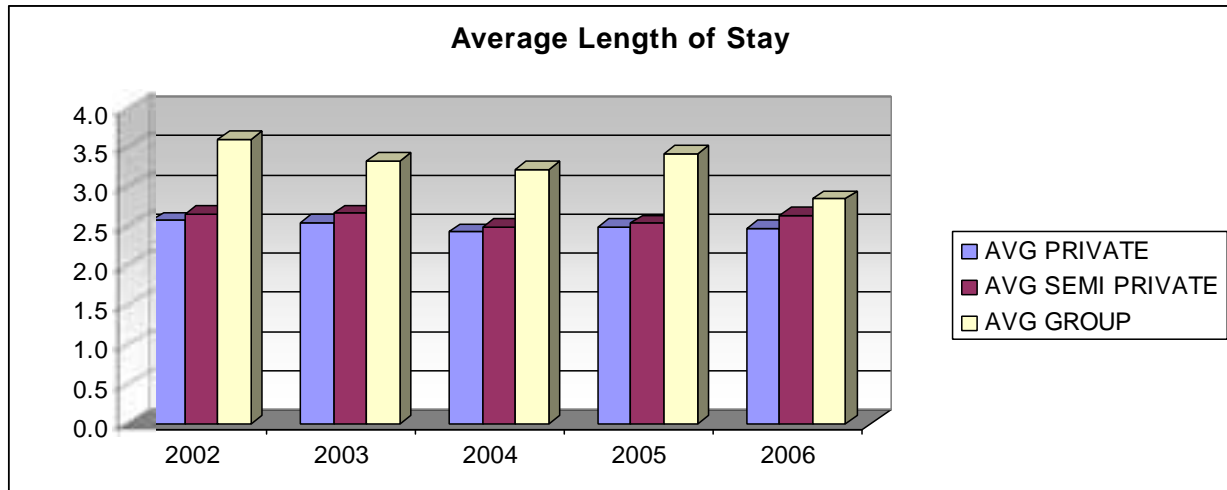


Figure 3: Average Length of Stay by Facility Type

The following predominant findings are evident from this analysis:

1. Group accommodations including dormitories and barracks have a higher average length of stay than both private and semi-private facilities.
2. Both private and semi-private accommodations exhibit an average length of stay between 2.2 and 2.6 days, indicating the predominant use of these facilities are holidays and weekends.
3. The average length of stay of group accommodations is between 3.1 and 3.6 days, indicating these facilities may be used for longer rentals that are focused on specific programs or events at Fort Worden.

Average Annual Revenues

Average annual revenues do not include operational expenses associated with the provision of these facilities for rent or use by guests of Fort Worden State Park. As noted, there is significant difference between the average annual revenues of certain types of improved overnight accommodations and others. This is predominantly the result of significantly higher rate, or price, for overnight use. Specifically, semi-private accommodations generally rent at a much higher nightly rate because they include numerous bedrooms and therefore accommodate considerably more guests than private accommodations.

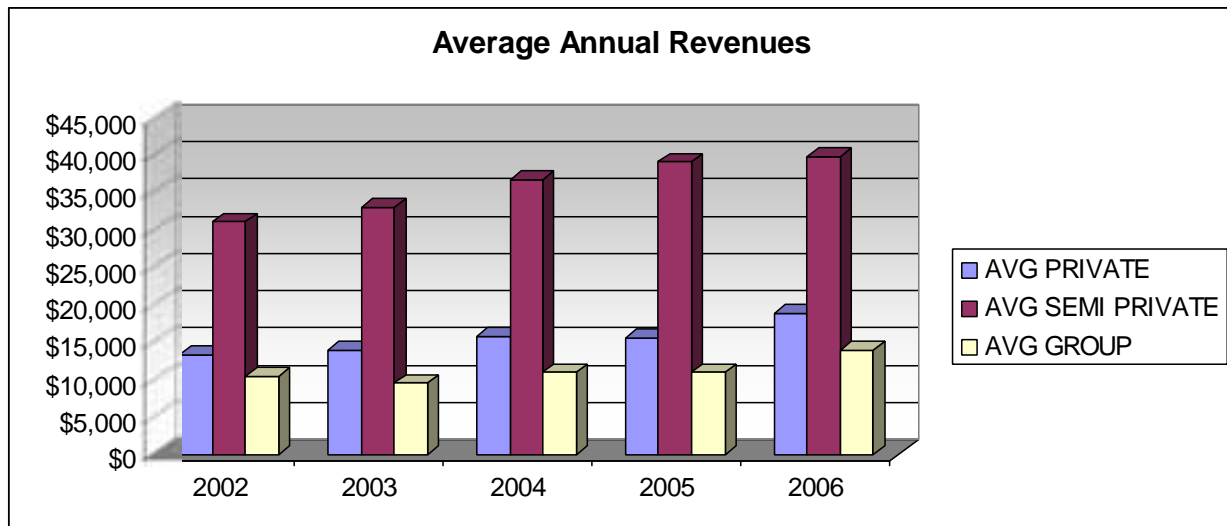


Figure 4: Average Annual Revenue by Facility Type

The following predominant findings are evident from this analysis:

1. Semi-private accommodations including the five, six, and 11-bedroom units have substantially higher average annual revenues than private and group facilities. This is the result of higher average nightly rate associated with semi-private accommodations.
2. Average annual revenues from all three types of improved overnight accommodations are generally on the rise since 2002.

Summary of Key Findings

The following summary of findings was utilized to support core program and services recommendations:

1. No additional capacity for group facilities is needed. Programs and services should be aimed at increasing occupancy and use of existing group accommodations.
2. Private and semi-private accommodations are overwhelmingly the most popular style of improved overnight accommodations at Fort Worden State Park.
3. Future development should focus on the shortage of private accommodations on-site, compared to the abundance of semi-private facilities.
4. Programs and services should be targeted at increasing the average length of stay in private and semi-private accommodations.

Improving Performance of Existing Accommodations

The first element of activating key revenue resources associated with improved overnight accommodations addresses the existing inventory of improved overnight accommodations. The occupancy rates below are based upon current capacities for accommodations in these categories. Performance of existing improved overnight accommodations can be improved to meet the following parameters:

- **Private Accommodations (1, 2, and 3-bedroom units)**
 - Target annual occupancy: 65% (from 54%)
 - Target average nightly rate: \$135 (\$115 - \$195)
 - \$32,038 annual revenues: 69% increase from 2006
- **Semi-private Accommodations (4, 5, 6, and 11-bedroom units)**
 - Target annual occupancy: 65% (from 63%)
 - Target average nightly rate: \$265 (\$250 - \$385)
 - \$63,195 annual revenues: 58% increase from 2006
- **Group Accommodations (Dormitories and Barracks)**
 - Target annual occupancy: 25% (from 21%)
 - Target average nightly rate: \$24 (\$22 - \$30)
 - \$16,789 annual revenues: 20% increase from 2006

In most cases this will involve increased and more flexible fee schedules, and increased annual occupancy. The indicated annual revenues as a result of these new benchmarks are included in the summary financial analysis later in this report.



Proposed Future Improved Overnight Accommodations

The second element of key revenue resources associated with improved overnight accommodations is the development of future, single-room guest accommodations as identified in previous planning phases of the Fort Worden Long Range Development Plan. This concept includes the development of 100 additional single-guest rooms that will operate under the following parameters:

- **100-room project**
- **Target annual occupancy: 65%**
 - 23,725 room nights
- **Target average nightly rate: \$125 (\$105 - \$175)**

Based on these operating parameters, the projected expenses and revenues associated with this development are detailed in the tables below. In summary, it is anticipated that fixed operational costs not included related payroll will be approximately \$2,055 per day, and variable operational expenditures not including payroll will be approximately \$25 per visitor.

A detailed operating payroll projection is provided in a later section of this report titled “Personnel and Staffing Management Plan,” and is based on the specific positions needed, quantity of staff per each position, anticipated rate per position, and projected additive benefit costs which include health benefits, employment taxes, and limited overtime.

COSTS	
Fixed costs	\$ 750,075
Target room nights	23,725
Anticipated variable costs	\$ 593,125
Sub-total cost projection	\$ 1,343,200
Payroll	\$ 972,400
Total cost projection	\$ 2,315,600

REVENUES	
23,725	Target room nights
\$ 125	Target nightly room rate
\$ 2,965,625	Total projected revenues
\$ (2,315,600)	Total projected costs
\$ 650,025	Projected gross profit
21.92%	Projected gross profit margin

These projections are dramatically affected by the target nightly rate, with large impacts on improved revenues resulting from minor increases in nightly rates. This implies the value of a managing entity that has the flexibility to establish pricing policies and procedures that are flexible and responsive to market conditions and practices.

Findings from this study indicate that the best chance of sustainability for the programmatic and operating vision of the Fort Worden Lifelong Learning Center include the development of additional single-room guest accommodations on site through existing facility conversion. This approach will slightly diminish the total number of “beds” at Fort Worden by converting select existing low-occupancy dormitory space into single-guest rooms, while retaining total dormitory space to accommodate up to 120 persons.

Market research, including benchmarking similar sites from the United States and Canada, has shown that a lifelong learning center that features a reasonable inventory of private accommodations will better serve the interests and preferences of the target market, and better balance the revenue generating capacity of the center to support operating costs. The pro forma provided later in this report assume the operations of these accommodations would be developed by the recommended new managing entity of Fort Worden Lifelong Learning on behalf of Washington State Parks in accordance with terms of an established Memorandum of Understanding.

Programs and Services Review

Fort Worden State Park is a unique destination that has developed over the last 30 years into a state park facility unlike any other site in the Washington State Park system. One of the more outstanding factors that distinguish Fort Worden from other parks in Washington is the diversity and depth of services and programs available to visitors through a broad array of on-site service providers. A brief summary of providers and their programs are detailed in **Tables 1 through 6** below and on the following pages.

Arts and Cultural Programs				
Program	Provider	Approximate Participation	General Duration	General Price
Artists-in-residence	Centrum		Week-long blocks	\$300/Week
Young Artists Project	Centrum		3-5 days	\$195-\$365
Writing, Reading, Poetry & Music Workshops	Centrum		Varies	\$25-\$675
Musical Performances	Centrum		Varies	Varies
Visual Art Exhibits	Centrum		Varies	Unknown
Printmaking Workshops	Corvidae Press		Varies	Varies
Woodworking Classes	School of Woodworking		1-7 days	\$30-\$675
Woodworking Lecture Series	School of Woodworking		Varies	Varies
Open Shop Sessions	School of Woodworking		3 hours	\$20

Table 1: Arts and Cultural Programs at Fort Worden State Park

History				
Program	Provider	Approximate Participation	General Duration	General Price
Museum Tours	Coast Artillery Museum	9,667 [◇]	Self-guided	Free - \$2
Building Tours	Commanding Officer's Quarters Museum	7,239	Self-guided	Free - \$2
Fort Worden Oral History Program	Friends of Fort Worden		90 minute sessions	N/A

Table 2: History Programs at Fort Worden State Park

[◇] Coast Artillery Museum participation data represent number of visitors in 2005 as provided in Appendix A of the Fort Worden Long Range Plan Phase III, Task 2 report, August 2006.

Natural Science				
Program	Provider	Approximate Participation	General Duration	General Price
Marine & Natural History Exhibits	Port Townsend Marine Science Center	11,700 [∇]	Self-guided	Free - \$5
Student Programs & Tours	Port Townsend Marine Science Center	7,000 [∇]	1 hour-1 week	Varies
Day/Residential Camps	Port Townsend Marine Science Center	83 campers [∇]	5 days	\$190-\$775
Teacher Training Programs	Port Townsend Marine Science Center	23 teachers [∇]	Varies	Varies
Wildlife Cruises	Port Townsend Marine Science Center	750 [∇]	3-6 hours	\$55-\$75/person
Lecture Series	Port Townsend Marine Science Center	Hosted 10 lecturers [∇]	Varies	\$2-\$8
Citizen Science Volunteer Program	Port Townsend Marine Science Center		N/A	N/A

Table 3: Natural Science Programs at Fort Worden State Park

Institutional Education				
Program	Provider	Approximate Participation	General Duration	General Price
MFA Program in Creative Writing	Goddard College	35 for both MFA programs [♦]	2 years	\$7,359/semester + room/board
MFA Program in Interdisciplinary Arts	Goddard College	35 for both MFA programs [♦]	2.5 years	\$7,291/semester + room/board
Associate of Arts Degree	Peninsula College	480 [♦]	2 years	\$77.20-\$248.90/credit hour

Table 4: Institutional Education at Fort Worden State Park

[∇] Port Townsend Marine Science Center participation numbers represent the 2006 year and were reported at the PTMSC Annual Meeting, February 3, 2007.

[♦] Goddard College and Peninsula College participation data represent number of students served in 2005 as provided in Appendix A of the Fort Worden Long Range Plan Phase III, Task 2 report, August 2006.

Health and Recreation				
Program	Provider	Approximate Participation	General Duration	General Price
Dance Classes	Madrona MindBody Institute	Approximately 60-100 participant weekly	Varies	\$7-\$12/class; \$55-\$185/ membership
Nia Classes	Madrona MindBody Institute		Varies	\$7-\$12/class; \$55-\$185/ membership
Pilates Classes	Madrona MindBody Institute		Varies	\$7-\$12/class; \$55-\$185/ membership
Yoga Classes	Madrona MindBody Institute		Varies	\$7-\$12/class; \$55-\$185/ membership
Recreation Equipment Rental (Kayaks/Bicycles)	PT Outdoors		Summer Season	Varies

Table 5: Health and Recreation Programs at Fort Worden State Park

General Services				
Service	Provider	Approximate Participation	General Duration	General Price
Food Service & Catering	Bon Appetit	N/A	N/A	Varies
Poetry Publisher	Copper Canyon Press	N/A	N/A	N/A
Overnight Accommodations	Olympic Hostel	4,200 overnight guests [▽]	N/A	\$15- \$52/night
Audio/Sound Support	Synergy Sound Studio	N/A	N/A	N/A
Linen & Laundry Services	Port Townsend Hospitality	N/A	N/A	N/A
Volunteer Service; Operation of Guardhouse	Friends of Fort Worden	20-40 volunteers	N/A	N/A
Rental venues for conferences and retreats	Fort Worden State Park Conference Center	6,042 unit days in 2006	Unavailable	Varies

Table 6: General Services at Fort Worden State Park

[▽] Olympic Hostel participation data represent number overnight guests served in 2005 as provided in Appendix A of the Fort Worden Long Range Plan Phase III, Task 2 report, August 2006.

Fort Worden On-site Partners

There are currently 16 on-site partners operating and conducting business at Fort Worden that represent a diversity of missions, operations, organization type and contributions to the success of the state park. The role of these on-site partners is critical to the long-term success of Fort Worden State Park. To manage such an expansive operation requires many elements including, first and foremost, a solid corps of dedicated employees, a responsive park maintenance program, and an appropriate partner classification system. These elements should reflect the diversity of values that different types of organizations operating at Fort Worden State Park provide to protect and preserve the mission and purpose of Fort Worden not only as a state park, but as an economic engine to the local area and region surrounding Port Townsend.

The current partners operating in full or limited capacity at Fort Worden State Park are listed below, with an accompanying description of the organization and its services.

Bon Appetit'

Bon Appetit provides on-site food service and began operating at Fort Worden State Park in December 2007, following a competitive selection process. Food service operations on-site are based in the Commons building, where Bon Appetit operates a coffee shop and café that was built by the State. In addition to the café, Bon Appetit provides catering for on-site events with the understanding that any catering provided to the State Parks by Bon Appetit is on an exclusive basis. There are two summer concession areas – one at the beach (Cablehouse Canteen) and one at the Pavilion to support summer performances. The agreement between the State and Bon Appetit is established for a seven year term with three, one year contract renewals. The contract details that a minimum of four percent and a maximum of eight percent of gross profit are paid to the State as a concession fee. The exact percentage is based on specific gross profit thresholds.

It is anticipated that Bon Appetit will be expanded to include the culinary and food sustainability programming lead for Fort Worden. Due to the extensive experience and expertise in house and the commitment of their company to buying locally grown and produce food products and using sustainable practices, and their desire to provide culinary and sustainable food programs as stated in their bid for food services at Fort Worden, Bon Appetit should work collaboratively with the local community to develop and provide a wide array of culinary programs.

Centrum

Centrum, which provides a broad diversity of arts and cultural programs, is the longest standing private partner/provider operating at Fort Worden State Park. Centrum was created as a 501(c)3, non-profit organization in 1973 for the purposes of developing and facilitating state-of-the-art cultural programming that would enhance the experience and distinction of Fort Worden as a part of the state park system.

Centrum currently provides year-round programming that serves approximately 27,000 participants annually by hosting numerous events throughout the summer that bring thousands of visitors to the park. The agreement between Centrum and the State of Washington is established with a 10 year term, and a \$1700 monthly commercial lease fee to be paid by Centrum to the State. Centrum leases buildings 221, 205, 313, 255-256-259-260-261, 275, 356 (storage facility), half of 315 and receives priority booking for workshops and programs. Fees from Centrum sub-lessees are not paid directly to the State. By far, Centrum is the single largest private contributor to revenues at Fort Worden, where in recent years this payment has exceeded \$550,000. They have also contributed over \$1,000,000 in a capital campaign to renovate the McCurdy Pavilion.

Copper Canyon Press (sublease of Centrum)

Copper Canyon Press is an independent publisher specializing in poetry that has developed a renowned international reputation. Copper Canyon Press is a non-profit organization that has exclusively published works of poetry since 1972. The Press has become the premier publisher of poetry in the United States based upon the total number of books published, awards won, including both Pulitzer and Nobel Prize winners, and peer reviews. Copper Canyon publications typically sell over 2,000 books per publication which is above the average in this field. Additionally, Copper Canyon publications are typically among the best seller's list for poetry and have featured seven (7) finalists for the National Book Award in the last decade.

Historically and presently, Copper Canyon Press provides tremendous synergy with Centrum as the primary publisher of poetry supporting Centrum's writing programs and their participants. Copper Canyon operates under a sub-lease agreement with Centrum since 1974. Copper Canyon payments to the State are reflected as a component of payments made by Centrum.

Corvidae Press (sublease of Centrum)

Corvidae Press is a guild, or association, of artists for purposes of non-toxic printing of photos, art, and written works from artists and participants in Centrum programs. Specifically, Corvidae state their mission as, "...an association of artists share an interest in printmaking and who support and manage a common non-toxic printmaking facility." The Press operates predominantly with a membership program and by conducting workshops which are open to public registration and participation.

As a non-profit organization, Corvidae is governed by a Board of Directors and they focus on "education, community and regional interaction." Corvidae operates under a sub-lease agreement with Centrum for a period of two years, and payments to the State are reflected as a component of payments made by Centrum.

Goddard College (sublease of Centrum)

Goddard College is an accredited academic institution with campuses in Plainfield, Vermont, and Port Townsend, Washington on Fort Worden State Park. Goddard offers low-residency MFA degree programs in Creative Writing, and Interdisciplinary Arts at the campus located on Fort Worden. They provide both residence and meal service options, as well as classroom space, meeting rooms, and a computer lab.

The Goddard College academic calendar at Fort Worden consists of two (2), eight-day residency programs that serve approximately 35 students annually. The College operates under a sub-lease agreement with Centrum for a period of three years. The administrative office is part of the leased buildings paid by Centrum.

Synergy Sound Studio (sublease of Centrum)

Synergy Sound Studio provides audio services to Centrum and other Fort Worden on-site partners as needed to support performances and events conducted at Fort Worden State Park. This small business provides an essential component to maintaining the capability and capacity to attract and facilitate large-scale events and performances in both indoor and outdoor venues. Audio requirements of this magnitude outpace the equipment and capabilities of the state park staff, which generally provide all audio and visual support for the functions of the conference center.

Synergy Sound Studio operates under a sub-lease agreement with Centrum for a period of over 25 years, and payments are reflected as a component of payments made by Centrum to the State.

Coast Artillery Museum

The Coast Artillery Museum currently occupies Building 201 on the Fort Worden campus and provides exhibits and interpretation into the military history of the site. Fort Worden was originally a key component of the “Triangle of Fire”, a triumvirate of artillery installations that protected the entrance of Puget Sound from invading foreign navies. The Coast Artillery Museum was founded and is currently run completely by volunteers, and hosts between 10,000 and 12,000 visitors each year. This has grown from approximately 6,000 annual visitors five (5) years ago. In 2006, the Museum began offering tours of Artillery Hill on Saturdays in the summer.

During the low season of winter, the volunteers of the Coast Artillery Museum provide assistance to the park staff and complete restoration projects such as the battery viewshed project and interpretive signage installations. The museum operates under an agreement with the State that has a five year term. No payment of any fee or rental to the park is required for staffing and operation of the museum.

Commanding Officer’s Quarters Museum

The Commanding Officer’s Quarters Museum operates in the former residence of the commanding officer from the period in which Fort Worden functioned as a military base. Like the Coast Artillery Museum, this museum also was founded and continues to operate solely by volunteers. The facility includes furnishings, memorabilia, clothing and fixtures in the house that are accurate and unique to the era and use of the commanding officers quarters predominantly from the earlier years of the Fort’s operation.

Visitation to the Commanding Officer’s Quarters Museum is predominantly mixed between organized education and/or tour groups, and individual visitors to the park. The museum operates under an agreement with the State that requires no payment of any fee or rental to the park for staffing and operation of the museum. The museum has recently given notice to park management that they do not anticipate being able to continue operations beyond this current year due to a decline in museum visitation (which is occurring nationally) and increasing difficulty with the recruitment and retention of volunteers. The future of this house museum operation is to be determined.

Friends of Fort Worden State Park

The Friends of Fort Worden State Park have proven to be among the more successful volunteer-based organizations operating at the Park. An active fundraising organization, the Friends of Fort Worden State Park are a registered non-profit organization that supports park improvements and programs through funds raised on-site. The Friends group operates the gift shop and visitor center for the state park located in Guard House, the Oral History Center, multiple events and programs throughout the year, and ongoing capital fund raising campaigns. The proceeds from the Friends' gift shop operations provides the FWSP with \$15,000 - 20,000 annually for improvements, programs and visitor enhancements. They work with park management to set priorities for such projects. They have been major funders for such projects as the tennis court improvements, three new historic interpretive signs and sitting benches through the Artillery Hill trails.

The Friends of Fort Worden State Park operate with between 20-40 volunteers each year and provide specific programs as the Fort2Fort Bike Ride, Wildlife And Nature Art Expo, the brick-paver fund raising program, and a newsletter. Annual membership ranges from \$10 to \$100, with a \$500 lifetime membership option. The Friends of Fort Worden State Park work directly with park staff to provide funding and volunteer labor that supports a broad range of park needs including trail maintenance, maintenance and enhancements for recreational amenities in the park, and select procurement opportunities that is most appropriately directed through the Friends group. The Friends of Fort

Worden State Park operate under an agreement with the State that has a five year term and requires no payment of any fee or rental to the park for staffing and operation of the museum.

Madrona MindBody Institute

Madrona MindBody Institute is a small business operated by two local residents providing Nia, Pilates, Yoga, Dance, SoulMotion and other forms of moving arts and fitness programs to the general public. A new addition to Fort Worden State Park, Madrona MindBody took responsibility for the rehabilitation of the gymnasium on Fort Worden's campus and with assistance from park staff has effectively led a transformation of that facility from dilapidated to delightful.

The vision of Madrona MindBody programming is largely inspired by the success of the Esalen Institute in Big Sur, California, and Studio Maui in Hawaii. Madrona MindBody provides classes, workshops, memberships and special events, serving over 500 people in their initial season, with a long-range goal of serving approximately several thousand annually. Developing strategic partnerships with other service providers on-site, Madrona MindBody offers one of the more accessible and innovative value-added options to any Fort Worden visitor or constituent.

The Institute operates under a short term memorandum of understanding with the State for the use of the gym for a lease amount of \$425 per month. A long term lease is to begin in 2009. Owners Allison Dey and Aletia Alvarez actively participate in ongoing partner discussions with other on-site service providers in an effort to raise the collective exposure and brand resonance of Fort Worden and its resident businesses.

Olympic Hostel

The Olympic Hostel is located on Fort Worden State Park and is currently operated by Hostelling International (HI) which features over 4,000 hostels in 60 countries around the world. It is the only HI facility remaining in the State of Washington, which boasts a total of six (6) other hostels operated by private ownership. Olympic Hostel currently hosts approximately 3,700 room overnight stays each year and had begun successful programming with groups, especially youth service groups (scouting), in the last few years.

There are accommodations for up to 30 guests at a time at the hostel, which operates at approximately 70-80% occupancy during the summer months and 30% occupancy annually. The largest single driver of overnight stays at the hostel is Centrum events throughout the late spring, summer, and early fall. The Olympic Hostel is currently operating under a year extension lease and makes a monthly payment of \$472. The Hostelling International future at the park is to be determined through the recommendations phase of the plan.

Peninsula College

Peninsula College is headquartered in Port Angeles, WA, with a satellite campus in Port Townsend located at Fort Worden State Park. The College operates on the quarter system and maintains an average enrollment of between 250-400 students. Peninsula College offers numerous degree programs at its main campus, and the following degrees / certifications at the Fort Worden location: Criminal Justice, Multimedia Communications, Early Childhood Education, Chemical Dependency Counselor, Computer Applications, and Administrative Office Assistant.

Beyond these specific programs, the Fort Worden campus provides a range of other courses including basic skills, ESL, continuing education, community service courses, and professional development seminars. At this time Peninsula College does not offer residential options for students attending school at the Fort Worden campus. The College is currently pursuing grant opportunities for the

redevelopment of a larger building (Building 202) on the Fort Worden campus with the assistance of State Parks to which they could move once completed. Peninsula College operates under an agreement with the State that has a five year term and a \$25,000 quarterly commercial lease fee to be paid by the College to the State. Peninsula has also provided staffing support through the sharing of an FTE and funding for a support position. The agreement expires in 2009.

Port Townsend Hospitality

Port Townsend Hospitality is a relatively new on-site business providing linen services supporting the overnight stays and conference business in the residential facilities of the state park. The business is operated by local residents who have grown to recognize the opportunity in providing linen and laundry services to overnight guests at Fort Worden, and who actively participate in on-site partner discussions to improve overall site visitation. Port Townsend Hospitality operates under an agreement with the State that has a six year term. The company is also responsible for a monthly contract services fee of \$500 plus 9% of gross linen and janitorial service revenue to be paid to the State.

Port Townsend Marine Science Center

Port Townsend Marine Science Center has operated since 1981 at Fort Worden State Park providing innovative natural science and environmental education programs predominantly to youth. Founded by volunteers in 1981, the Marine Science Center has grown to employ a full-time staff that manage marine, geological, paleontological exhibits, as well as develop and deliver programming year-round. The main focus of Marine Science Center programming is providing field experiences to school groups that are aligned with the state education standards, as well as similarly accredited educator training.

The Marine Science Center has developed a strong program in the last several years called “citizen science” that provides outreach for people of all ages and backgrounds to become involved in environmental monitoring of the Puget Sound and its surrounding environs. The Center serves between approximately 18,000 to 20,000 participants each year in programming and outreach, and strives to grow that by undertaking more sustainable program models. The Marine Science Center raised over \$1,000,000 through corporate and individual donations, and foundational funds to rehab the Thistle building into the Natural History Center. In order to secure some of the grant funds, a longer term lease was required. Port Townsend Marine Science Center operates under an agreement with the State that has a 24 year term, and a lease amount of \$1200 per year for office space and storage space in building 200, storage space in 304, maintenance space in 306, buildings 502 and 532.

Port Townsend School of Woodworking

The Port Townsend School of Woodworking is a recent addition to the on-site partners of Fort Worden State Park. Created and managed by three local partners, the school has taken residence on the campus of the park and begun offering classes and workshops that are open to the public. Following a brief trial period, the School of Woodworking is anxious to become more prominently positioned as a program that not only appeals to current and aspiring artists, but also provides practical skills to interested individuals regarding woodworking.

Programs at the Port Townsend School of Woodworking range in duration, and generally account to approximately \$135 per day per person. The School operates under a short term memorandum of agreement with Fort Worden and pays about \$230 each month. A long term partnership will be developed.

PT Outdoors

PT Outdoors provides recreational equipment rental on a seasonal basis at Fort Worden State Park, including but not limited to sea kayaks and bicycles. This small business assists the park to feature self-guided outdoor recreational experiences to visitors without incurring substantial overhead or operational expenses. PT Outdoors operates under a concessionaire agreement with the State that has a five-year term, and provides \$275 per month in concession rights

Volunteers at Fort Worden State Park

There is a long history and tradition of the tremendous impact of volunteers on the development and delivery of programs and services at Fort Worden. The state park, as well as a multitude of the on-site partners, relies heavily on a volunteer labor force either wholly or partially as a critical component of service delivery. Currently volunteers are recruited and trained independently by each organization as needed which has led to challenges by many to keep a volunteer roster that is sufficient for their needs. Smaller organizations like the Commanding Officer's Quarters Museum and the Coast Artillery Museum struggle each year to recruit and retain adequate volunteers to manage their operations.

It is anticipated that the shift in management approach at Fort Worden discussed in later sections of this report would include the consolidation of volunteer recruitment, training, and retention efforts. This would result in less fragmentation to this aspect of daily operations at the park, as well as increased efficiency to support the individual needs of organizations seeking volunteers on-site. To demonstrate the significance of volunteers to daily operations at Fort Worden it is reported that in 2006 there were verified to be 200 regular volunteers that accounted for over 30,000 total labor hours. According to the Bureau of Labor Statistics national estimated dollar value of volunteer time of \$18.77 per hour (2006), volunteers account for approximately \$563,100 of annual in-kind labor provided to Washington State Parks and its operating partners at Fort Worden in 2006. The enhancement and expansion of programs at Fort Worden will strongly rely upon the tremendous value and cost avoidance provided by the invaluable volunteers and the time they give.

Summary of Market Analysis

Per the scope of this project, the Consultant Team performed an analysis of the target market for Fort Worden as a Lifelong Learning Center to ground-truth financial projections within the business plan. The following summary details key findings associated with that analysis.

Methodology

Demographic data used for analysis was obtained from Environmental Systems Research Institute, Inc. (ESRI), the largest research and development organization dedicated to Geographical Information Systems (GIS) and specializing in population projections and market trends. Data was acquired that allowed an in-depth study of the following primary target markets:

- 60 mile radius from Fort Worden State Park
- 120 mile radius from Fort Worden State Park
- 300 mile radius from Fort Worden State Park

Data acquired in December 2007 by ESRI reflects actual numbers reported in 2000 Census and projections for 2007 and 2012 as estimated by ESRI; straight line linear regression was utilized for projected 2017 and 2022 demographics. The map below illustrates the 60, 120, and 300-mile radii from Fort Worden State Park.



Primary Service Market

The Primary Service Market of Fort Worden State Park is the total population of residents and visitors to the area within 300 miles from the park. This population represents the primary segments of the general public that are regularly served by the facilities and amenities of Fort Worden State Park. Based upon extensive public and stakeholder input associated with this project, it has been determined that the Primary Service Market is comprised of members of the public who have the following expectations regarding Fort Worden:

1. Fort Worden State Park will feature diverse public recreation opportunities that are cognizant and respectful to protect the historical and cultural context, and the natural resources of the site.
2. Fort Worden will remain a state park and sustain operating policies and practices appropriate for a public facility.
3. Fort Worden will remain responsive to the needs and interests of the general public for park and recreation programs and facilities.

It is critical that current and future operations of Fort Worden State Park continue to adequately serve the public need for park and recreation programs and facilities. The Primary Service Market features the following characteristics in which programs, services and facilities should address:

- **9,916,266 U.S. citizens live within 300 miles of Fort Worden; estimated over 11,000,000 total.**
- **Median income grew 28% from 2000 (\$44,480) to 2007 (\$56,840) and projected to grow another 18% by 2012 (\$67,318).**
- **29% of total population in 2022 will be over the age of 55+.**
- **10.6 million U.S. citizens are projected to live within 300 miles of Fort Worden by 2012; estimated over 12.1 million total.**
- **Recreational expenditures of people within 300 miles of Fort Worden include the following and their proportion of personal recreational spending:**
 - Entertainment fees and admissions (34.2%)
 - Recreational vehicles and fees (24.7%)
 - Toys and games (23%)
 - Sports, recreation, and exercise equipment (11.8%)
 - Reading (11.7%)
 - Photography equipment and supplies (7.6%)

- **Age distribution of residents estimated for 2007, 2012, and 2017 are:**

	<u>2007</u>	<u>2012</u>	<u>2017</u>
○ Ages 55+:	2,295,181	2,716,739	3,088,686
○ Ages 35-54:	2,926,444	2,953,532	3,061,240
○ Ages 18-34:	2,342,068	2,512,081	2,656,231
○ Ages <18:	2,352,573	2,447,742	2,506,823

General programs and services at Fort Worden State Park should continue to provide equitable, accessible, and traditional opportunities that accommodate the general public as a whole, while utilizing the Primary and Secondary Target Market analysis that follows to direct future marketing expenditures and initiatives supporting the success of the Fort Worden Lifelong Learning Center.

Primary Target Market

The primary target market for the Fort Worden Lifelong Learning Center is located within a 300-mile radius of Port Townsend, and has the following characteristics:

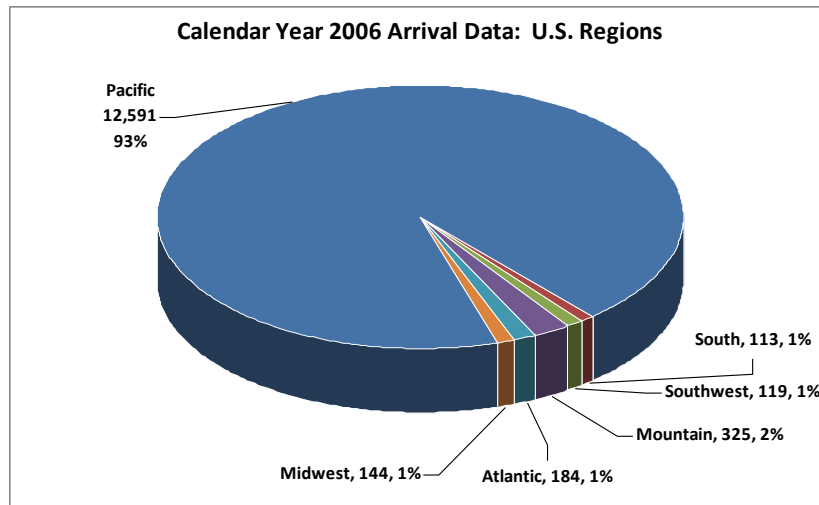
- **Individuals and Families**
 - **Adults ages 35+**
 - **Household income \$56,000+**
 - **Core interests**
 - **Arts / cultural events**
 - **Environmental advocacy**
 - **Historic and cultural preservation**
 - **Outdoor activities**
- **Groups**
 - **Schools – public and private**
 - **University clubs and faculty**
 - **Church and religious groups**
 - **Organizations / associations with aligned mission and interests to Fort Worden programs and services**
 - **Business meeting planners**
 - **Conference planners**
 - **Bus tours / group tour services and organizers**

Additionally, participation rates for select outdoor recreation activities were developed from an analysis of American Sports Data, the most comprehensive annual database of outdoor sport participation trends in the United States. Based upon the population within 300 miles of Fort Worden, the figure below details provides examples of estimated market size by activity, projected capture rate, and subsequent annual captured market. Capture rates will be dependent on a reasonable and sustained marketing campaign targeted at select user groups.

Outdoor Recreation Program Areas & Est. Fort Worden Market (300 miles), 2007				
Recreation Activity	Saltwater Fishing	Recreational Kayaking	Recreational Bicycling	Nature Viewing
Estimated Participation	503,405	313,532	1,695,869	4,397,722
Estimated Capture Rate	1.00%	2.00%	2.00%	0.50%
Estimated Captured Market	5,034	6,271	33,917	21,989

Secondary Target Market

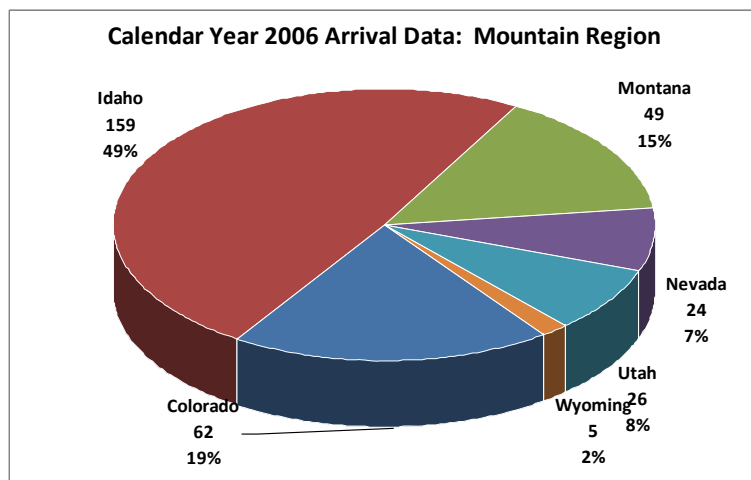
The secondary target market for the Fort Worden Lifelong Learning Center is the U.S. domestic market located beyond the 300-mile radius from Port Townsend. Target areas were identified based upon historical source data for reservations at Fort Worden from other states. The figure below quantifies the relative proportion of visitors to Fort Worden from regions within the U.S.:



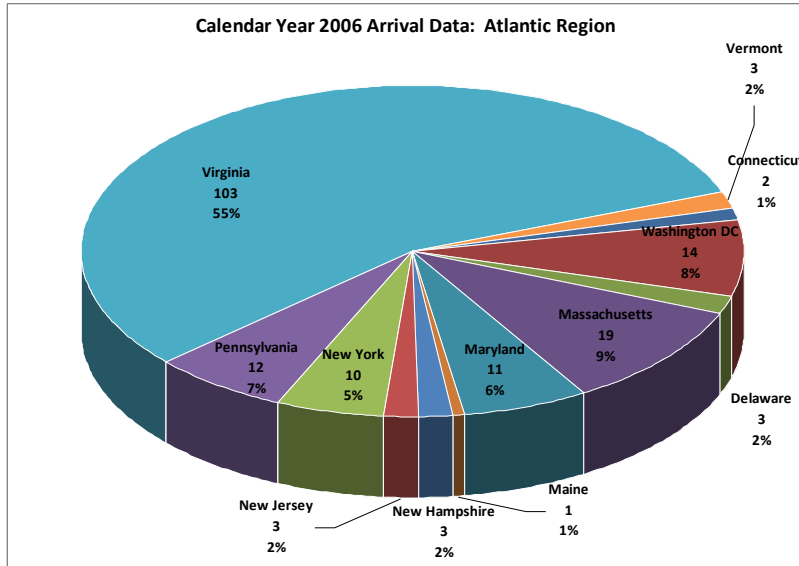
This analysis yields the following top five potential secondary markets in the United States. The number in parentheses indicates the number of reservations/arrivals from these states in 2006.

1. Idaho (159)
2. Virginia (103)
3. Arizona (64)
4. Colorado (62)
5. Florida (57)

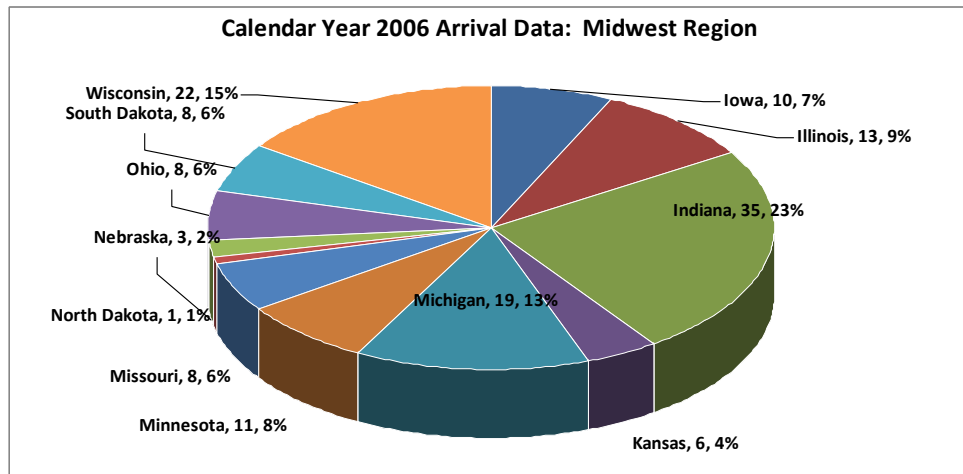
The figures below and on the following pages detail Fort Worden arrival data by region and by state, and identifies the top three markets within each region. The number in parenthesis indicates rank in the top five potential secondary markets as listed above.



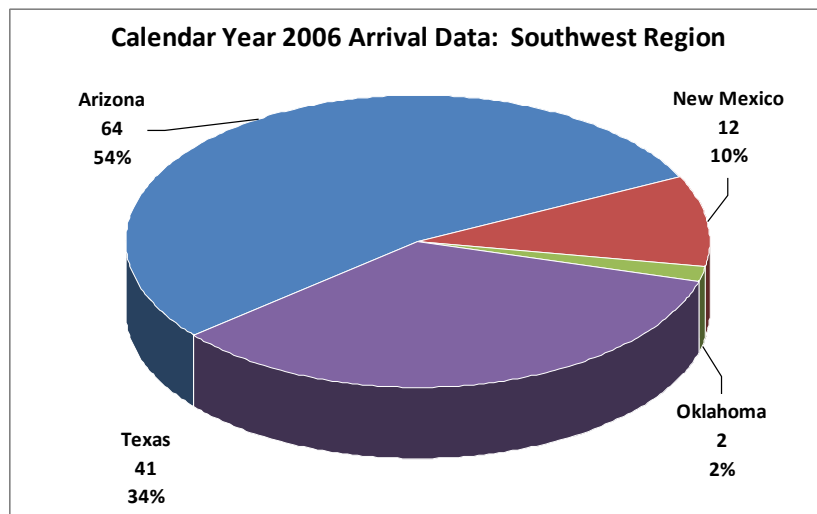
- Idaho (1)
- Colorado (4)
- Montana



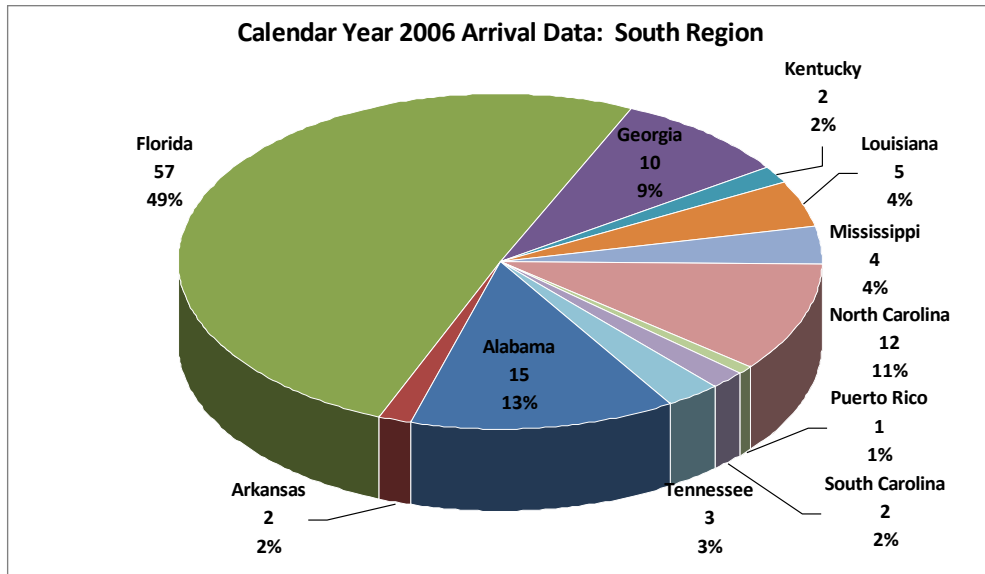
- Virginia (2)
- Massachusetts
- Washington DC



- Indiana
- Wisconsin
- Michigan

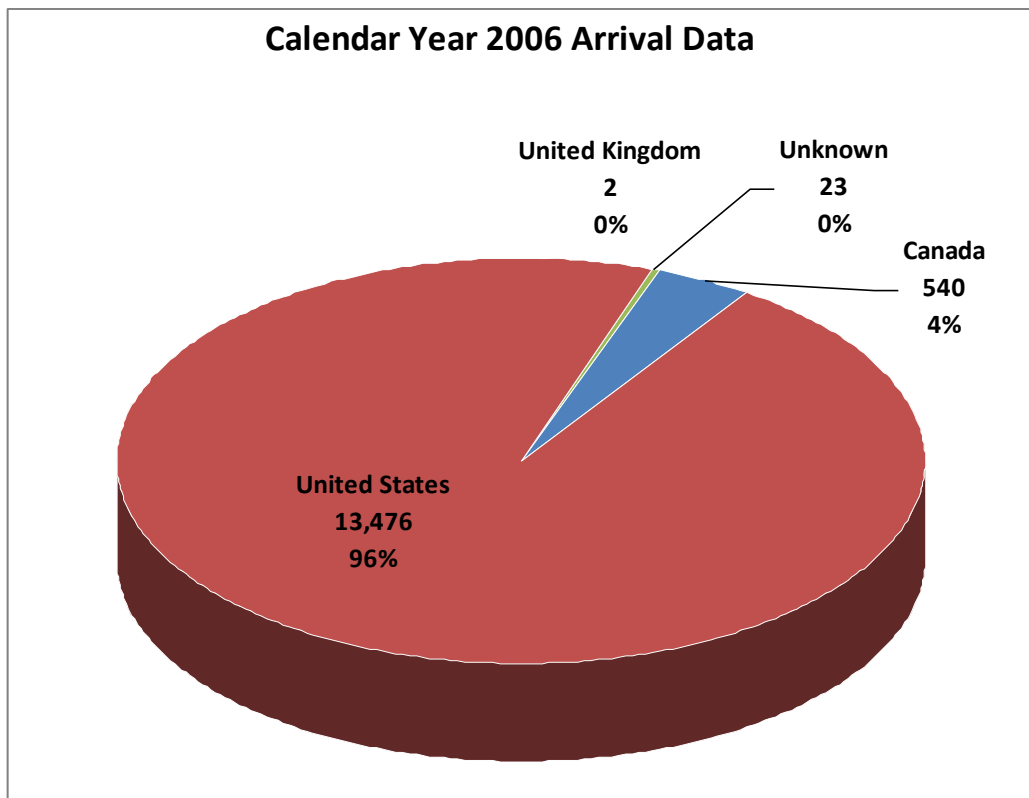


- Arizona (3)
- Texas
- New Mexico



- Florida (5)
- Alabama
- North Carolina

The international secondary market is obviously dominated by Canada, with the United Kingdom as the only other specific international source of past Fort Worden visitors. It is presumed that areas in Japan and eastern Asia may be potential international secondary market for substantial growth opportunities. The figure below details international visitors to Fort Worden in 2006.



Recommended Core Programs and Services

These Core Programs and Services are recommended in support of the goals and objectives of Fort Worden operating as a successful and sustainable Lifelong Learning Center. The goals of the Center are detailed as:

1. To be a Lifelong Learning Center that is recognized as a full-service, year-round destination providing a diverse array of meaningful experiences for people of all ages, backgrounds, skills, and interests through its programs, events, services, and facilities.
2. A multitude of resident partners will create a shared economy that supports state of the art programming in the arts and culture, health and wellness, natural science, outdoor recreation, and historic preservation.
3. With a variety of conference facilities and accommodations ranging from camping to residences and single guest rooms, Fort Worden allows visitors to design their stay around their needs and preferences.
4. The Fort Worden Lifelong Learning Center will remain a part of the Washington State Park System and retain all aspects of a public park facility including accessibility, reasonable and equitable pricing, and natural and cultural resource protection priorities.
5. Any future development of the Fort Worden Lifelong Learning Center will responsibly address and include effective management of the energy requirements of the site as a whole, safe and efficient circulation of people to and throughout the site, the protection of tranquil and personal experiences in the outdoors, and the preservation of the character of the site and its history.

Likewise, to achieve sustainable operations through sound business practices it has been identified that increasing traffic and average length of stay in improved overnight accommodations should be the predominant focus of programs and services on-site. This will be accomplished through organized, collaboratively planned and facilitated, and properly promoted key areas of focus:

- Destination Learning Programs
- Retreats and Conference Development
- Events
- Self-guided Site Experiences

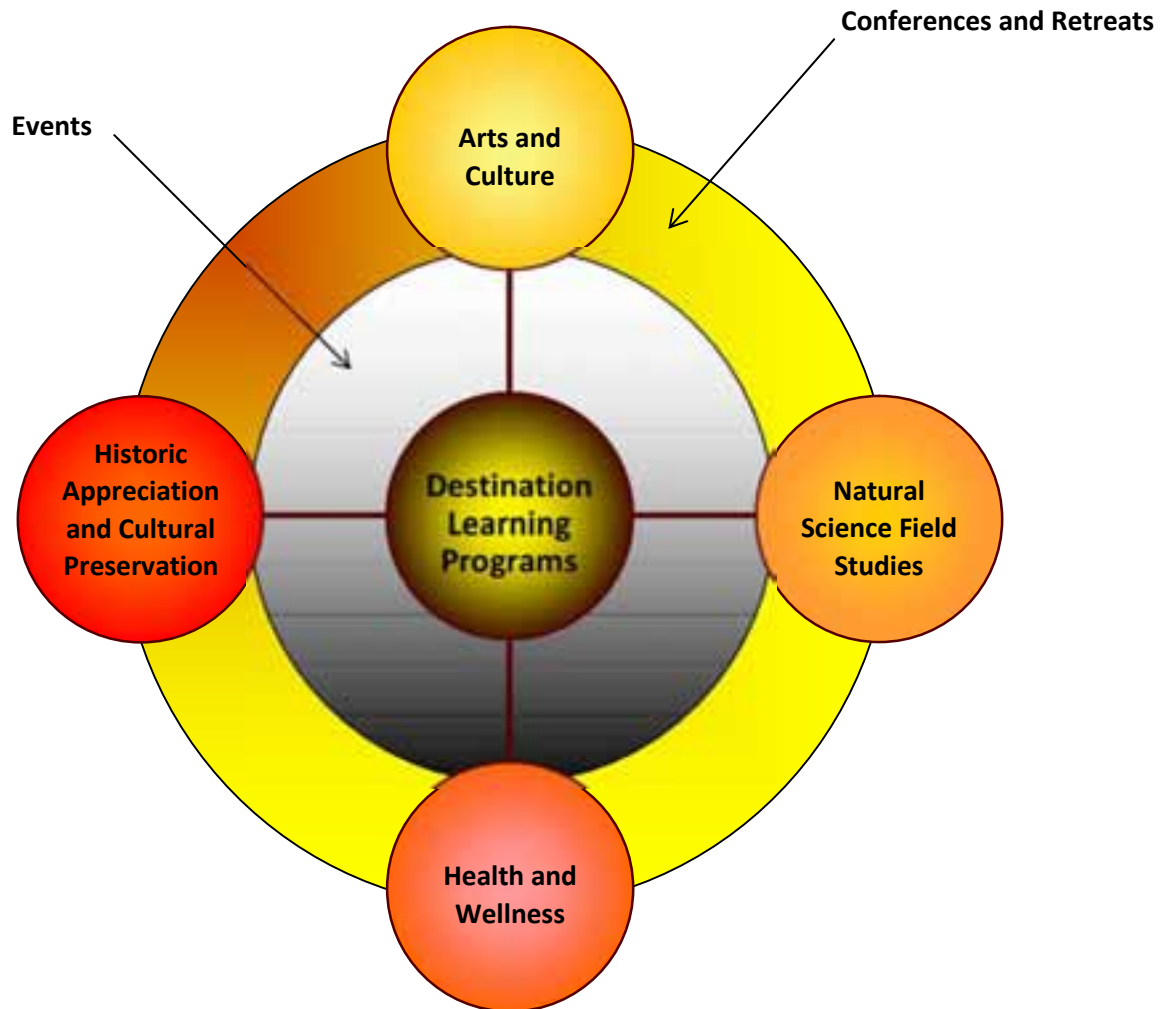
The following sections provide a basic review of recommendations aligned with these four key areas of focus.

Destination Learning Programs

Destination learning programs are designed to serve people of all backgrounds, interests, and abilities, but with one common characteristic – the desire to engage in interactive and meaningful travel and leisure experiences. The recommendations for core destination learning programs at Fort Worden are focused on celebrating the strengths and capabilities of existing partners, identifying areas where new partners can be attracted, and following the trends of successful programs of a similar nature from around the United State and internationally.

The recommended destination learning programs for Fort Worden are organized in the following four categories: Arts and Culture, Natural Science Field Studies, Health and Wellness, and Historic Appreciation and Cultural Preservation.

Fort Worden Lifelong Learning Center
Core Destination Learning Programs & Other Core Services



Arts and Cultural Programs

Building on the success of Centrum and its partners, arts and cultural programs are an integral component of Fort Worden's identity and uniqueness. It is recommended that the theme of arts and cultural program organization be:

Specialized workshops, seminars, & residencies supported by events & performances

Specific programs and areas of focus for collaborative program planning and scheduling should follow this basic structure:

- **Performing arts**
 - Music
 - Dance
 - Drama
- **Visual arts**
 - Painting
 - Sculpture
 - Photography
- **Trade arts**
 - Wood working
 - Glass blowing
 - Pottery
 - Culinary
- **Literary arts**
 - Writing
 - Reading



Natural Science Field Studies

Trends indicate that people of all ages are becoming increasingly interested in both service learning and targeted field studies aligned with their personal interests. Currently, the Port Townsend Marine Science Center provides programs that serve as a great foundation for expanding the menu of environmental field studies available to visitors and guests of Fort Worden. These programs are targeted to address the fast-increasing interests to strengthen individual environmental awareness and stewardship. It is recommended that the theme of educational field study organization be:

Experiential and interactive natural science experiences for all ages

The recommended programs in this report focus on the existing services and future potential of the Port Townsend Marine Science Center (PTMSC).

Specific programs and areas of focus for collaborative program planning and schedule could follow this basic structure:

- **Marine Science Center**
 - Daily tours of exhibits
 - Specialized programs on demand
 - Floating laboratory tours
- **Youth Programs**
 - Single-day programs serving school groups: Grades 5 through 12
 - Multi-day programs serving school groups: Grades 7 through 12
 - Summer camp programs for older youth
- **Citizen Science Center**
 - Single and multi-day programs serving older youth and adults
 - Lab-based field experiences on environmental quality and monitoring
 - Develop network of citizen monitoring and stewardship programs



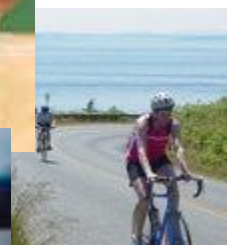
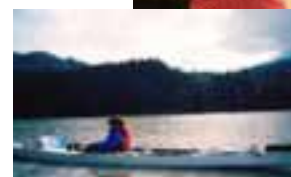
Health and Wellness

More and more, travelers are seeking leisure and recreational experiences that notably improve their overall sense of personal health and well-being. Supporting this trend, Fort Worden is uniquely positioned to provide programs that provide a diverse approach to healthy lifestyles. It is recommended that the theme of health and wellness program organization be:

A holistic approach to physical well-being

Specific programs and areas of focus for collaborative program planning and schedule should follow this basic structure:

- **Madrona MindBody Institute**
 - Nia, Vigorous Flow Yoga, Pilates, Soul Motion™-inspired Dance, Tribal Fusion Belly Dancing
 - Massage therapy
 - Spa treatments
 - Day classes and residential programs
- **Outdoor Recreation**
 - Olympic Peninsula road cycling tours



- Guided sea kayaking
 - Shoreline fishing, diving, water skiing
 - Self-directed Outdoor Experiences
 - 12 miles of coastal and interior hiking/biking trails
 - Sport courts and ball fields
 - Extensive beach on Puget Sound
- Natural landscapes and open spaces



Historic and Cultural Appreciation and Preservation

It is undeniable that the central identity of Fort Worden revolves around its history as a coast artillery outpost. The architecture and grounds of the park tell the story of decades of meaningful history of an important and integral purpose served by Fort Worden as a part of the “Triangle of Fire.” It is critical that the destination learning programs include this area of focus. It is recommended that the theme of historic appreciation and preservation program organization be:

A glimpse at our past is the gateway for our future

Specific programs and areas of focus for collaborative program planning and schedule should follow this basic structure:

- Coast Artillery Museum
 - Historic Fort Worden
 - “Triangle of Fire” coast defenses
 - Coast artillery and military history
- Commanding Officers Quarters Museum
 - Historic Fort Worden
 - Living conditions of historic military officers and their families
- Historic and Cultural Preservation
 - 434,000 square feet of buildings – majority are historic structures
 - “Vanishing Trades” workshops and seminars
 - Living classroom of adaptive re-use of historic structures
- Native American Culture
 - Understand how the land was used before it became a military installation
 - Work with local tribes to teach Native American cultural traditions and programs



Retreats and Conference Development

Fort Worden is an ideal location for unique retreats and small to medium-sized conferences. The beauty and tranquility of the natural surroundings, character of Port Townsend, varied accommodations on-site, and diverse programs available make Fort Worden a place where groups can enjoy a one-of-a-kind experience.

Unique retreats and conference development remains a recommended core program and service because of its potential to yield substantial traffic for improved overnight accommodations. Additionally, this area of focus will also utilize the other facilities of the Fort including small and large meeting rooms, indoor special event and performance venues, and programs of on-site partners. The outline below details the services that should be available in the pursuit of retreats and conferences:

- **Varied accommodations**
 - **Private (1, 2, and 3-bedroom units)**
 - **Semi-private (4, 5, 6, and 11-bedroom units)**
 - **Group (Dormitories and barracks)**
- **Full service, on-site meals and catering**
- **Meeting space**
 - **Small rooms / Large rooms**
 - **Special event and performance spaces**
- **Business support services**
 - **On-site Wi-fi**
 - **Audio-visual equipment**
- **Program packages and options**
 - **Arts & Cultural**
 - **Educational Field Studies**
 - **Health & Wellness**
 - **Historic Appreciation and Preservation**



Later sections of this report will address target groups to which these services can be marketed, as well as recommended strategies for organizing a sales and marketing campaign. Fort Worden should maintain an annual goal for the number of groups and average group size of those served with retreat and conference services that is a viable contribution to the target annual occupancy of private improved overnight accommodations.

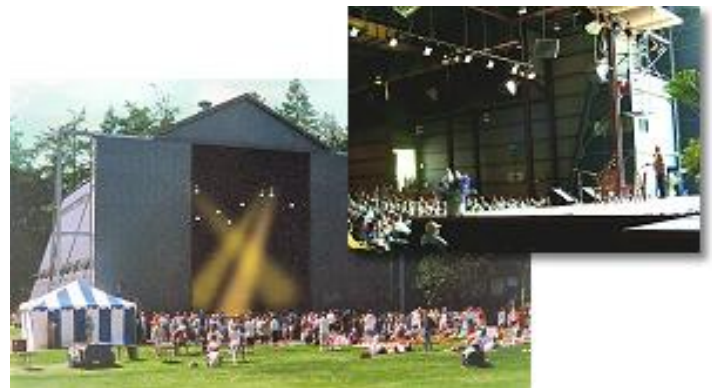
Events

Centrum has established a benchmark of success for Fort Worden in the development and facilitation of large, highly-attended, and sustainable events held each year. The three largest events each year at Fort Worden are the Jazz Fest, Fiddletunes Workshop, and the Blues Festival. The success of these events can be replicated with programs that focus on other areas of interest to Fort Worden visitors, and creating a celebration atmosphere around those opportunities.

Events need to be planned so that guests will be attracted to Fort Worden for multiple days, on-site partners should invite and engage guests in activities and programs, encourage camping and promote the improved accommodations of the Fort, while endorsing the ancillary and support services available at the park (i.e. food service, retail, etc.). Additionally, events should be evaluated at the end of each year as to how they can be “refreshed” for future seasons in order to maintain visitation and appeal. Finally, the programmatic model of Chautauqua Institution in New York is recommended for the development of a week-long, or multi-week event that can utilize the facilities and programs of Fort Worden nearly to full capacity for an extended period.

Recommended areas of focus which large-scale events should be developed and maintained include:

- **Arts and Cultural**
- **Recreation and the Outdoors**
- **Holidays and Seasonal Themes**
- **Personal Enlightenment**
- **Environmental / Sustainable Exploration**
- **Historic Appreciation**
- **Culinary Events**



Services that can be celebrated as adding value and provided the necessary amenities to support large-scale events include:

- **Varied accommodations**
 - **Camping**
 - **Improved accommodations**
- **Full service, on-site meals and catering**
- **Meeting space**
 - **Outdoor open spaces and performance venues**
 - **Indoor special event and performance venues**
- **Business support services**
- **Program packages and options**
 - **Day packages**
 - **Multi-day packages**

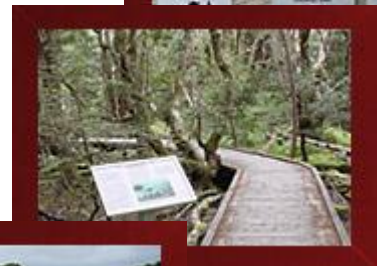


Self-directed Site Experiences

It was noted in the process of conducting thorough site and facility assessments for this project that one of the areas of great opportunity for enhancing the visitor experience at Fort Worden is improving self-directed site tours. Fort Worden has tremendous historical and natural resources that can be leveraged into meaningful interpretive experiences that do not require staffing or guided facilitation. This is a recommendation for focus as a core program and service of the park, including the ongoing management of amenities supporting self-directed experiences for improvement and maintenance.

The recommendations for more developed self-directed experiences are as follows:

- **Interpretive trails**
 - Natural resources focus
 - Historic and cultural significance focus
- **Site signage**
 - Consistent theme and design
 - Support self-guided site tours
- **Outdoor exhibits**
 - Clustered display areas
 - Large, military artifact replicas
 - Wildlife viewing areas
- **Multi-media**
 - Static signage
 - Audio tours
 - Web-interaction (virtual component)
- **Visitor incentives**
 - Fort Worden “Scavenger Hunt”
 - Reward for collecting information found from site tours



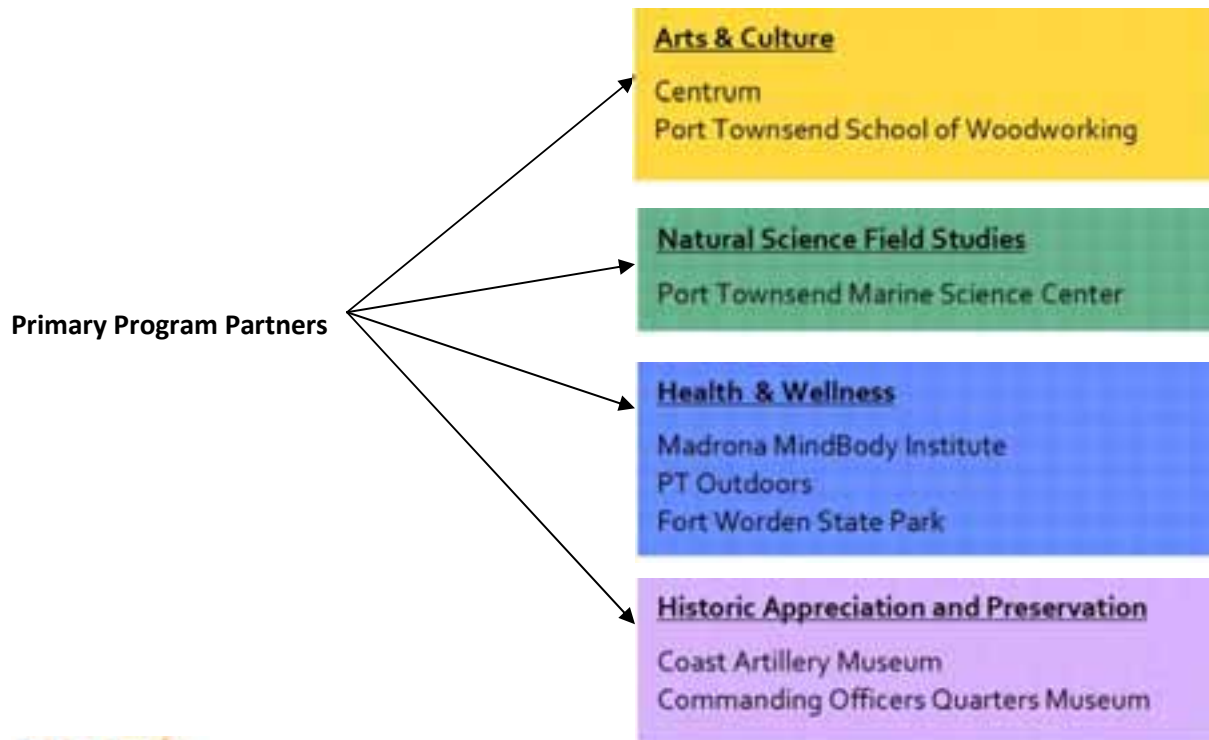
Program and Services Implementation Plan

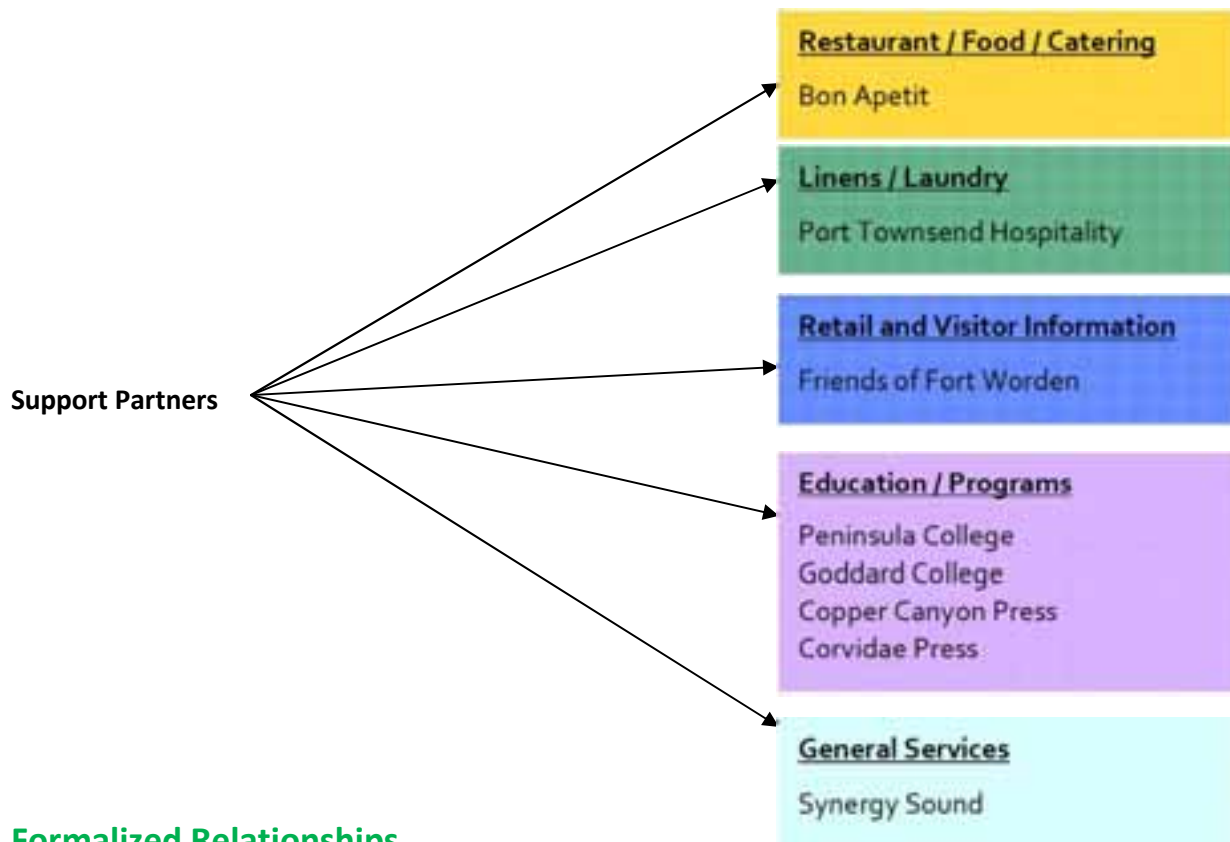
The financial analysis and recommended business plan are formed around some basic organization and management principles for implementing the destination learning programs described herein. These include the delineation of partners into two major categories of roles and responsibilities.

Partner Classification

It is recommended the existing partners be organized into these categories as detailed below. Any new partners can be recruited and should be organized into these categories as well.

- **Primary Program Partners**
 - Destination Learning Programs
 - Collaborative Program Planning
 - Day and Multi-day Formats
 - Collaborative Packaging
 - Special Events
- **Support Partners**
 - Collaborative Program Planning
 - Day and Multi-day Formats
 - Collaborative Packaging
 - Business services / Conference support
 - Special Events





Formalized Relationships

The operating relationships with partner organizations should be formalized into agreements that have standardized parameters and a consistent structure of terms to protect the State, the managing entity of Fort Worden Lifelong Learning Center, and the partner organizations. These agreements should be developed and sustained under the guidelines detailed below.

Standardized Parameters

Parameter	Description	Application
Performance	Performance goals for partner organizations in program development and facilitation, and/or services supporting the business and operating goals of Fort Worden.	Primary and Support Partner Agreements
Fees	Established fees and payments to managing entity of Fort Worden Lifelong Learning Center including base rent for administrative/storage space, percentage of gross earned revenues, and rental rates of additional facilities for programs.	Primary and Support Partner Agreements
Indemnity and Insurance	Mutual indemnity for all parties to be held harmless from gross negligence or circumstantial liability as a result of Fort Worden operations, and minimum insurance requirements.	Primary and Support Partner Agreements
Partner Investment	Tiers of required financial and/or labor investment to support specified administrative functions including, but not limited to program development, marketing, and customer support.	Primary and Support Partner Agreements

Structure of Terms

Terms	Description	Application
Performance – Programs	Performance goals for the partner organization in program development and facilitation supporting the business and operating goals of Fort Worden, including target annual overnight stays from multi-day programs. Failure to meet these goals can result in increased fees paid to the managing entity for the next year.	Primary Partner Agreements
Performance – Services	Performance goals for the partner organization in the provision of services supporting the business operating goals of Fort Worden. Failure to meet these goals can result in increased fees paid to the managing entity for the next year.	Primary and Support Partner Agreements
Fees – Facility Use	<p>Established fees and payments to managing entity of Fort Worden Lifelong Learning Center for base rent for administrative and storage space, percentage of gross earned revenues, and rental of facilities for programs.</p> <p>Annual partner fees will be paid regularly, either monthly or quarterly, and incorporate a reduction schedule based upon utilization of overnight facilities. For example, meeting or exceeding annual performance goals as described above could result in reduced fees for the remaining payment periods until the end of the year, as well as continuation of reduced fees for the next year.</p> <p>Partner financial and/or labor investment in general administration, marketing, facility management, or capital development can also impact fees.</p>	Primary and Support Partner Agreements
Duration	Established tiers of duration based upon level of investment by partner organization ranging from one (1) year, not to exceed 50 years. Fees will potentially fluctuate annually based upon partner performance, but will be within an established range for the term of the agreement.	Primary and Support Partner Agreements

Areas of Focus and Program Standards

Program providers should be directed and managed to focus on select areas of destination learning programs facilitated at the Fort Worden Lifelong Learning Center. This will help to sustain a complimentary blend of programs and services that is diverse and progressive. The matrix on the following pages provides recommended areas of focus and program standards for the recommended destination learning programs and core services.

All program standards can be modified and adjusted to fit unique circumstances. It is assumed group and discount pricing may be applied. Suggested prices are for programs only, not including any lodging, food, or linens/laundry for multi-day experiences. Target annual participation represents total participation and target annual overnight stays represents improved accommodations only.

Arts and Culture

These programs will predominantly be developed and provided by the following existing Primary and Support Partners:

- Centrum
 - Copper Canyon Press
 - Corvidae Press
 - Goddard College
- Port Townsend School of Woodworking
- Off-site preferred customers

Type	Focus	Market	Size	Length	Price	Cost Recovery
Workshops	Performing Visual, Trade, Literary Arts	General public, target interest markets	5 - 25 persons	1 - 4 days	\$55 – 195 / day / person	125%+
Workshops	Performing Visual, Trade, Literary Arts	General public, target interest markets	26 - 50 persons	1 - 4 days	\$35 – 145 / day / person	125%+
Seminars	Performing Visual, Trade, Literary Arts	General public, target interest markets	15 - 250 persons	1 day	\$25 – 85 / day / person	100%+
Residencies	Performing Visual, Trade, Literary Arts	Target interest markets	1 – 12 persons	Varies	Varies	100%+
Events	Performing Visual, Trade, Literary Arts	General public, target interest markets	25 – 1,000+ persons	2 – 6 days	Varies	125%+
Performances	Performing Visual, Trade, Literary Arts	General public, target interest markets	25 – 1,000+ persons	¼ day to 1 day	\$0 – 75 / performance / person	150%+

Target Annual Participation	Target Annual Overnight Stays
20,000 – 28,000	12,000 – 16,000

Natural Science Field Studies

These programs will predominantly be developed and provided by the following existing Primary and Support Partners:

- Port Townsend Marine Science Center
- Northwest Maritime Center
- Olympic Park Institute
- Islandwood
- Off-site preferred customers

Type	Focus	Market	Size	Length	Price	Cost Recovery
Daily Tours	Exhibits, shoreline	General public, groups	5 – 25 persons	2 hours	\$20 / person	85%
Specialized Programs	Marine Biology, Environmental Quality	General public, groups	8 – 50 persons	4 hours to 3 days	\$10 – 40 / hour / person	120%+
Floating Laboratory Tours	Marine Biology, Environmental Quality	General public, groups	Varies	2 – 4 hours	\$15 - 25 / hour / person	100%+
School Programs	Natural Science, Marine Biology, Environmental Quality	School groups grades 5 – 12	8 – 120	2 hours	\$5 – 8 / person	65%
School Programs	Natural Science, Marine Biology, Environmental Quality	School groups grades 7 – 12	8 – 120	1 – 3 days	\$35 - 50 / day / person	100%
Seminars	Marine Biology, Environmental Quality	General public, target interest markets	15 - 250 persons	¼ day to 1 day	\$5 – 85 / day	100%+
Summer Camps	Natural Science, Environmental Quality, Outdoor Recreation	General public, youth groups, target interest markets	6 – 24 persons	4 – 10 days	\$35 – 50 / day / person	120%+
Citizen Science Programs	Marine Biology, Environmental Quality	General public, target interest markets	4 – 12 persons	1 – 2 days	\$55 – 75 / day / person	120%+

Target Annual Participation	Target Annual Overnight Stays
15,000 – 25,000	500 – 2,500

Health and Wellness

These programs will predominantly be developed and provided by the following existing Primary Partners:

- Madrona MindBody Institute
- PT Outdoors
- Fort Worden State Park
- Friends of Fort Worden
- Off-site preferred customers

Type	Focus	Market	Size	Length	Price	Cost Recovery
Equipment Rental	Sports and recreation	General public, groups	n/a	1 – 8 hours	\$10 – 25 / hour	100%+
Classes / Workshops	Health, wellness, sports and recreation, skill clinics	General public, groups	5 – 35 persons	2 – 4 hours	\$8 – 65 / hour / person	125%+
Specialized Programs	Health, wellness, sports and recreation, skill clinics	General public, groups	8 - 50 persons	4 hours to 3 days	\$15 – 75 / hour / person	125%+
Seminars	Health, wellness, sports and recreation, skill clinics	General public, target interest markets	15 - 250 persons	1 day	\$25 – 85 / day / person	120%+
Residential	Health and wellness, skill clinics	General public, target interest markets	4 – 20 persons	2 – 6 days	\$35 – 250 / day / person	125%+
Events	Health, wellness, sports and recreation, skill clinics	General public, target interest markets	25 – 1,000+ persons	1 – 2 days	Varies	100%+
Recreation Camps / Tours	sports and recreation, skill clinics	General public, target interest markets	4 – 20 persons	2 – 6 days	\$35 – 150 / day / person	110%+

Target Annual Participation	Target Annual Overnight Stays
5,000 – 10,000	500 – 2,500

Historic Appreciation and Preservation

These programs will predominantly be developed and provided by the following existing Primary and Support Partners:

- Coast Artillery Museum
- Commanding Officers Quarters Museum
- Friends of Fort Worden
- Off-site preferred customers

Type	Focus	Market	Size	Length	Price	Cost Recovery
Admission	Exhibits, museums	General public	n/a	n/a	\$3 – 8 / person	65%
Daily Tours	Exhibits, museums, site and grounds	General public, groups	5 – 35 persons	2 hours	\$8 - 20 / person	100%
Classes / Workshops	Historic living skills, historic preservation, “vanishing trades”	General public, groups, target interest markets	5 – 35 persons	½ day to 3 days	\$20 – 85 / day / person	125%+
Specialized Programs / Presentations	Fort Worden military history, historic living conditions, historic preservation	General public, groups, schools and youth target interest markets	8 - 50 persons	½ hour to 2 hours	\$3 – 8 / person	85%
Seminars	Fort Worden military history, historic living conditions, historic preservation	General public, target interest markets	15 - 250 persons	1 day	\$25 – 85 / day / person	110%+
Residential	General military history historic preservation, “vanishing trades”	General public, target interest markets	25 – 250 persons	2 – 3 days	\$35 – 250 / day / person	120%+
Events	Fort Worden and general military history, historic living	General public,	25 – 1,000+ persons	1 – 2 days	Varies	100%+

Target Annual Participation	Target Annual Overnight Stays
8,000 – 18,000	500 – 1,500

Retreats and Conferences

These programs will predominantly be developed and provided by the following parties:

- Fort Worden Primary Partners
- Fort Worden Support Partners
- Washington State Parks
- Port Townsend Chamber of Commerce
- Off-site preferred customers

Type	Focus	Market	Size	Length	Price	Cost Recovery
Unique retreats	Quality and diverse accommodations and meeting facilities, innovative programs and services, indoor and outdoor venues, full service destination, natural surroundings, area charm	Public agencies, private non-profit organizations, clubs and associations, for-profit businesses, families and groups	12 – 150 persons	2 – 4 days	Varies	150%+
Conferences	Quality and diverse accommodations and meeting facilities, innovative programs and services, indoor and outdoor venues, full service destination, natural surroundings, area charm	Public agencies, private non-profit organizations, clubs and associations, for-profit businesses,	12 - 500 persons	2 – 4 days	Varies	150%+

Target Annual Participation	Target Annual Overnight Stays
2,500 – 8,000	5,000 – 24,000

Self-directed Experiences

These programs will predominantly be developed and provided by the following parties:

- Fort Worden Primary Partners
- Fort Worden Support Partners
- Washington State Parks

Type	Focus	Market	Lead Party	Responsibility
Interpretive Trails	Natural science, cultural, and military history of site, cultural history of site, military history of site	General public	Washington State Parks	Develop trail plans, leverage resources of partner organizations, manage implementation and maintenance
Interpretive Signage	Natural science and history of site, cultural history of site, military history of site	General public	Washington State Parks	Develop signage plans, leverage resources of partner organizations, manage implementation and maintenance
Outdoor Exhibits	Natural science and history of site, cultural history of site, military history of site	General public	Primary Partners	Develop exhibit plans, leverage resources of partner organizations, manage implementation and maintenance
Multi-media	Natural science and history of site, cultural history of site, military history of site	General public	Primary Partners	Design multi-media applications, leverage resources of partner organizations, manage implementation and maintenance
Incentives	Natural science and history of site, cultural history of site, military history of site	General public	Washington State Parks / Primary Partners / Support Partners	Develop incentive plans, leverage resources of partner organizations, manage implementation and maintenance

Target Annual Participation
20,000 – 36,000

Additional Program and Services Recommendations

As noted throughout the sections above, there are extensive programs and services currently provided to visitors and guests to Fort Worden State Park. Recent collaborative efforts between these on-site partners have been strongly encouraged by both state park and Centrum management, and have yielded positive short-term results. It is evident to the Consultant Team that collaboration between partners and service providers in program development and delivery has historically been fragmented and inconsistent, with exceptions among select partners.

Generally, the visitors to Fort Worden State Park are unaware and uncaring to the distinction between organizations and their unique programs available on-site. It has been repeatedly found that at sites where there are numerous and diverse service providers, users and visitors respond favorably through increased purchasing behavior toward seamless and packaged experiences. It is the primary recommendation in assessing programs and services at Fort Worden State Park that a menu of packaged programs be developed utilizing the diverse opportunities available through services of the state park and its partners, collaborative program planning occur regularly, program planning be complete no less than six months prior to the program date, and the collaborative marketing efforts increase utilizing an effective blend of marketing and promotional activities.

Program Packaging

The diversity of current visitors to Fort Worden State Park reflects the diversity of programs and services available through the state park and its on-site partners. It is important to maintain a range of opportunities that can appeal to the diverse segments of the park’s target market. A menu of packaged programs can be developed and trialed through implementation by the state park staff, and refined as necessary based upon customer response and program success. Examples of program packages are detailed in **Tables 7(a) – (b)** below and on the following page.

Package	Program Elements	Providers	Target Audience	General Duration	Suggested Price
Adventures of the Past	Entrance to all history museums on-site, and 2-hour interpretive hike among artillery batteries	State Park CAM COQM FoFWSP	General visitors to Fort Worden; overnight reservations	Valid for up to two days	\$15/person; group discounts available
Puget Sounder	Interpretive presentation and tour of Marine Science Center, and basics of environmental monitoring	State Park PTMSC FoFWSP	General visitors to Fort Worden; overnight reservations	Two hours	\$20/person; group discounts available
Puget Sounder II	Interpretive programs and tour of Marine Science Center, and advanced environmental monitoring skills including boat tour	State Park PTMSC FoFWSP	General visitors to Fort Worden; overnight reservations	Four hours	\$55/person; group discounts available

Table 7a: Example Program Packages for Fort Worden State Park

Package	Program Elements	Providers	Target Audience	General Duration	Suggested Price
Fort Worden Adventure	Entrance to all museums on-site; 2-hour guided sea kayaking in Puget Sound; 1-hour tour of Marine Science Center Exhibits; 1.5-hour interpretive hike among artillery batteries; 2-hour relaxation program at Madrona MindBody Institute	State Park CAM COQM PT OUTDRS PTMSC FoFWSP MMBI	General visitors to Fort Worden; overnight reservations; Conference Center groups; tour groups	Valid for up to four days	\$125 /person; group discounts available

Table 7b: Example Program Packages for Fort Worden State Park (cont'd)

Program Planning

The Consultant Team observed little consistency among services providers regarding advance planning of programs offered either to the general public or targeted audiences. Knowing the rigors of program promotion and sales, it is critical that programs and packages be planned a minimum of six months to a year in advance. Packages for external customers’ conferences should be planned and promoted to conference and meeting planners. These packages can be used as sales tool and provide appropriate incentives for those planners thinking of using Fort Worden as their conference facility. Programs and packages should be collaboratively planned and scheduled for purposes of being assembled in promotional material with adequate time to allow for effective marketing of these opportunities to the identified target market segments. PROS staff with previous successful experience in designing and delivering programs observe that it generally requires at least 180 days to effectively market programs that can yield effective sales. Subsequently, it is strongly recommended that program planning should be conducted with a minimum of six-month to a year lead time.

PROS recommends that collaborative program planning workshops be scheduled monthly in the initial periods of implementation of the Long Range Plan, and potentially become quarterly as they become more effective and routine. These workshops can be organized with clear and concise goals to develop and enhance collaborative programming available to visitors at Fort Worden State Park as provided through the state park directly and the on-site partners. Program planning goals and objectives should reflect the priorities of the State Park, as well as the service providers involved. Specifically, programs should be planned with identified outcomes such as targeted participants served and/or overnight stays.

Program Promotion

Once collaborative programs and packages are developed, a concerted effort should be made to collectively promote and market these opportunities to the identified target markets. A more detailed marketing mix specific to Fort Worden State Park and the on-site partners will follow in the recommendations phase of the Long Range Plan. In the least, the collaborative website recently developed to clearly communicate the opportunities available to the visitor at Fort Worden State Park is a great start at providing a unified source of information for current and potential customers. It is strongly recommended that information be organized by activity or opportunity, with secondary links to partner organizations. Additionally, program packages and purchase incentives should be prominently promoted through the website, press releases, and strategically distributed promotional materials.

Management and Operations Plan

Summary of Approach

The *Management and Operations Plan* component of the *Business and Operating Implementation Plan* provides guidance and recommendations supporting multiple alternatives for managing the implementation and pursuit of the Fort Worden Lifelong Learning Center. Respecting the complexities involved with determining the most appropriate, strategic, and promising alternative management structure that supports the development and delivery of a successful and sustainable lifelong learning center, this plan works to inform Washington State Parks and the Fort Worden State Park stakeholders the full implications, assumptions, and requirements for each of the four (4) alternatives presented. These alternatives include:

1. Scenario 1 – Washington State Parks Management

Scenario 1 details the implementation of the Fort Worden Lifelong Learning Center under the singular management of Washington State Parks, with multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. Unique policy requirements as well as political conditions associated with this scenario are detailed. It is critical to note this scenario does not represent a continuation of *status quo* at Fort Worden, but will involve growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

2. Scenario 2 – Co-management with a Non-profit Organization

Scenario 2 details the implementation of the Fort Worden Lifelong Learning Center under co-management between Washington State Parks and a selected non-profit willing and able to perform necessary management responsibilities. Scenario 2 involves all current state park staff remaining as state employees and the co-managing entity taking primary responsibility for enhancing, developing and managing use of facilities and program participation. This scenario also includes multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. Unique policy requirements as well as political conditions associated with this scenario are detailed. It is critical to note this scenario involves the growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

3. Scenario 3 – Primary Management by a Non-profit Organization

Scenario 3 details the implementation of the Fort Worden Lifelong Learning Center under the primary management of a selected non-profit willing and able to perform necessary management responsibilities. Scenario 3 involves the partial transition of current state park staff to become employees of the new managing entity. This scenario also includes multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. Unique policy requirements as well as political conditions associated with this scenario are detailed. It is critical to note this scenario involves the growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

4. Scenario 4 – Full Management by a Non-profit Organization

Scenario 4 details the implementation of the Fort Worden Lifelong Learning Center under the full management of a selected non-profit willing and able to perform necessary management responsibilities. Scenario 4 involves the complete transition of current state park staff except law enforcement / ranger staff to become employees of the new managing entity. This scenario also includes multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. Unique policy requirements as well as political conditions associated with this scenario are detailed. It is critical to note this scenario involves the growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

In the sections that follow these alternative scenarios will be further discussed and compared, with detailed pro forma supporting each provided in Appendix A through Appendix D. Three of these four alternatives involve a complex relationship between Washington State Parks and a non-profit organization for some level of shared or transferred management responsibilities of Fort Worden State Park / Lifelong Learning Center. A Governance Task Force was chartered by the Washington Parks and Recreation Commission in 2007 to explore and recommend governance alternatives that would best enable the sustainable operations of the envisioned lifelong learning center. These recommendations and associated benefits and opportunities are detailed below.

Alternative Governance Recommendations

In 2007, the State Parks and Recreation Commission (Commission) adopted a publicly supported vision for Fort Worden as a center for Life Long Learning. As envisioned, the Fort will become a full-service, year-round destination providing a diverse array of meaningful experiences for people of all ages, backgrounds, skills, and interests through its programs, events, services, and facilities. A multitude of resident partners will create a shared economy that supports state of the art programming in the arts and culture, health and wellness, natural science, outdoor recreation, and historic preservation. With a variety of conference facilities and accommodations ranging from camping to residences and single guest rooms, plus high-quality food service focused on locally grown ingredients, the new Fort Worden will allow visitors to design their stay around their needs and preferences.

As part of its adoption of the Life Long Learning Center vision, the Commission recognized that it alone did not have the resources required to achieve the vision. It needed to find a way for non-profits and businesses operating at the Fort to participate fully – sharing resources, expanding program offerings, caring for facilities, building financial support, and better collaborating with one another.

As a first step toward this vision, the Commission chartered a task force to evaluate governance structures and recommend the one best suited to manage the Fort. The Director appointed Task Force members experienced in organizational development and governance and from a variety of organizational perspectives including:

- State Parks and Recreation Commission Member
- State Arts Commission Staff/Commissioner
- County Commissioner/City Councilmember
- Fort Worden Advisory Committee (2)
- Experienced Former State Legislator
- Philanthropic Community
- Washington Federation of State Employees (WFSE)

From its analysis, the Fort Worden Task Force recommends that a non-profit corporation is best suited to manage a Life Long Learning Center. This management structure combines the fund raising capability and flexibility of non-profits with the potential for investment by private enterprise, and the financial capacity, stability and public accountability of state government. Lead management by a non-profit also breaks down isolation among the Fort's resident partners and creates an incentive for them to work together and share in the long-term care of the park and its facilities.

While the Task Force recommends that a non-profit is best suited to manage, it is important to assure the public that Fort Worden will always remain a state park and operate according to the vision, mission, values, and principles the Commission has adopted for the Fort.

Should State Parks' staff and the Commission concur with the Task Force's recommendation, management responsibility would transition over a period of time, as the new manager builds experience, capacity, and capability. A formal Memorandum of Understanding (MOU) between the Commission and the prospective non-profit would guide this transition, which may take several years to accomplish.

During the transition, the Commission will expect the non-profit to demonstrate it is capable of assuming management responsibility. Likewise, the Commission must demonstrate to the prospective non-profit that it is willing to transition significant management authority and has put in place financial commitments and administrative provisions needed to help realize the Commission's and public's vision for Fort Worden.

Staff will ask the Commission to authorize execution of a MOU with specific, measurable commitments that it and the prospective non-profit must satisfy in order for a management transfer to occur. Similarly, the non-profit's board of directors should also be asked to authorize execution of the MOU, thereby committing itself to the transition. Both the Commission and the non-profit's board must approve the final MOU.

Both parties would agree that if respective milestones and commitments are met, transfer of management authority and responsibility will be negotiated. Ultimate transfer of management will likely take the form of a long-term master lease agreement.

Governance Assumptions in Operating Pro-Forma

For purposes of developing the operations pro-forma provided in this *Business and Operating Implementation Plan*, it is assumed that any transition into a management agreement of any level with a private, non-profit organization will occur over a period of four (4) years, with Year 1 being Fiscal Year 2009. Additionally, it is assumed that the partner organizations will have developed operating agreements with either the new managing entity of Fort Worden or Washington State Parks at that time and will provide revenues from rent, facility use, program facilitation, and additional identified potential revenue streams to support the operating costs of the Fort Worden Lifelong Learning Center.

This pro-forma also projects operating conditions for the period following the opening and operations of the new single-guest accommodations project. It is assumed in Year 5 that this project enters active use by the public and operates either directly managed by the non-profit management entity or under a concession agreement of a partner yet to be identified.

Benefits and Opportunities of Alternative Governance / Management

There are multiple benefits and opportunities that have been identified with the recommended governance structure proposed by the Governance Task Force as it applies to this *Management and Operations Plan* that supports this *Business and Operating Implementation Plan*. These benefits and opportunities include:

- **Combined administration**
 - Economy of scale / Shared responsibilities / Reduced redundancy
 - Reservations / Concierge
 - Volunteer recruitment and training
 - Retail
- **Phased development**
 - Management transition
 - Operational / programmatic growth
 - Capital repair / renovation / replacement
 - New capital development
- **Flexible management practices**
 - Pricing and procurement
 - Commercial relationships
 - More diverse opportunities for revenue generation
- **Expanded partner programs**
 - Addressing existing partner facility needs
 - Recruiting new partner service providers needing facilities
 - Beneficial co-branding and new market development
 - Developing the operational capacity of existing and future partners
- **Proactive facility management**
 - Better resourced facility maintenance team
 - Regular coordination of needs and priorities
 - Balanced schedule
- **Unify key messages and brand**
 - Maintain on-site partner individuality
 - Enforced co-branding policies and practices
 - Develop simple, inclusive venues for delivering unified brand

In summary, it is anticipated that as a result of more flexible management practices from a non-governmental managing entity, improved performance of existing facilities and services, and new improved accommodations development, State Parks will be able to reliably stabilize and potentially achieve substantial cost avoidance in its annual contribution to the operations of Fort Worden State Park.

Cost-based Accounting and Cost of Service Analysis

One of the major underpinnings of this *Business and Operating Implementation Plan* is the recommendation to universally adopt cost-based accounting for the managing entity and partners operating at Fort Worden. It is critically important moving forward that the direct and indirect costs associated with providing facilities, programs, and services to the public at Fort Worden Lifelong Learning Center are known, tracked, and applied. With cost of services known it will be substantially easier for managers and operators at Fort Worden to make prudent pricing decisions, communicate true costs of service to the stakeholders and local community, and defend funding proposals to both public and private funders.

The three primary best practices for why tracking full cost of services is important are:

- Determination of the cost effectiveness of each program area including identifying subsidy levels and resource efficiencies
- Analysis of operations associated with each program area to identify total costs and assist in the design of appropriate user fees
- Confirmation of the achievement of pricing policies and recovery goals
- Determine capabilities to cover program costs for low income participants and development of new programs through higher revenue generating programs

Cost of service analysis determines the total cost of providing services to individual customers, groups of customers, or an entire customer base. The total cost of service includes all direct and indirect costs. Results of this analysis can support decision making for determining what programs and services require additional operating capital or additional fees to be charged for specific services.

Standard assumptions and methodology to maintain a cost of service analysis follow:

- Direct costs include those costs incurred in the existing budget organizations such as salaries and benefits, store inventory, activities, uniforms, supplies, equipment rental, contractual services, printing, programming, and volunteer program.
- All costs other than direct costs are considered indirect costs. Indirect costs are allocated to each department and/or program based upon an established formula.
- Direct cost plus the indirect costs equal the total costs.
- Total costs divided by the units of service were identified to determine the total costs per unit of service.
- Results of the cost of service analysis do not necessarily mean that Fort Worden should recover all of the costs of a service through user fees. Though the cost of service depicts the cost to provide a service, it should not be used as a cost recovery benchmark. The cost of service results reveal what is required in the way of operating capital and what rates should be set to meet the recovery goals of the pricing policy. When evaluating the pricing of services, organizations typically analyze their target market and the social and economic impact of the service, the characteristics of the product or service, and environmental influences.

A cost of service analysis includes three levels of assessment:

- **Direct Cost** - The most detailed analysis will be at the program level and will assess the cost and related recovery for each activity within the budget programs. This assessment will document the direct cost of each program area.
- **Indirect Cost** - Second tier assessment will allocate the indirect costs to the program areas. The indirect costs need to be more thoroughly reviewed in relationship to both the direct cost and potential extra administrative and/or facilities costs associated with each program offering. Indirect costs include administrative labor and other costs (materials, supplies, etc), general maintenance, utilities, and services from organization units such as accounting services, legal services, marketing, and external service charges and contractors.
- **Other Financial Impacts** - Third tier assessment will allocate debt service, external costs, and external funds; such as grants, gifts or donations, to the program areas.

Based on the information collected and analyzed, the PROS Team believes that Fort Worden has the basic information needed to complete a full cost of service analysis. Data maintained by Fort Worden is notably better than most park and recreation sites or agencies reviewed by the PROS Team. The PROS Team recommends that Fort Worden establish cost recovery rates for each program category.

The following steps are required to implement a full cost of service approach.

Data Collection

Data collection includes gathering the following operating data:

- Documentation for the allocation of administrative and overhead costs
- Maintenance activities documentation
- Development of capital renewal and rehabilitation costs to allocate to the services and programs

Cost Analysis

Current cost methodology documents total direct costs for each program or service. Indirect costs are those which are not easily identifiable with a specific program, but which may be necessary to the operation of the program. These costs are shared among programs and, in some cases, among functions. Administrative costs also need to be identified such as purchasing, human resources, information services, general management and governance which should be charged as indirect costs.

User Fee Design

Analysis of each program area's resource requirements documents the proper allocation of resources to achieve the desired quality and quantity of services and programs. Additionally, the analysis provides a method for documenting operational efficiency and determining subsidy levels. Based on the pricing policies and recovery goals, Fort Worden will have the capability to revise existing and/or design new user fees.

Update of Pricing Policies

During the cost of service analysis is an opportune time to review and update the pricing policies to maximize the results of the cost of service analysis and make adjustments to policies and cost recovery goals.

Personnel and Staffing Management

The four alternative operating pro-forma provided within this *Business and Operating Implementation Plan* have been developed with several assumptions addressing the transition and management of personnel associated with the daily operations of the Fort Worden Lifelong Learning Center. All recommendations are provided with the foundational value of preserving the quality of the employment terms and conditions of current employees of Fort Worden State Park, and that all existing state park staff are necessary and prudent to continue working with either State Parks or the new management entity of Fort Worden. Represented within the four alternative pro forma provided, there are three distinct options for the management of current state park staff that are:

1. All employees remain state employees (Scenarios 1 and 2).
2. Partial transition of employees to the new management entity (Scenario 3).
3. Complete transition of employees to the new managing entity except law enforcement / ranger staff (Scenario 4).

General Operations

For purposes of organizing and reference to existing personnel, Fort Worden State Park staff have been categorized into the following major areas:

- Administration
 - Park Area Manager
 - Office Assistant
- HR / Finance
 - H&F Resources Manager
 - Office Assistant
- Programs
 - Program Specialist 4 and direct reports
- Rangers
 - Ranger 3 and direct reports
- Maintenance
 - C&M Superintendent 2 and direct reports
- Caretakers
 - Caretaker supervisor and direct reports

The personnel and staffing implications that coincide with the alternative scenarios that are further explained in the pro forma included within the appendices of this report are detailed below.

Scenario 1 – Washington State Parks

In Scenario 1 all current state park staff will remain as state employees, and may perform work per enhanced practices and policies that are necessary to achieve the sustainable vision of the Fort Worden Lifelong Learning Center.

Ten (10) additional Full-Time Equivalent (FTE) positions are projected to be necessary in Washington State Parks as a result of the intensive facility assessments, and staff and stakeholder interviews. These positions include:

1. Three (3) additional facility maintenance staff
2. Two (2) additional conference planners (program staff)
3. Two (2) additional law enforcement / ranger staff
4. One (1) marketing coordinator
5. Two (2) additional custodial staff

It is assumed in Scenario 1 that the operating partners at Fort Worden Lifelong Learning Center would have independent staffing needs not reflected here. That includes the 20 projected staff needed for the management of the proposed single-guest accommodations by a private partner yet to be identified.

Scenario 2 – Co-management with a Non-profit Organization

In Scenario 2 all current state park staff will remain as state employees, and may perform work per the terms of the MOU between Washington State Parks and the new managing entity of Fort Worden Lifelong Learning Center. This scenario is best described as the shared management responsibilities in which Washington State Parks continues managing the traditional Fort Worden State Park functions, and is predominantly focused on the maintenance of facilities. The co-managing entity in Scenario 2 is tasked with taking on the management of all operating partners, the development and delivery of core programs and services, the marketing and promotion of Fort Worden Lifelong Learning Center, and is predominantly focused on managing the use of facilities.

Seven (7) additional Full-Time Equivalent (FTE) positions are projected to be necessary in Washington State Parks as a result of the intensive facility assessments, and staff and stakeholder interviews. These positions include:

1. Three (3) additional facility maintenance staff
2. Two (2) additional law enforcement / ranger staff
3. Two (2) additional custodial staff

Scenario 2 assumes that the co-managing entity will be required to hire a marketing coordinator and two additional program staff as identified within this plan to be a requirement for achieving the necessary exposure and visitation to support a sustainable Fort Worden Lifelong Learning Center.

It is also assumed in Scenario 2 that the operating partners at Fort Worden Lifelong Learning Center would have independent staffing needs not reflected here. That includes the 20 projected staff needed for the management of the proposed single-guest accommodations by a private partner yet to be identified.

Scenario 3 – Primary Management by a Non-profit Organization

In Scenario 3 a portion of current state park staff will transition to the new managing entity of Fort Worden Lifelong Learning Center to perform work in their current functions supporting the Center. The remaining portion will remain as state employees, and may perform work per the terms of the MOU between Washington State Parks and the new managing entity of Fort Worden Lifelong Learning Center. This scenario represents primary management responsibilities are transitioned to the new managing entity including the management of all operating partners, the development and delivery of core programs and services, the marketing and promotion of Fort Worden Lifelong Learning Center, and is predominantly focused on managing the use of facilities. Washington State Parks will continued managing some of the traditional Fort Worden State Park functions, and is predominantly focused on the maintenance of facilities.

These existing staff will remain as Washington State Parks employees as reflected in Year 4 of the operating pro-forma:

- Administration
- HR / Finance
- Rangers
- Maintenance

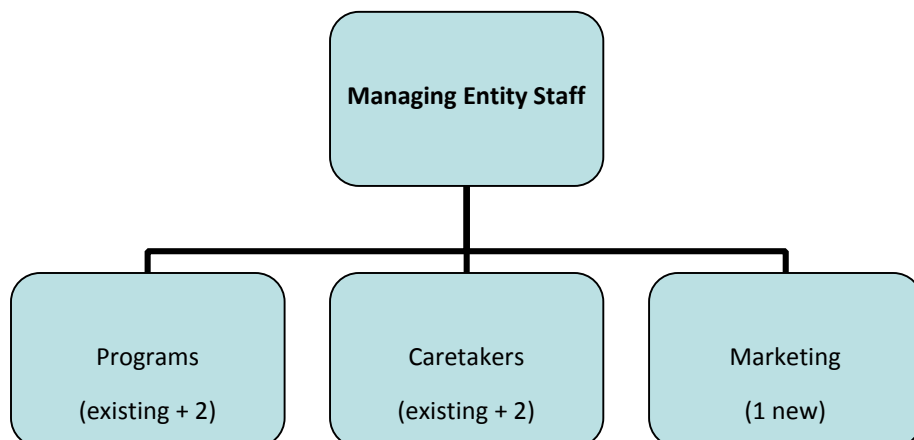
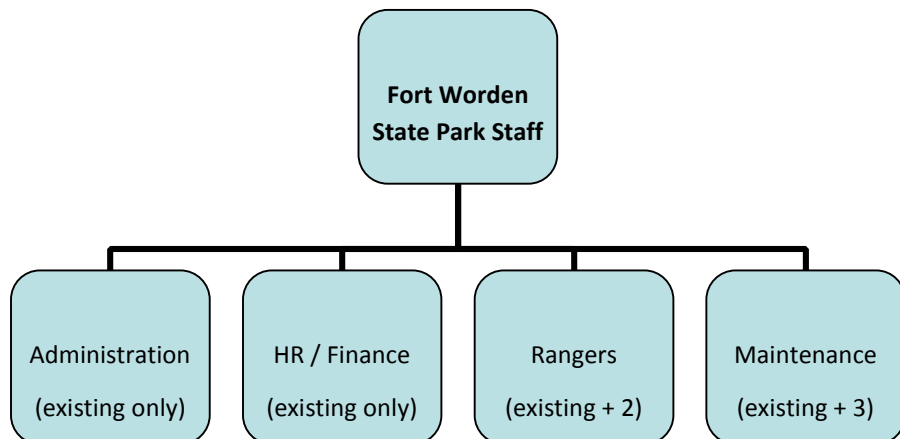
The following staff will transition to become employees of the new managing entity of Fort Worden beginning in Year 4:

- Programs
- Caretakers

Five (5) additional Full-Time Equivalent (FTE) positions are projected to be necessary in Washington State Parks as a result of the intensive facility assessments, and staff and stakeholder interviews. These positions include:

1. Three (3) additional facility maintenance staff
2. Two (2) additional law enforcement / ranger staff

Scenario 3 assumes that the primary managing entity will be required to hire a marketing coordinator, two additional program staff, and two additional caretakers as identified within this plan to be a requirement for achieving the necessary exposure and visitation to support a sustainable Fort Worden Lifelong Learning Center. The division of labor and personnel organization that takes effect beginning in Year 4 is detailed in the figures below.



It is assumed that the new managing entity will have existing staff not addressed in this organizational staffing plan or in the above noted estimated payroll. This division of labor only addresses existing Fort Worden State Park staff and needed additions for the success of the Fort Worden Lifelong Learning Center.

It is also assumed in Scenario 3 that the operating partners at Fort Worden Lifelong Learning Center would have independent staffing needs not reflected here. That includes the 20 projected staff needed for the management of the proposed single-guest accommodations by a private partner yet to be identified.

Scenario 4 – Full Management by a Non-profit Organization

In Scenario 4 all the current state park staff will transition to the new managing entity of Fort Worden Lifelong Learning Center to perform work in their current functions supporting the Center *except* the law enforcement / ranger staff. This scenario assumes that Washington State Parks will find alternative or additional staff to be responsible for the requirements of managing and maintaining the other two parks in the Fort Worden area – Rothschild House and Old Fort Townsend – or will contract with the new managing entity of Fort Worden Lifelong Learning Center to perform these functions.

These existing staff will remain as Washington State Parks employees as reflected in Year 4 of the operating pro-forma:

- Rangers

The following staff will transition to become employees of the new managing entity of Fort Worden beginning in Year 4:

- Administration
- HR / Finance
- Maintenance
- Programs
- Caretakers

Two (2) additional Full-Time Equivalent (FTE) positions are projected to be necessary in Washington State Parks as a result of the intensive facility assessments, and staff and stakeholder interviews. These positions include:

1. Two (2) additional law enforcement / ranger staff

Scenario 4 assumes that the new managing entity will be required to hire three (3) additional facility maintenance staff and a marketing coordinator as identified within this plan to be a requirement for achieving the necessary exposure and visitation to support a sustainable Fort Worden Lifelong Learning Center.

It is assumed that the new managing entity will have existing staff not addressed in this organizational staffing plan. This division of labor only addresses existing Fort Worden State Park staff and needed additions for the success of the Fort Worden Lifelong Learning Center.

It is also assumed in Scenario 4 that the operating partners at Fort Worden Lifelong Learning Center would have independent staffing needs not reflected here. That includes the 20 projected staff needed for the management of the proposed single-guest accommodations by a private partner yet to be identified.

Staffing Requirements for New Development

As addressed previously in this report, it is recommended that Washington State Parks pursue the conversion of two existing buildings into single-guest accommodations that will improve the revenue generating capacity of the park, and better serve the needs and interests of the target market supporting the lifelong learning center and its programs. In all alternative scenarios it is assumed that Washington State Parks will work directly or through the new managing entity to identify and recruit a partner organization that can help provide the necessary capital investment required for this project and this process will include the transparent intention to engage a private operator of the facility once completed.

No scenarios contained within this report include the option of Washington State Parks managing these new accommodations directly. All scenarios feature revenues generated from the performance goals outlined within this report will be provided as a payment or fee paid to the managing entity of Fort Worden equal to 8% of gross revenues associated with the new single-guest accommodations.

The following personnel and staffing requirements have been projected to be required by the private operator of the new single-guest accommodations.

Additional staff for new improved accommodations (20 staff)

<u>Payroll position</u>	<u>Qty</u>	<u>Rate</u>	<u>Total</u>
Management	2	\$ 37.00	\$ 153,920.00
Maintenance	2	\$ 22.50	\$ 93,600.00
Front Desk	8	\$ 15.00	\$ 249,600.00
Custodial / Cleaning	6	\$ 15.00	\$ 187,200.00
Accounting	1	\$ 30.00	\$ 62,400.00
Reservations	1	\$ 15.00	\$ 31,200.00
			\$ 777,920.00
Additive rate (25%)			\$ 194,480.00
Total payroll			\$ 972,400.00

This information can be utilized to inform a prospective private operator that would be engaged to manage the newly developed single-guest accommodations of the projected staffing requirements associated with these responsibilities. It is intended that this information validate a reasonable percentage of gross revenues paid to the managing entity of Fort Worden that can be sustained by the operator.

It is assumed that within the context of these additional staffing requirements to be managed by a private partner yet to be identified, there are a total of nine (9) positions – including all front desk and reservation staff – that will feature primary job requirements/expectations similar to that of the current state park staff in the program area. Therefore, it is anticipated that additional labor requirements in the customer service/reservations/concierge area as a result of increased programming and occupancy at Fort Worden could be managed between existing state park staff in this area and the above referenced positions of a private partner. This could represent a potential cost avoidance for Washington State Parks of approximately \$107,000 annually.

Partnership Management

The vision of Fort Worden reconfigured as a “lifelong learning center” emphasizes development of a partnership economy that works to grow the Fort as a destination learning center that is engaging and accessible to all people. Sustaining a robust economy driven by residential programming and integrated destination learning experiences requires an appropriate partner classification system that reflects the diversity of values that different types of organizations provide to protect and preserve the mission and purpose of Fort Worden not only as a state park, but as an economic engine to the local area and region surrounding Port Townsend.

An appropriate partner classification system must incorporate key factors addressing why partners are selected to be a part of Fort Worden’s lifelong learning operations, the intent and/or mission of partners, predominant types of site usage, and appropriate performance measures unique to each category of partner classification. Proper integration of a robust partner classification system that utilize these criteria to organize and distinguish the diverse purposes served by state parks will help to guide Fort Worden in the years to come as a premier site of the Washington State Park system.

On-site partners should be managed under the guidelines, recommendations, and standards provided in the *Program and Services Implementation Plan* section of this report. It has been observed that the use of the term “partner” is used too loosely to apply to organizations and customers of Fort Worden. It is strongly recommended this practice discontinues and be replaced by an established definition and criteria in which partners are identified and engaged in formalized agreements. Official partners of Fort Worden Lifelong Learning Center are defined below:

Partners of Fort Worden are organizations that conduct business on-site at Fort Worden Lifelong Learning Center in accordance with all site and facility use guidelines and mission requirements for a minimum of 180 days annually. Partner organizations are engaged in a formalized agreement with the managing entity of Fort Worden that details performance expectations, levels of investment, and fees associated with conducting business on-site. Partner organizations are required to participate and contribute to the shared economy and collaborative planning that support the daily operations of the Fort Worden Lifelong Learning Center.

While we still continue to use the term “partner” to refer to organizations with operating agreements to conduct business on-site at Fort Worden Lifelong Learning Center, these agreements are not completely consistent with typical legal connotations and implications associated with “partnerships.”

On multiple occasions it was apparent that the term “partner” was also being used to refer to repeat customer groups that reliably return to Fort Worden for facility use. It is strongly recommended these groups be referred to only as customers, possibly preferred customers, and that use agreements for facilities and programs are managed with preferred customers on a year-to-year basis only. Exceptions could be made for some groups to engage in multi-year agreements with a commitment to a minimum number of participants and days of use, penalties for failure to meet these minimums, allowed price fluctuations for incidental and variable costs associated with facility use (utilities, etc), and required pre-paid deposits.

Partnership Agreements

Partnership agreements with on-site partners should be developed for a minimum of a one year term, with the possibility of reaching 50-year terms based upon level of financial investment provided by the partner, not included annual fees paid per the terms of the agreement. Organizations willing to invest

significant resources to capital and operating costs of Fort Worden should be allowed to secure their position with a longer term agreement. Agreements with program providers need to incorporate relevant recommendations in the *Programs and Services Implementation Plan* included within this report. Suggested thresholds for agreement durations are detailed below.

Fees	Investment	Term
Base rent, rate for additional facility use for programs, % of gross over agreed threshold	Equivalent of \$1,000 - \$25,000 over period of up to 3 years	2 – 5 years
Base rent, rate for additional facility use for programs, % of gross over agreed threshold	Equivalent of \$26,000 - \$50,000 over period of every 3 years	5 – 8 years
Base rent, rate for additional facility use for programs, % of gross over agreed threshold	Equivalent of \$51,000 - \$100,000 over period of every 3 years	8 – 12 years
Base rent, rate for additional facility use for programs, % of gross over agreed threshold	Equivalent of \$101,000 - \$500,000 over period of every 3 years	12 – 20 years
Base rent, rate for additional facility use for programs, % of gross over agreed threshold	Equivalent of \$501,000 - \$1,000,000+ over period of every 3 years	20 – 50 years

Partnership Criteria

This proposal for classification of on-site partners at Fort Worden State Park is built upon a framework of distinguishing criteria that establish operational standards and equity of contributions of on-site partners to the overall success of Fort Worden Lifelong Learning Center. In addition, these standards will support the emergence of Fort Worden as a renowned destination learning center as defined in the previous phases of planning captured in the report, *Fort Worden State Park: Conceptual Facilities, Programs and Services Recommendations*, December 2006.

Criterion 1: Shared Mission, Vision, Values, and Goals

While the 16 organizations and business currently in operation at Fort Worden each have their own missions and goals, it is critical for their future growth and the financial vitality of the Park that each partner also embrace common and uniting vision, mission and values enshrined in key foundational documents:

- Vision, Mission, and Values of Fort Worden State Park
- Mission of Washington State Parks and Recreation Commission
- State of Washington “Priorities of Government”

Partners must have completed business planning that clearly articulates an alignment to Fort Worden’s goals. The specific vision and mission elements that partners must align their programs and services to are detailed herein.

Vision of Fort Worden State Park

Fort Worden is a legendary gathering place where people are transformed through retreat, renewal and discovery.

Mission of Fort Worden State Park

Fort Worden is Washington's state park and conference center for recreation, arts, culture, history and the environment. It is a confluence of creative learning, recreation, and retreat opportunities for people of all ages, abilities and backgrounds.

Fort Worden is a partnership of the Washington State Parks and Recreation Commission, the Washington State Arts Commission, resident cultural institutions and business, and major funders achieving financial vitality through coordination and collaboration. The partnership promotes personal growth and professional development through conferences, workshops, performances, exhibitions and special events for individuals and groups; develops and manages businesses that fund annual operations; attracts public and private funding for capital projects and endowments; and restores, preserves and interprets the significant historical, cultural and natural resources of the area

Values of Fort Worden State Park

- Stewardship

Fort Worden State Park develops, cares for and manages the park and serves visitors, volunteers and donors through local, native and sustainable environments and economies. Activities, programs and individual visitor experiences at the park are framed around discovery of, attentiveness to, education about and deep appreciation of its specific natural, cultural and historic environments.

- Integration

The economic vitality of the park is a direct function of the economic vitality of all Fort Worden State Park partners and the Port Townsend community. All businesses, programs and services at the park are dynamically integrated in demonstration of shared and interrelated core values and economic strategies.

- Creativity and Discovery

Fort Worden State Park serves individuals and gatherings dedicated to preserving and revitalizing cultural traditions, taking creative risks and generating new practices, ideas, and conversations.

- Hospitality

Programs, services and facilities are designed, developed and promoted to attract, welcome and be accessible to all individuals whose interests are aligned with the missions, visions and values of the park partners.

- Play

A commitment to individual health, renewal and transformation is enhanced by maintaining open space and facilities for retreat and enjoyment, as well as self-directed and organized outdoor programs that heighten respect for natural and cultural environment.

Mission of Washington State Parks and Recreation Commission

The Washington State Parks and Recreation Commission acquires, operates, enhances and protects a diverse system of recreational, cultural, historical and natural sites. The Commission fosters outdoor recreation and education statewide to provide enjoyment and enrichment for all and a valued legacy to future generations.

Additionally, the recently adopted vision of the Washington Parks and Recreation Commission in celebration of the 2013 Centennial celebration of the Washington state park system is, “In 2013, Washington's state parks will be premier destinations of uncommon quality, including state and regionally significant natural, cultural, historical and recreational resources that are outstanding for the experience, health, enjoyment and learning of all people”

State of Washington “Priorities of Government”

The State of Washington has adopted a strategic framework to guide policy and the direction of public investment that addresses citizen expectations of government, effective strategies for achieving results, prioritized spending to address public need, and measuring results. This framework is referred to as the “Priorities of Government” and is upheld by the Governor’s Office and the Office of Financial Management. There are 10 specific “Priorities of

Government” as follows:

1. Improve student achievement in elementary, middle and high schools
2. Improve the value of post-secondary learning
3. Improve the health of Washingtonians
4. Improve the security of Washington's vulnerable children and adults
5. Improve the economic vitality of business and individuals
6. Improve statewide mobility of people, goods, and services
7. Improve the safety of people and property
8. Improve the quality of Washington's natural resources
9. Improve cultural and recreational opportunities throughout the state
10. Strengthen government's ability to achieve results efficiently and effectively

Criterion 2: Residential Business Development and Support

The second criterion on which on-site partners are evaluated is their ability to generate and/or support mission-appropriate residential learning programs at Fort Worden. Increasing the number of visitors that stay overnight—or the number of nights that visitors stay—is critical achieving the mission for Fort Worden and improving the financial performance of the park. The availability of high quality multi-day programs and services that are designed and delivered in context with identified market demands and targeted market segments have a direct impact on the success of increasing overnight stays at Fort Worden

Fort Worden State Park has a clear and definitive peak season that spans from May through September of each year. Although visitation picks up dramatically starting in April, it begins to plateau at a sustained higher level in the 123 days between May 1 and September 30, before dropping off again starting October 1. In 2006, visitation in this season totaled 733,368, or 56.31% of the total annual park visitation comes to the park in only 33.7% of the year. It is imperative that a predominant area of focus for business development at Fort Worden be to increase the use of the park and its facilities from October through April. Strong programming is critical to capture the targeted users in this time period. Therefore it is vitally important that both the park and its on-site partners can deliver year-round programming that appeal to the interests and demands of the identified target market.

Not every partner can or should be responsible for developing, marketing, and managing programs. Partners may also provide amenities and services that relate to and directly enhance the

visitor/participant experience. These Hospitality Partners must develop and implement business plans that ensure their activities are coordinated and marketed as value-added to the overall visitor experience at Fort Worden on a year round basis.

Criterion 3: Peer Partner Support

The final criterion on which on-site partners are evaluated is peer partner support, or the degree to which the operations and services of each on-site partner's mission, operations and services supports the existing partners at Fort Worden State Park.

Facility and Operational Support

Partner organizations at Fort Worden must regularly support the facility and operational requirements of Fort Worden Lifelong Learning Center. This includes, but is not limited to program planning, marketing support, customer service support, volunteer management, and facility management. Details of these requirements may vary based upon the level of a partner's investment and should be addressed individually in the operating agreements.

Complimentary Services

The success of the "partnership economy" developing at Fort Worden State Park will continue to be dependent upon the programs and services of the park and all on-site partners representing a complementary blend of offerings that is perceptively seamless to the visitor.

Enhanced Offerings

Following in the vein of complementary services, all partners should seek to provide programs and services that enhance the visitor experience at Fort Worden State Park. By increasing the perceived value of the customer experience, the park and all on-site partners can transition their offerings into multiple tiers of service that have distinguishing price points and clientele to strengthen the pursuit of increased multiple day users.

Partnership Classifications

The criteria discussed above can be assembled into a framework that classifies partners by their contributions to the park and its success. These classifications should be interrelated and possibly even overlap in some cases, but will ultimately have appropriate performance standards that apply to each according to their distinguishing criteria.

Specific partner classifications are not detailed within this *Business and Operating Implementation Plan*, but have been recommended and provided to state park staff in the course of this project for consideration as a tool that can be used for developing classifications in the future.

Lifelong Learning Center Business Model Performance Goals

The Fort Worden Lifelong Learning Center Business Model is dependent on select performance goals developed with the following elements and guiding principles:

- **Key Revenue Resources**
 - Core revenue generating services
 - Improved overnight accommodations – existing
 - Improved overnight accommodations – future
 - Destination learning programs
 - Retreats and conference services
 - Pricing
- **Operational Targets**
 - Annual overnight occupancy
 - Program participation
- **Controlling Projected Expenses**

Improved Overnight Accommodations – Existing Inventory

The first element of activating key revenue resources addresses the existing inventory of improved overnight accommodations. The occupancy rates below are based upon current capacities for accommodations in these categories. Performance of existing improved overnight accommodations can be improved to meet the following parameters:

- **Private Accommodations (1, 2, and 3-bedroom units)**
 - Target annual occupancy: 65%
 - Target average nightly rate: \$135 (\$115 - \$195)
 - \$32,038 annual revenues: 69% increase from 2006
- **Semi-private Accommodations (4, 5, 6, and 11-bedroom units)**
 - Target annual occupancy: 65%
 - Target average nightly rate: \$265 (\$250 - \$385)
 - \$63,195 annual revenues: 58% increase from 2006
- **Group Accommodations (Dormitories and Barracks)**
 - Target annual occupancy: 25%
 - Target average nightly rate: \$24 (\$22 - \$30)
 - \$16,789 annual revenues: 20% increase from 2006

In most cases this will involve increased and more flexible fee schedules, and increased annual occupancy. The indicated annual revenues as a result of these new benchmarks are included in the summary financial analysis later in this report.

Improved Overnight Accommodations – Future Development

The second element of key revenue resources is the development of future, single-room guest accommodations as identified in previous planning phases of the Fort Worden Long Range Development Plan. This concept includes the development of 100 additional single-guest rooms that will operate under the following parameters:

- **100-room project**
- **Target annual occupancy: 65%**
 - 23,725 room nights
- **Target average nightly rate: \$125 (\$105 - \$175)**

Based on these operating parameters, the projected expenses and revenues associated with is development is detailed in the tables below. In summary, it is anticipated that fixed operational costs not included related payroll will be approximately \$2,055 per day, and variable operational expenditures not including payroll will be approximately \$25 per visitor.

COSTS	
Fixed costs	\$ 750,075
Target room nights	23,725
Anticipated variable costs	\$ 593,125
Sub-total cost projection	\$ 1,343,200
Payroll	\$ 972,400
Total cost projection	\$ 2,315,600

REVENUES	
23,725	Target room nights
\$ 125	Target nightly room rate
\$ 2,965,625	Total projected revenues
\$ (2,315,600)	Total projected costs
\$ 650,025	Projected gross profit
21.92%	Projected gross profit margin

These projections are dramatically affected by the target nightly rate, with large impacts on improved revenues resulting from minor increases in nightly rates.

Projected payroll is based on the following positions, quantity of staff per each position, anticipated rate per position, and projected additive benefit costs which include health benefits, employment taxes, and limited overtime.

<u>Payroll position</u>	<u>Qty</u>	<u>Rate</u>	<u>Total</u>
Management	2	\$ 37.00	\$ 153,920.00
Maintenance	2	\$ 22.50	\$ 93,600.00
Front Desk	8	\$ 15.00	\$ 249,600.00
Custodial / Cleaning	6	\$ 15.00	\$ 187,200.00
Accounting	1	\$ 30.00	\$ 62,400.00
Reservations	1	\$ 15.00	\$ 31,200.00
			\$ 777,920.00
Additive rate (25%)			\$ 194,480.00
Total payroll			\$ 972,400.00

Destination Learning Programs

The third element of key revenue resources is increased participation in new and existing destination learning programs at Fort Worden. These projections are solely based on new participation on the part of approximately 24,000 annual visitors staying at future single-guest room accommodations as detailed above. Revenue and expenses projections are based upon the following operational parameters:

Approximate additional visitors:	24,000
<u>Estimated capture rate in programs:</u>	<u>60%</u>
Target average daily participation fee:	\$35
<u>Estimated increased program revenues:</u>	<u>\$504,000</u>
Target average daily participation cost:	(\$15)
<u>Estimated increased program expenses:</u>	<u>(\$216,000)</u>
Estimated increased program gross profit:	\$288,000

Retreats and Conferences

The fourth and final element of key revenue resources is targeted increased performance of day-use facilities as a result of retreats and conferences. These projections are based upon improvements to existing performance of current day-use facilities, and do not include additional facilities and their potential performance. Revenue and expense projections are based upon the following operational parameters:

- **Target \$10,000 additional annual revenues**
- **Small Meeting Rooms**
 - Target annual occupancy: 75% (from 64%)
 - Increased average daily rate: \$50
 - Target annual increase in revenues: \$800
- **Large Meeting**
 - Target annual occupancy: 65% (from 43%)
 - Target annual increase in revenues: \$2,900
- **Other – Large, Special Event Venues**
 - Target annual occupancy: 50% (from 21%)
 - Target annual increase in revenues: \$6,300

Target Revenues and Expenses from Enhanced Operating Pro-Forma

The enhanced performance of existing facilities and services, and the additional new facilities and programs detailed above culminate into a projected balance sheet summary. Besides the operations described and detailed above, it is recommended that additional enhanced services and operational expenses be added to the business model for the Fort Worden Lifelong Learning Center. These services include additional site and facility maintenance, and the additional of marketing staff and activities. The projected balance sheet is as follows:

Additional Revenues

Existing improved accommodations:	\$39,000
New improved accommodations:	\$2,966,000
Enhanced programs:	\$504,000
<u>Existing day-use facilities:</u>	<u>\$10,000</u>
	\$3,519,000

Additional Expenses

Existing improved accommodations:	(\$12,000)
New improved accommodations:	(\$2,316,000)
Enhanced programs:	(\$216,000)
Existing day-use facilities:	(\$3,000)
Site and Facility Maintenance:	
▪ Additional staff (3 + benefits)	(\$150,000)
▪ Additional materials and supplies	(\$50,000)
▪ Additional contracted services	(\$50,000)
Lifelong Center Marketing (Years 1 – 3):	
▪ Staff (1 + benefits)	(\$65,000)
▪ Public relations services	(\$250,000)
▪ Advertising (multi-media)	(\$150,000)
▪ Material production	(\$75,000)
▪ <u>Travel / support expenses / event fees</u>	<u>(\$60,000)</u>
	(\$3,397,000)

Management of Capital Expenses

There are substantial projected capital expenses associated with the upgrading and conversion of facilities in accordance with the *Site and Facility Use Plan* that supports this *Business and Operating Implementation Plan*. It is understood that Washington State Parks seeks financial assistance from the private sector to partially match state funds to support the costs of these capital projects. The shared responsibility of capital expenses for the Fort Worden Lifelong Learning Center is based on the assumptions described below.

Assumptions

- All property and facilities remain under the ownership of Washington State Parks.
- The new managing entity will manage operations of the Fort Worden Lifelong Learning Center.
- Capital funding partners will not gain ownership or equity in the facilities, nor the property in which they sit, for investing in capital projects at Fort Worden Lifelong Learning Center.
- Capital funding partners have the opportunity to gain ownership or equity in aspects of the operations of the Fort Worden Lifelong Learning Center in which their investment is related.

Based on these assumptions, this *Business and Operating Implementation Plan* suggests the following organization for managing capital expenses.

Expenses

Supporting facility conversion

- Washington State Parks Contributions

Washington State Parks will propose capital expenses supporting facility needs identified in the *Site and Facility Use Plan* and this *Business and Operating Implementation Plan* within a reasonable time frame. It is proposed for Washington State Parks to accept responsibility to pursue state funding for up to 60% of estimated capital expenses.

- New Managing Entity

The new managing entity of Fort Worden Lifelong Learning Center will be required per the terms of the MOU with Washington State Parks to raise the funding or recruit a capital funding partner to match state capital contributions up to 40% of estimated capital expenses.

Supporting facility maintenance

- Washington State Parks Contributions

Washington State Parks will propose capital expenses supporting facility maintenance needs identified in the *Site and Facility Use Plan* and from accrued facility deterioration within a reasonable time frame. It is proposed for Washington State Parks to accept responsibility to pursue state funding for up to 90% of estimated capital expenses.

- New Managing Entity

The new managing entity of Fort Worden Lifelong Learning Center will be required per the terms of the MOU with Washington State Parks to raise the funding or recruit a capital funding partner to match state capital contributions up to 10% of estimated capital repair and replacement expenses.

Capital Funding Opportunities and Options

There are approximately 150 known and proven methods for funding park and recreation capital and operational initiatives. In the process of conducting work in 46 U.S. states, the PROS Team has developed familiarity with a multitude of these funding options and their applicability to Fort Worden. The bulleted list below identifies what options may be considered by Washington State Parks to assist with managing both the capital and operating expenses associated with pursuing the vision of the Fort Worden Lifelong Learning Center.

Some of these options may appear fringe to the traditional expectations of public funding options for Washington State Parks, but have been successfully utilized in other locations in the United States and may be adapted to the Fort Worden scenario.

- Corporate Sponsorship
- Partnerships
- Dedication/Development Fees
- Foundation/Gifts
- Recreation Service Fees
- Intermodal Transportation & Efficiency Act
- Land And Water Conservation Fund
- General Obligation Bonds
- Industrial Development Bonds
- Hotel, Motel And Restaurant Tax
- Grants
- Special Improvement Districts/Benefit District
- Annual Appropriation/Lease Holding Financing
- Interlocal Agreements
- Revenue Bonds
- Private Concessionaires
- Creation Of An Authority
- Bonds Referendum
- Fees & Charges
- Cost Avoidance
- Naming Rights
- Distinguished License Plate For Parks
- Business Excise Tax
- Wheel Tax On Cars/Vehicles
- Utility Roundups
- Special Fundraisers
- Ticket Sales/Admissions
- Cell Towers
- Private Developers
- Benefit Assessment Act
- Facilities Benefit Assessment
- Licensing Rights
- Memberships
- Sales Tax
- Food & Beverage Tax
- Gaming Tax
- Capital Improvement Fees
- Merchandising Sales
- Concession Management
- Advertising Sales
- Easements
- Life Estates
- Special Use Permits
- Reservations
- Catering Permits & Services
- Marine Slips/Permits
- Integrated Financing Act
- Tax Incremental Financing District
- Entertainment Tax
- Local Option Income Tax
- Gift Catalogs
- Maintenance Endowments
- Tax On Sporting Goods Similar To Feds – Hunting and Fishing Guidelines
- Horse Power Fee On Lakes
- Agriculture Leases
- Patron Cards/Activity Cards
- Private Program Contractors 30 To 40%
- Community Gardens
- House Rentals
- Manufacturer Product Testing Sites
- Land Swaps
- Film Rights
- Security Fees
- Hospitality Centers
- Lease Backs On Recreation Facilities/City Builds It; Private Manages It

Management of Operating Expenses and Revenues

Expenses and revenues represented in the operating pro-forma that follow are divided and shared between Washington State Parks and the new managing entity of Fort Worden Lifelong Learning Center. This *Business and Operating Implementation Plan* suggests the following organization for managing expenses and revenues.

Expenses

There are six major categories of expenses included in the operating pro-forma:

- Salaries and Wages
Salaries and wages associated with existing and recommended new staff, including projected overtime. Adjustments to salaries and wages are provided in increments of 3% growth every two years.
- Employee Benefits
Employee benefits include all health insurance, retirement provisions, and applicable employment taxes. Benefits are estimated as a flat 37% of total salaries and wages, and include limited projected overtime.
- Goods and Services
Goods and services include all materials, supplies, and service contracts needed to conduct daily operations of Fort Worden. This includes all utility costs as well.
- Marketing
Marketing expenses include all production of promotional material, advertising, public relations, and other associated costs with performing marketing for the Fort Worden Lifelong Learning Center (not including marketing staff salary/wages).
- Travel
Travel expenses are fuel, vehicle, and reimbursable expenses associated with employee travel required to support operations of Fort Worden.
- MGMT AGREEMENT
This expense is only a part of the pro-forma for the new managing entity and reflects the annual payments made to Washington State Parks per the terms of the MOU.

The division of expenses is illustrated in the pro-formas that follow, and represent the governance transition over Years 1 through 3 discussed in previous sections of this report.

Revenues

There are 12 major categories of revenues included in the operating pro-forma:

- Camping
This includes all revenues generated from use of the existing campgrounds.
- Commercial Leases
This includes existing revenues from commercial leases, and all leases and rent payments made for administrative facility use, including those payments made by partner organizations.

- Concessions
This includes all existing revenues from concessions with the addition of percentage of gross revenue payments made by partner organizations.
- Conference Services
This includes revenues from existing improved overnight accommodations, use of meeting rooms, and other specialty facilities associated with private events and conferences at Fort Worden.
- Contract Services
This includes all existing revenues from contract services for Fort Worden State Park.
- Donations
This includes all revenues from private donations and general philanthropy supporting facilities and programs at Fort Worden Lifelong Learning Center.
- Memberships / Passes
This includes all new revenues generated from the sale of memberships and passes pertaining to Fort Worden Lifelong Learning Center and its partner organizations.
- Retail
This includes all new revenues from the provision of sustainable and enhanced retail / gift shop operations at Fort Worden Lifelong Learning Center as overseen by the new managing entity, and daily support by the Friends of Fort Worden.
- Sponsorship / Advertising
This includes all new revenues generated from facility and program sponsorship, and the sales of exclusive advertising opportunities on-site and in Fort Worden Lifelong Learning Center informational and promotional materials.
- MGMT AGREEMENT
This revenue is only a part of the pro-forma for Washington State Parks and reflects the annual payments made to Washington State Parks per the terms of the MOU.
- Miscellaneous
This includes all existing revenues from mooring and permitting that is traditionally a function of Washington State Parks.

The division of revenues is illustrated in the pro-forma that follow, and represent the governance transition over Years 1 through 3 discussed in previous sections of this report. It is noted that the “Miscellaneous” category of revenues remains a responsibility of Washington State Parks even after the governance transition is complete.

Alternative Operating Scenarios for the Fort Worden Lifelong Learning Center

The four (4) alternative operating scenarios supporting the Fort Worden Lifelong Learning Center are described below, with detailed pro-forma for each provided in Appendix 1 through Appendix D of this report. These alternatives were developed in support of and in context with the recommendations of the Governance Task Force that a non-profit organization may be the most appropriate managing entity for supporting the mission and operational requirements of a sustainable Fort Worden Lifelong Learning Center. Each of the four (4) alternative operating scenarios addresses different degrees of implementation of this recommendation.

Among the more distinguishing characteristics of these alternative scenarios is the level of annual funding required from Washington State Parks required to maintain operations at Fort Worden. It is clear from review of the findings resulting from the following analyses that the different alternatives represent differing levels of financial support that will be required annually from Washington State Parks. There are three prevailing factors that influence these differences:

1. The scenarios that include more operational and capital investment required directly from Washington State Parks feature greater probability of annual operational cost recovery for Washington State Parks – the greater the investment, the greater the potential return.
2. Washington State Parks has the capacity and expectation that state park operations will feature a controlled annual loss – that annual expenses will outpace earned revenues. It is expected that Washington State Parks will pursue appropriate opportunities to manage and increase annual operational cost recovery through earned revenues and partnerships, but will generally operate at an annual loss.
3. A new managing entity will most likely *not* have the financial resources to proportionally share the annual operational burden to the degree that it involves an annual operating loss. The new managing entity will manage expenses and revenues to a controlled break-even point.

The latter two factors described above particularly influence why the different operating pro forma represent differing levels of operational benefit to Washington State Parks. In the scenarios where Washington State Parks is engaged either in partial or full management services with a non-profit managing entity, revenues and expenses will be shared disproportionately for the purpose of controlling and potentially reducing annual operational funding requirements from the state, and managing a break even operation for the new managing entity. The new managing entity cannot be expected to also operate at an annual loss and retain a sustainable business plan for their participation in the Fort Worden Lifelong Learning Center. For this reason, Washington State Parks will always share more revenues and fewer expenses with the managing entity.

Finally, these alternative scenarios address the complexities of how to best manage the current state park staff and retain the terms and benefits of their current employment into the future. It is extremely difficult to determine how negotiations will transpire with respect to the transfer of any current state employees to a non-governmental employer. As a result, this *Business and Operating Implementation Plan* provides four (4) distinct operating pro forma that detail each of the alternative operating scenarios and the respective implications as it pertains to personnel and staffing management.

Scenario 1 – Washington State Parks

Scenario 1 details the implementation of the Fort Worden Lifelong Learning Center under the singular management of Washington State Parks, with multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. It is critical to note this scenario does not represent a continuation of *status quo* at Fort Worden, but will involve growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

Personnel and Staffing

In Scenario 1 all current state park staff will remain as state employees, and may perform work per enhanced practices and policies that are necessary to achieve the sustainable vision of the Fort Worden Lifelong Learning Center, including enhanced job descriptions and classifications that more closely fit the job requirements at Fort Worden.

Policy Implications

Scenario 1 assumes that Washington State Parks will require an enhanced policy framework that addresses:

- More flexible concessionaire policies to collect revenues from operating partners in leases for facility use needed for administration, percentage of gross revenues collected, set rates for additional facility use supporting program and service delivery, and other unrestricted revenues generated from partner enterprise activities detailed in the operating agreements.
- Partner / concessionaire agreements should be allowed to feature more long-term durations to allow for greater security for partners willing and able to provide significant operational and/or capital investment.
- Flexibility is allowable marketing / branding activities in order to achieve the promotional goals and requirements of the Fort Worden Lifelong Learning Center.

Operating Partner Management

Scenario 1 assumes all operating partners will have renegotiated agreements with Washington State Parks aligned with the recommendations in this report. In addition, it is assumed all operating partners will be supported and managed to perform in accordance with the performance goals outlined in this report.

Benefits of Scenario 1

Scenario 1 has the following potential benefits:

- All current state park employees are guaranteed to be held harmless.
- Washington State Parks can obtain a significant increase in projected operational cost recovery from Fort Worden.

Challenges of Scenario 1

Scenario 1 has the following potential challenges:

- Substantial change in Washington State Parks management practices and policies necessary to support the success and sustainability of the Fort Worden Lifelong Learning Center.

- Burden of activating private sector philanthropy to support facilities, programs, and services is placed on the operating partners individually with increased coordination requirements.
- Additional staff and personnel requirements are the sole responsibility of Washington State Parks up to six (6) FTE's.
- Implementation will be challenging due to substantial policy enhancement, marketing, and staffing requirements.
- Inhibited flexibility in management practices necessary to support the performance goals of the lifelong learning center.
- Ambitious performance goals for operating partners.

Scenario 2 – Co-management with a Non-profit Organization

Scenario 2 details the implementation of the Fort Worden Lifelong Learning Center under co-management between Washington State Parks and a selected non-profit willing and able to perform necessary management responsibilities. Scenario 2 involves all current state park staff remaining as state employees and the co-managing entity taking primary for enhancing, developing and managing use of facilities and program participation. This scenario also includes multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. It is critical to note this scenario involves the growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

Personnel and Staffing

In Scenario 2 all current state park staff will remain as state employees, and may perform work per the terms of the MOU between Washington State Parks and the new managing entity of Fort Worden Lifelong Learning Center. This scenario is best described as the shared management responsibilities in which Washington State Parks continues managing the traditional Fort Worden State Park functions, and is predominantly focused on the maintenance of facilities. The co-managing entity in Scenario 2 is tasked with taking on the management of all operating partners, the development and delivery of core programs and services, the marketing and promotion of Fort Worden Lifelong Learning Center, and is predominantly focused on managing the use of facilities.

Policy Implications

Scenario 2 assumes that Washington State Parks will require an enhanced policy framework that addresses:

- Ability to enter into a co-management agreement with a non-profit organization to manage the use and promotion of facilities at Fort Worden.

Operating Partner Management

Scenario 2 assumes all operating partners will have renegotiated agreements with the co-managing entity aligned with the recommendations in this report. In addition, it is assumed all operating partners will be supported and managed to perform in accordance with the performance goals outlined in this report.

Benefits of Scenario 2

Scenario 2 has the following potential benefits:

- All current state park employees are guaranteed to be held harmless.
- Washington State Parks can obtain reliable cost avoidance in the long-term operating requirements of Fort Worden.
- The flexibility of a private, non-profit organization in managing partners, relationships with the private sector, and daily business functions of Fort Worden will better support the performance requirements of the lifelong learning center in a dynamic operating environment.
- The operations and activities of operating partners can be cohesively managed by an independent co-management entity.
- A non-profit co-managing entity is better suited for activating substantial philanthropic support and private capital partnerships for facilities, programs, and services.
- A non-profit co-managing entity is better suited for performing required marketing and promotion to support the performance goals of the lifelong learning center, including the hiring of marketing staff.

Challenges of Scenario 2

Scenario 2 has the following potential challenges:

- Nominal change in Washington State Parks management practices and policies necessary to support the success and sustainability of the Fort Worden Lifelong Learning Center.
- Washington State Parks additional staff requirements will be up to five (5) FTE's.
- Ambitious performance goals for operating partners.

Scenario 3 – Primary Management by a Non-profit Organization

Scenario 3 details the implementation of the Fort Worden Lifelong Learning Center under the primary management of a selected non-profit willing and able to perform necessary management responsibilities. Scenario 3 involves the partial transition of current state park staff to become employees of the new managing entity. This scenario also includes multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. It is critical to note this scenario involves the growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

Personnel and Staffing

In Scenario 3 a portion of current state park staff will transition to the new managing entity of Fort Worden Lifelong Learning Center to perform work in their current functions supporting the Center. The remaining portion will remain as state employees, and may perform work per the terms of the MOU between Washington State Parks and the new managing entity of Fort Worden Lifelong Learning Center. This scenario represents that primary management responsibilities are transitioned to the new managing entity including primary revenue collection, the management of all operating partners, the development and delivery of core programs and services, the marketing and promotion of Fort Worden

Lifelong Learning Center, and is predominantly focused on managing the use of facilities. Washington State Parks will continued managing some of the traditional Fort Worden State Park functions, and is predominantly focused on the maintenance of facilities.

Policy Implications

Scenario 3 assumes that Washington State Parks will require an enhanced policy framework that addresses:

- Ability to enter into a management agreement with a non-profit organization to manage the use and promotion of facilities at Fort Worden, as well as primary revenue collection responsibility.
- Ability to transfer select current state park employees to a private organization.

Operating Partner Management

Scenario 3 assumes all operating partners will have renegotiated agreements with the managing entity aligned with the recommendations in this report. In addition, it is assumed all operating partners will be supported and managed to perform in accordance with the performance goals outlined in this report.

Benefits of Scenario 3

Scenario 3 has the following potential benefits:

- Washington State Parks can obtain reliable cost avoidance in the long-term operating requirements of Fort Worden.
- The flexibility of a private, non-profit organization in managing partners, relationships with the private sector, and daily business functions of Fort Worden will better support the performance requirements of the lifelong learning center in a dynamic operating environment.
- The operations and activities of operating partners can be cohesively managed by an independent management entity.
- A non-profit managing entity is better suited for activating substantial philanthropic support and private capital partnerships for facilities, programs, and services.
- A non-profit managing entity is better suited for performing required marketing and promotion to support the performance goals of the lifelong learning center, including the hiring of marketing staff.

Challenges of Scenario 3

Scenario 3 has the following potential challenges:

- Potentially problematic transfer of select state employees to non-profit management entity in effort to hold all current state park employees harmless.
- Nominal change in Washington State Parks management practices and policies necessary to support the success and sustainability of the Fort Worden Lifelong Learning Center.
- Washington State Parks additional staff requirements will be up to five (5) FTE's.
- Ambitious performance goals for operating partners.
- Successful implementation is threatened by staff transfer issues.

Scenario 4 – Full Management by a Non-profit Organization

Scenario 4 details the implementation of the Fort Worden Lifelong Learning Center under the full management of a selected non-profit willing and able to perform necessary management responsibilities. Scenario 4 involves the complete transition of current state park staff except law enforcement / ranger staff to become employees of the new managing entity. This scenario also includes multiple parameters that represent an evolution in the state park business practices, additional labor requirements, programmatic development, and partner accountability and responsibilities. It is critical to note this scenario involves the growth, development, and potential change on the part of Washington State Parks and current partners operating on site.

Personnel and Staffing

In Scenario 4 all the current state park staff will transition to the new managing entity of Fort Worden Lifelong Learning Center to perform work in their current functions supporting the Center *except* the law enforcement / ranger staff. This scenario assumes that Washington State Parks will find alternative or additional staff to be responsible for the requirements of managing and maintaining the other two parks in the Fort Worden area – Rothschild House and Old Fort Townsend –will contract with the new managing entity of Fort Worden Lifelong Learning Center to perform these functions, or will transfer management to the Northwest Region Office of Washington State Parks.

Policy Implications

Scenario 4 assumes that Washington State Parks will require an enhanced policy framework that addresses:

- Ability to enter into a full management agreement with a non-profit organization to manage the use and promotion of facilities at Fort Worden, as well as primary revenue collection responsibility.
- Ability to transfer all current state park employees except law enforcement / rangers to a private organization.

Operating Partner Management

Scenario 4 assumes all operating partners will have renegotiated agreements with the managing entity aligned with the recommendations in this report. In addition, it is assumed all operating partners will be supported and managed to perform in accordance with the performance goals outlined in this report.

Benefits of Scenario 4

Scenario 4 has the following potential benefits:

- Washington State Parks can obtain reliable cost avoidance in the long-term operating requirements of Fort Worden.
- The flexibility of a private, non-profit organization in managing partners, relationships with the private sector, and daily business functions of Fort Worden will better support the performance requirements of the lifelong learning center in a dynamic operating environment.
- The operations and activities of operating partners can be cohesively managed by an independent management entity.
- A non-profit managing entity is better suited for activating substantial philanthropic support and private capital partnerships for facilities, programs, and services.

- A non-profit managing entity is better suited for performing required marketing and promotion to support the performance goals of the lifelong learning center, including the hiring of marketing staff.
- All additional staff requirements will be the responsibility of the managing entity.

Challenges of Scenario 4

Scenario 4 has the following potential challenges:

- Potentially problematic transfer of all state employees (except rangers) to non-profit management entity in effort to hold all current state park employees harmless.
- Significant change in Washington State Parks management practices and policies necessary to support the success and sustainability of the Fort Worden Lifelong Learning Center including loss of all revenues from the park.
- Washington State Parks managing functions of other two (2) Fort Worden area state parks – Rothschild House and Old Fort Townsend through either additional staff or contracts, or transfer of responsibility to the Northwest Region Office of Washington State Parks.
- Ambitious performance goals for operating partners.
- Successful implementation is threatened by numerous issues: staff transfer, other area park management, appearance of park “privatization”.

Comparison of Alternatives

A matrix illustrating a comparative analysis of the alternative operating scenarios outlined in the plan is provided on the following page. This matrix compares the alternative scenarios across the following 13 dimensions of whether the scenario:

1. Degree to which employment terms of current staff are preserved
2. Requires little or no WSP policy changes
3. Requires no additional WSP staff
4. Engages philanthropic opportunities
5. Develops more complex commercial relationships with private sector
6. Best suited entity responsible for strategic marketing
7. Most likely to be implementable without major issues
8. Places realistic expectations on operating partners
9. Most likely to be sustainable in a dynamic operating environment
10. Supports the operational and management requirements of Lifelong Learning Center
11. Most likely to recruit capital investment partners
12. Flexible and market-driven management practices
13. Most reliable financial stability for WSP

In the matrix on the following page, the dimensions are coded to indicate:

1. “+” = likely chance of success; little challenges
2. “√” = nominal chance of success; moderate challenges
3. “-” = diminished chance of success; significant challenges

Comparative Matrix of Alternative Operating Scenarios

	Washington State Parks	Co-Management	Primary Management	Full Management
Degree to which employment terms of current staff are preserved	+	+	√	-
Requires little or no WSP policy changes	-	√	√	-
Requires no additional WSP staff	-	-	-	√
Engages philanthropic opportunities	√	+	+	+
Develops more complex commercial relationships with private sector	-	+	+	+
Best suited entity responsible for strategic marketing	-	+	+	+
Most likely to be implementable without major issues	-	+	√	-
Places realistic expectations on operating partners	√	√	√	√
Most likely to be sustainable in a dynamic operating environment	√	+	+	+
Supports the operational and management requirements of Lifelong Learning Center	√	+	+	+
Most likely to recruit capital investment partners	√	+	+	+
Flexible and market-driven management practices	-	√	+	+
Most reliable financial stability for WSP	-	+	-	+

Additionally, the following table details the projected financial implications of the operational requirements of the alternative scenarios as it pertains to Washington State Parks obligations.

	Cost Avoidance Years 1 – 10	5-year Cost Avoidance Year 11+
Scenario 1 – Washington State Parks	(\$1,282,000)	\$585,000
Scenario 2 – Co-management	\$107,000	\$855,000
Scenario 3 – Primary Management	(\$603,000)	\$175,000
Scenario 4 – Full Management	\$427,000	\$1,260,000

Conclusion

The purpose of this *Business and Operating Implementation Plan* is to establish the necessary performance measures, action plans, program standards, business practices, and general expectations around the necessary components of a successful and sustainable lifelong learning center as envisioned. This business plan has been developed to help meet the mission of the park as determined and agreed to by the general public and Washington Parks and Recreation Commission to develop and manage business that funds annual operations and attracts public-private funding for capital projects and endowments. All of the recommendations contained within this report are aligned with the vision, mission, values, site development principles, and goals of the Fort Worden Lifelong Learning Center as developed in the previous phases of planning.

Throughout the process of developing this plan and it working with the appointed Governance Task Force, the general intent of this document evolved. What originally began as a document that was designed as an implementation tool outlining the operating requirements of a lifelong learning center that follow the recommendations of the Governance Task Force has developed into a document that comprehensively presents the four relevant governance / management options under consideration by the project team and Washington State Parks, a comparative analysis of each, and the operating requirements of each.

It is the recommendation of the PROS Team that the details of this report be carefully reviewed and considered when evaluating the preferred operating alternative. While some of the preferred approaches up to the present day have sounded advantageous and doable, these options potentially feature unrealistic expectations of the revised policies of Washington State Parks needed as well as the political realities of a successful public process.

In conclusion, this report represents a comprehensive and concerted effort to outline the best alternatives available for the management and operations of the Fort Worden Lifelong Learning Center. The successful implementation of the chosen operating scenario will require substantial investment and dedication by all parties to achieve, but will certainly be worth the effort. In this manner, the legacy of Fort Worden can be preserved.

Appendix A – Scenario 1 Operating Pro Forma

The pro forma below addresses Scenario 1 – the singular management of Fort Worden under Washington State Parks. The following assumptions are the underpinnings of this analysis:

- Operating agreements with on-site partners would be renegotiated per the recommendations contained within this report.
- All current park staff remain as Washington State Parks employees.
- Additional projected staff include three additional facility maintenance employees; two additional ranger staff, caretaker staff, and program staff; and one marketing coordinator.
- An enhanced policy framework will be necessary to expand the flexibility of management practices and the parameters of concessionaire agreements.
- Newly developed single-guest accommodations become activated beginning in Year 5 and will be managed by a private partner that provides 8% of gross revenues as a concession fee.
- Newly developed single-guest accommodations operate at 65% annual occupancy with the average nightly rate of \$125 per guest.
- Partners are engaged in formalized agreements with Washington State Parks that include rent for administrative facility use, a select rate for additional facility needs supporting programs, and 8% of gross revenues from program facilitation.
- Revenues indicated from “Partnership Agreements” include fees paid to Washington State Parks per the terms of partner operating agreements as a result of partner services and activities in the following:
 - Donations
 - Memberships
 - Retail / merchandising
 - Sponsorship / advertising

Operating Pro-Forma: Years 1 – 4

	Year 1	Year 2	Year 3	Year 4
Expenses				
Salaries and Wages	1,528,531	1,528,531	1,574,387	1,574,387
Employee Benefits	565,556	565,556	582,523	582,523
Goods and Services	950,000	978,500	1,007,855	1,057,855
Marketing	75,000	150,000	250,000	250,000
Travel	6,500	6,500	6,500	10,300
MGMT AGREEMENT				
subtotal	3,125,587	3,229,087	3,421,265	3,475,065
Revenues				
Camping	386,000	393,720	401,594	409,626
Commercial Leases	95,000	95,000	95,000	95,000
Concessions	50,000	51,500	53,045	51,515
Conference Services	1,156,000	1,179,120	1,202,702	1,226,756
Contract Services	45,000	45,900	46,818	47,754
Partnership Agreements	150,000	154,500	159,135	163,909
	65,000	68,250	71,663	
	35,000	36,050	37,132	
subtotal	1,882,000	1,919,740	1,958,295	1,994,560
Total	-1,243,587	-1,309,347	-1,462,970	-1,480,505
Cost Recovery Percent	60.2%	59.5%	57.2%	57.4%
Required Loss Coverage	1,243,587	1,309,347	1,462,970	1,480,505
	0	0	0	0

Operating Pro-Forma: Years 5 – 10

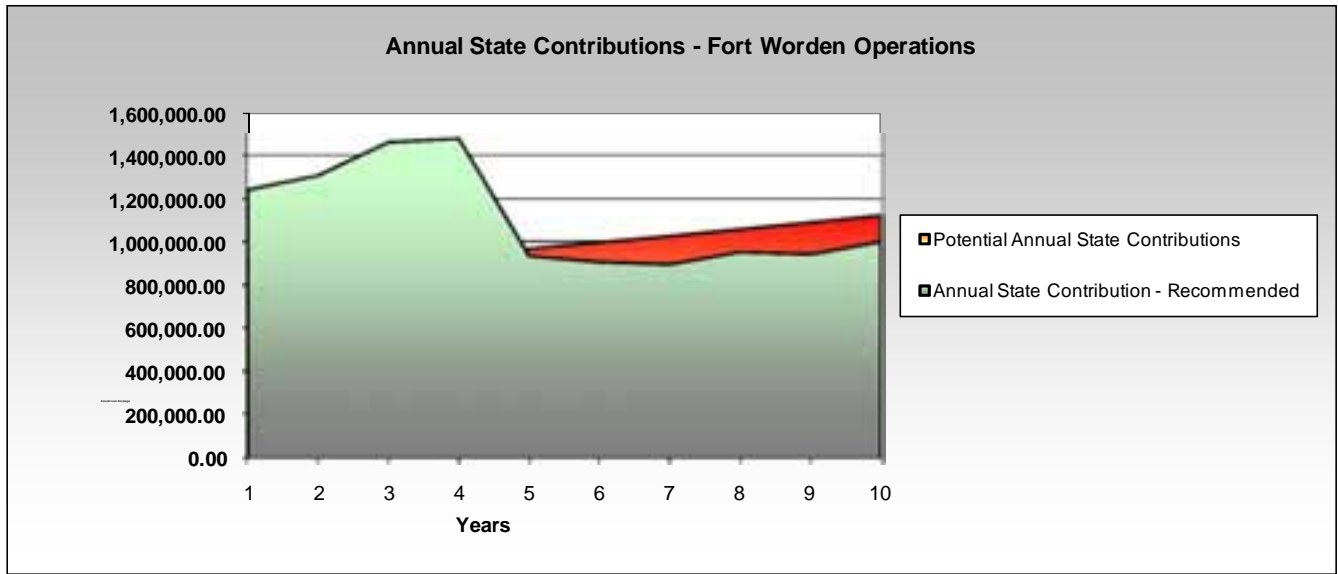
	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenses						
Salaries and Wages	1,574,387	1,605,875	1,605,875	1,654,051	1,654,051	1,703,672
Employee Benefits	582,523	594,174	594,174	611,999	611,999	630,359
Goods and Services	1,139,091	1,173,263	1,208,461	1,244,715	1,282,057	1,320,518
Marketing	150,000	100,000	100,000	100,000	100,000	100,000
Travel	12,000	12,500	13,050	13,655	14,321	15,053
MGMT AGREEMENT						
subtotal	3,458,001	3,485,812	3,521,560	3,624,420	3,662,427	3,769,602
Revenues						
Camping	417,819	426,175	434,698	443,392	452,260	461,305
Commercial Leases	95,000	95,000	95,000	95,000	95,000	95,000
Concessions	515,072	530,524	535,830	541,188	546,600	552,066
Conference Services	1,276,317	1,301,843	1,327,880	1,354,438	1,381,526	1,409,157
Contract Services	48,709	49,683	50,677	51,690	52,724	53,779
Partnership Agreements	168,826	173,891	179,108	184,481	190,016	195,716
subtotal	2,521,743	2,577,117	2,623,193	2,670,189	2,718,126	2,767,023
Total	-936,258	-908,695	-898,367	-954,230	-944,301	-1,002,579
Cost Recovery Percent	72.9%	73.9%	74.5%	73.7%	74.2%	73.4%
Required Loss Coverage	936,258	908,695	898,367	954,230	944,301	1,002,579
Grand Total	0	0	0	0	0	0

Summary of Scenario 1 Operating Pro-Forma

This operating pro forma combines all anticipated and projected expenses and revenues associated with the operations of the Fort Worden Lifelong Learning Center. This scenario, however, assumes that Washington State Parks must be as successful as a private, non-profit organization in performing adequate marketing and policy changes to achieve the performance goals outlined within this plan.

It is the position of the PROS Team that this scenario may appear to feature easier implementation of the Fort Worden Lifelong Learning Center because it does not involve another entity with any shared or full management responsibilities, however this operating scenario will be challenging because it assumes substantial change is needed from the *status quo* regarding Washington State Parks business practices and policies. Likewise, it will be challenging for Washington State Parks to be able to initiate and sustain the necessary investment in marketing and promotion required to sustain the lifelong learning center. Finally, this scenario places a level of burden on the operating partners to raise private sector funds through philanthropy or otherwise supporting facilities, programs, and services that is likely unrealistic given their additional burden to obtain the performance goals outlined within this plan.

The figure on the following page demonstrates the estimated cost avoidance associated with the projected annual investment (or required loss coverage) to maintain operations at Fort Worden after Year 5, as compared with the projected continuation of the status quo. In total, it is estimated Washington State Parks may reasonably avoid an accumulated \$585,000 every five years beginning in Year 11.



Appendix B – Scenario 2 Operating Pro Forma

The pro forma below addresses Scenario 2 – co-management of Fort Worden between Washington State Parks and a private, non-profit organization. This analysis is built upon the following assumptions:

- Co-management with Washington State Parks and the new managing entity takes effect beginning in Year 4.
- All current park staff remain as Washington State Parks employees, with the addition of three additional facility maintenance employees, and two additional ranger staff and caretaker staff.
- Required staff of the co-managing entity include a single marketing coordinator.
- An enhanced policy framework will be necessary to expand the flexibility of management practices and the parameters of concessionaire agreements, as well as the ability to enter into a co-management agreement with a private, non-profit organization.
- Newly developed single-guest accommodations become activated beginning in Year 5 and will be managed by a private partner that provides 8% of gross revenues as a concession fee.
- Newly developed single-guest accommodations operate at 65% annual occupancy with the average nightly rate of \$125 per guest.
- Partners are engaged in formalized agreements with the co-managing entity that include rent for administrative facility use, a select rate for additional facility needs supporting programs, and 8% of gross revenues from program facilitation per the recommendations within this report.
- Basic division of responsibilities are that Washington State Parks is essentially responsible for the maintenance of facilities, and the co-managing entity manages promotion and facility use.

State Parks Operating Pro-Forma: Years 1 – 4

Department	Year 1	Year 2	Year 3	Year 4
Expenses				
Salaries and Wages	1,375,974	1,375,974	1,417,253	1,417,253
Employee Benefits	509,110	509,110	524,384	524,384
Goods and Services	950,000	978,500	1,007,855	1,007,855
Marketing	0	0	0	0
Travel	6,500	6,500	6,500	5,000
subtotal	2,841,584	2,870,084	2,955,992	2,954,492
Revenues				
Camping	386,000	393,720	401,594	409,626
Commercial Leases	95,000	95,000	95,000	
Concessions	50,000	51,500	53,045	
Conference Services	1,156,000	1,179,120	1,202,702	1,226,756
Contract Services	45,000	45,900	46,818	47,754
Donations				
Memberships / Passes	15,000	15,450	15,914	16,391
Retail				
Sponsorships/Advertising				
MGMT AGREEMENT	0	0	0	75,000
Miscellaneous	40,000	40,000	40,000	40,000
subtotal	1,787,000	1,820,690	1,855,073	1,815,527
Total	-1,054,584	-1,049,394	-1,100,919	-1,138,965
Cost Recovery Percent	62.9%	63.4%	62.8%	61.4%
State Parks Contribution	1,054,584	1,049,394	1,100,919	1,138,965
Grand Total	0	0	0	0

Co-Managing Entity Operating Pro-Forma: Years 1 - 4

	Year 1	Year 2	Year 3	Year 4
Expenses				
Salaries and Wages	152,557	152,557	157,134	157,134
Employee Benefits	56,446	56,446	58,139	58,139
Goods and Services				50,000
Marketing	75,000	150,000	250,000	250,000
Travel				5,300
MGMT AGREEMENT				75,000
subtotal	284,003	359,003	465,273	595,573
Revenues				
Camping				
Commercial Leases				95,000
Concessions				51,515
Conference Services				
Contract Services				
Donations	10,000	10,000	10,000	10,000
Memberships / Passes				
Retail	65,000	68,250	71,663	75,246
Sponsorships/Advertising	35,000	36,050	37,132	38,245
Miscellaneous				
subtotal	110,000	114,300	118,794	270,006
total	-174,003	-244,703	-346,479	-325,567
Cost Recovery Percent	n/a	n/a	n/a	45.3%
Required Loss Coverage	174,003	244,703	346,479	325,567
Grand Total	0	0	0	0

State Parks Operating Pro Forma: Years 5 - 10

Department	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenses						
Salaries and Wages	1,417,253	1,417,253	1,459,771	1,459,771	1,503,564	1,503,564
Employee Benefits	524,384	524,384	540,115	540,115	556,319	556,319
Goods and Services	1,038,091	1,069,233	1,101,310	1,134,350	1,168,380	1,203,432
Marketing	0	0	0	0	0	0
Travel	5,000	5,500	6,050	6,655	7,321	8,053
subtotal	2,984,728	3,016,370	3,107,246	3,140,891	3,235,583	3,271,367
Revenues						
Camping	409,626	421,915	434,572	447,609	461,038	474,869
Commercial Leases						
Concessions						
Conference Services	1,251,291	1,288,830	1,327,495	1,367,319	1,408,339	1,450,589
Contract Services	47,754	49,187	50,662	52,182	53,748	55,360
Donations						
Memberships / Passes	16,391	16,883	17,389	17,911	18,448	19,002
Retail						
Sponsorships/Advertising						
MGMT AGREEMENT	250,000	300,000	350,000	350,000	350,000	350,000
Miscellaneous	40,000	40,000	40,000	40,000	40,000	40,000
subtotal	2,015,062	2,116,814	2,220,118	2,275,022	2,331,572	2,389,820
total	-969,666	-899,556	-887,128	-865,869	-904,011	-881,547
Cost Recovery Percent	67.5%	70.2%	71.4%	72.4%	72.1%	73.1%
State Parks Contribution	969,666	899,556	887,128	865,869	904,011	881,547
Grand Total	0	0	0	0	0	0

Co-Managing Entity Operating Pro Forma: Years 5 - 10

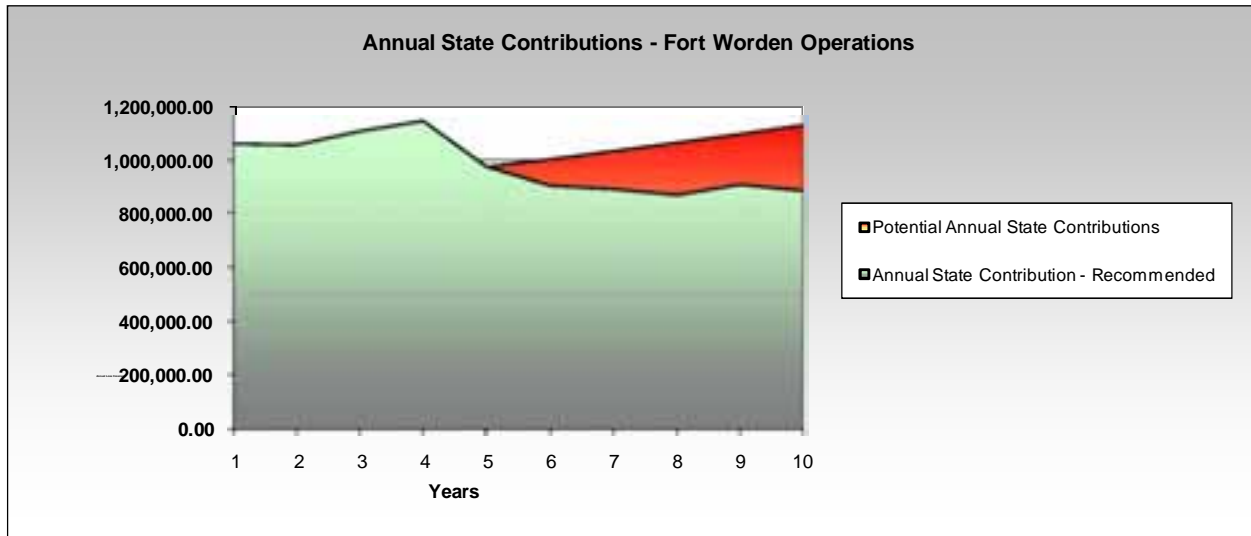
	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenses						
Salaries and Wages	157,134	157,134	160,276	160,276	163,482	163,482
Employee Benefits	58,139	58,139	59,302	59,302	60,488	60,488
Goods and Services	101,000	104,030	107,151	110,365	113,676	117,087
Marketing	150,000	100,000	100,000	100,000	100,000	100,000
Travel	7,000	7,000	7,000	7,000	7,000	7,000
MGMT AGREEMENT	250,000	300,000	350,000	350,000	350,000	350,000
subtotal	723,273	726,303	783,730	786,944	794,647	798,057
Revenues						
Camping	0	0	0	0	0	0
Commercial Leases	95,000	95,000	95,000	95,000	95,000	95,000
Concessions	515,072	530,524	535,830	541,188	546,600	552,066
Conference Services	0	0	0	0	0	0
Contract Services	0	0	0	0	0	0
Donations	10,000	10,000	10,000	10,000	10,000	10,000
Memberships / Passes	0	0	0	0	0	0
Retail	79,008	82,959	87,107	91,462	96,035	100,837
Sponsorships/Advertising	39,392	40,574	41,791	43,045	44,336	45,667
Miscellaneous						
subtotal	738,473	759,057	769,728	780,695	791,971	803,569
Total	15,200	32,754	-14,002	-6,249	-2,675	5,512
Cost Recovery Percent	102.1%	104.5%	98.2%	99.2%	99.7%	100.7%
Required Loss Coverage	0	0	14,002	6,249	2,675	0
Grand Total	15,200	32,754	0	0	0	5,512

Summary of Scenario 2 Operating Pro-Forma

This operating pro forma divides all anticipated and projected expenses and revenues associated with the operations of the Fort Worden Lifelong Learning Center between Washington State Parks and the co-managing entity. While Washington State Parks does not have the potential to obtain operational cost recovery percentages as featured in Scenario 1, this scenario reflects realistic division of responsibilities based upon each organization’s capabilities and unique circumstances. This scenario also projects reliable and sustained cost avoidance for Washington State Parks for future operating costs of Fort Worden that are reflected in the figure below.

The PROS Team believes this operating scenario assumes appropriate change that is needed from the *status quo* regarding Washington State Parks business practices and policies that is realistic. Likewise, it is not necessary that Washington State Parks will be able to initiate and sustain the necessary investment in marketing and promotion required to sustain the lifelong learning center in this scenario, but will depend upon the co-managing entity for this function. Finally, this scenario allows the operating partners to better share the burden to raise private sector funds through philanthropy or otherwise supporting facilities, programs, and services.

The figure on the following page demonstrates the estimated cost avoidance associated with the projected annual investment (or required loss coverage) to maintain operations at Fort Worden as compared with the projected continuation of the status quo. In total, it is estimated Washington State Parks may reasonably avoid an accumulated \$107,000 within the ten years of this operating pro forma, and \$855,000 every five years beginning in Year 11.



Appendix C – Scenario 3 Operating Pro Forma

The pro forma below addresses Scenario 3 – primary management of Fort Worden by a private, non-profit organization. This analysis is built upon the following assumptions:

- Governance transition from Washington State Parks to the new managing entity progresses for three years and takes effect beginning in Year 4.
- Current state park staff in programs and custodial will transition to the new managing entity beginning in Year 4; all other projected state park staff remain state employees.
- Required additional staff of the co-managing entity include a single marketing coordinator.
- Newly developed single-guest accommodations become activated beginning in Year 5.
- The new managing entity takes primary responsibility for revenue collection at Fort Worden Lifelong Learning Center following the governance transition.
- Newly developed single-guest accommodations operate at 65% annual occupancy with the average nightly rate of \$125 per guest.
- Partners are engaged in formalized agreements with the new managing entity that include rent for administrative facility use, a select rate for additional facility needs supporting programs, and 8% of gross revenues from program facilitation per the recommendations within this report.
- An enhanced policy framework will be necessary to support the ability to enter into a co-management agreement with a private, non-profit organization.
- Washington State Parks will retain primary responsibility for facility maintenance and law enforcement only.

State Parks Operating Pro-Forma: Years 1 – 4

	Year 1	Year 2	Year 3	Year 4
Expenses				
Salaries and Wages	1,350,448	1,350,448	1,390,961	994,294
Employee Benefits	499,666	499,666	514,656	367,889
Goods and Services	950,000	978,500	1,007,855	100,000
Marketing			0	0
Travel	6,500	6,500	6,500	5,000
subtotal	2,806,614	2,835,114	2,919,972	1,467,183
Revenues				
Camping	386,000	393,720	401,594	
Commercial Leases	95,000	95,000	95,000	
Concessions	50,000	51,500	53,045	
Conference Services	1,156,000	1,179,120	1,202,702	
Contract Services	45,000	45,900	46,818	
Donations				
Memberships / Passes	15,000	15,450	15,914	
Retail				
Sponsorships/Advertising				
MGMT AGREEMENT				150,000
Miscellaneous	40,000	40,000	40,000	40,000
subtotal	1,787,000	1,820,690	1,855,073	190,000
Total	-1,019,614	-1,014,424	-1,064,899	-1,277,183
Cost Recovery Percent	63.7%	64.2%	63.5%	12.9%
State Parks Contribution	1,019,614	1,014,424	1,064,899	1,277,183
Grand Total	0	0	0	0

Managing Entity Operating Pro-Forma: Years 1 - 4

	Year 1	Year 2	Year 3	Year 4
Expenses				
Salaries and Wages	45,000	45,000	45,000	580,093
Employee Benefits	16,650	16,650	16,650	214,634
Goods and Services				957,855
Marketing	75,000	150,000	250,000	250,000
Travel				5,300
MGMT AGREEMENT				150,000
subtotal	136,650	211,650	311,650	2,157,882
Revenues				
Camping				409,626
Commercial Leases				95,000
Concessions				51,515
Conference Services				1,226,756
Contract Services				47,754
Donations	10,000	10,000	10,000	10,000
Memberships / Passes				16,391
Retail	65,000	68,250	71,663	75,246
Sponsorships/Advertising	35,000	36,050	37,132	38,245
Miscellaneous				
subtotal	110,000	114,300	118,794	1,970,533
Total	-26,650	-97,350	-192,856	-187,349
Cost Recovery Percent	n/a	n/a	n/a	91.3%
Required Loss Coverage	26,650	97,350	192,856	187,349
Grand Total	0	0	0	0

State Parks Operating Pro Forma: Years 5 - 10

	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenses						
Salaries and Wages	994,294	994,294	1,024,123	1,024,123	1,054,847	1,054,847
Employee Benefits	367,889	367,889	378,925	378,925	390,293	390,293
Goods and Services	103,000	106,090	109,273	112,551	115,927	119,405
Marketing	0	0	0	0	0	0
Travel	5,000	5,500	6,050	6,655	7,321	8,053
subtotal	1,470,183	1,473,773	1,518,371	1,522,254	1,568,388	1,572,597
Revenues						
Camping						
Commercial Leases						
Concessions						
Conference Services						
Contract Services						
Donations						
Memberships / Passes						
Retail						
Sponsorships/Advertising						
MGMT AGREEMENT	150,000	400,000	500,000	550,000	600,000	600,000
Miscellaneous	40,000	40,000	40,000	40,000	40,000	40,000
subtotal	190,000	440,000	540,000	590,000	640,000	640,000
Total	-1,280,183	-1,033,773	-978,371	-932,254	-928,388	-932,597
Cost Recovery Percent	12.9%	29.9%	35.6%	38.8%	40.8%	40.7%
State Parks Contribution	1,280,183	1,033,773	978,371	932,254	928,388	932,597
Grand Total	0	0	0	0	0	0

Managing Entity Operating Pro Forma: Years 5 - 10

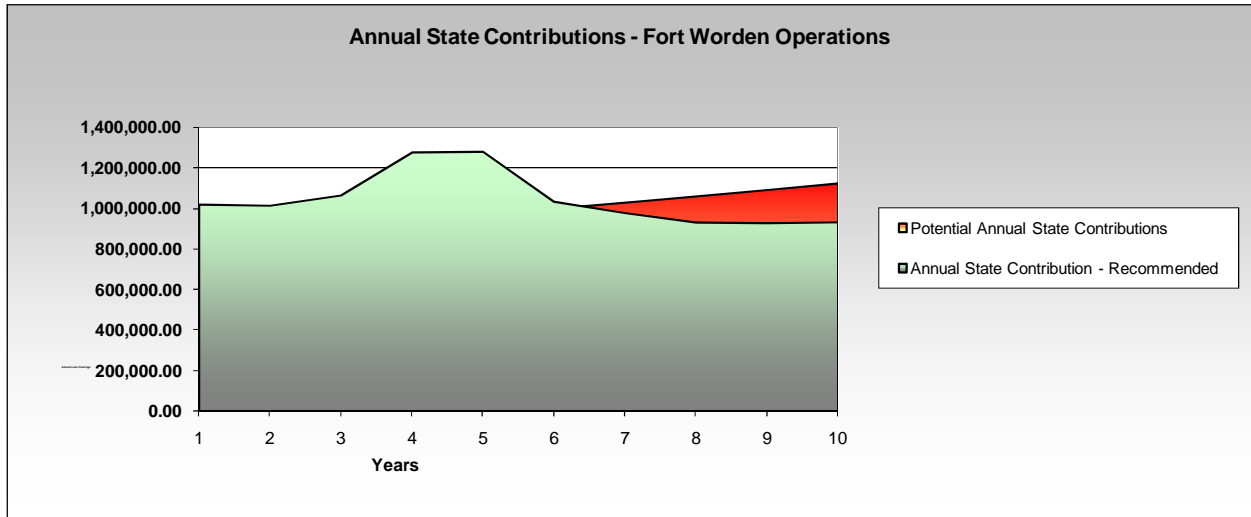
	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenses						
Salaries and Wages	580,093	580,093	591,695	591,695	603,529	603,529
Employee Benefits	214,634	214,634	218,927	218,927	223,306	223,306
Goods and Services	1,036,091	1,056,812	1,077,949	1,099,508	1,121,498	1,143,928
Marketing	535,000	235,000	150,000	150,000	150,000	150,000
Travel	7,000	7,000	7,000	7,000	7,000	7,000
MGMT AGREEMENT	150,000	400,000	500,000	550,000	600,000	600,000
subtotal	2,522,818	2,493,540	2,545,571	2,617,130	2,705,332	2,727,762
Revenues						
Camping	417,819	426,175	434,698	443,392	452,260	461,305
Commercial Leases	95,000	95,000	95,000	95,000	95,000	95,000
Concessions	515,072	520,223	525,425	530,679	535,986	541,346
Conference Services	1,251,291	1,288,830	1,327,495	1,367,320	1,394,666	1,422,559
Contract Services	48,709	49,683	50,677	51,690	52,724	53,779
Donations	10,000	10,000	10,000	10,000	10,000	10,000
Memberships / Passes	16,883	17,389	17,911	18,448	19,002	19,572
Retail	79,008	82,959	87,107	91,462	96,035	100,837
Sponsorships/Advertising	39,392	40,574	41,791	43,045	44,336	45,667
Miscellaneous						
subtotal	2,473,174	2,530,833	2,590,104	2,651,037	2,700,010	2,750,064
Total	-49,644	37,293	44,533	33,907	-5,323	22,302
Cost Recovery Percent	98.0%	101.5%	101.7%	101.3%	99.8%	100.8%
Required Loss Coverage	49,644	0	0	0	5,323	0
Grand Total	0	37,293	44,533	33,907	0	22,302

Summary of Scenario 3 Operating Pro-Forma

This operating pro forma assumes that the expenses for basic facility maintenance and law enforcement will remain with Washington State Parks, as well as revenue collection for items defined within the “Miscellaneous” category. All other expenses will transfer to the primary management entity, as well as revenue collection. This scenario does project reliable and sustained cost avoidance for Washington State Parks for future operating costs of Fort Worden that are reflected in the figure below.

It is the position of the PROS Team that this scenario features realistic expectations on both managing entities, as well as the additional operating partners. This operating scenario assumes appropriate change that is needed from the *status quo* regarding Washington State Parks business practices and policies that may be problematic. It is noted that while the transfer of responsibilities to a primary management entity can be facilitated somewhat seamlessly, the transfer of select employees can be complex and wrought with issues. In this scenario it is not necessary that Washington State Parks to initiate and sustain the necessary investment in marketing and promotion required to sustain the lifelong learning center in this scenario, but will depend upon the new managing entity for this function. Finally, this scenario allows the operating partners to better share the burden to raise private sector funds through philanthropy or otherwise supporting facilities, programs, and services.

The figure on the following page demonstrates the estimated cost avoidance associated with the projected annual investment (or required loss coverage) to maintain operations at Fort Worden after Year 5 as compared with the projected continuation of the status quo. In total, it is estimated Washington State Parks may reasonably avoid an accumulated \$175,000 every five years beginning in Year 11.



Appendix D – Scenario 4 Operating Pro Forma

The pro forma below addresses Scenario 4 – full management of Fort Worden by a private, non-profit organization. This analysis is built upon the following assumptions:

- Governance transition from Washington State Parks to the new managing entity progresses for three years and takes effect beginning in Year 4.
- All projected state park staff will transition to the new managing entity beginning in Year 4 except for law enforcement / ranger staff.
- Required additional staff of the co-managing entity include a single marketing coordinator.
- Newly developed single-guest accommodations become activated beginning in Year 5.
- The new managing entity takes primary responsibility for revenue collection and expenses at Fort Worden Lifelong Learning Center following the governance transition.
- Newly developed single-guest accommodations operate at 65% annual occupancy with the average nightly rate of \$125 per guest.
- Partners are engaged in formalized agreements with the new managing entity that include rent for administrative facility use, a select rate for additional facility needs supporting programs, and 8% of gross revenues from program facilitation per the recommendations within this report.
- An enhanced policy framework will be necessary to support the ability to enter into a full management agreement with a private, non-profit organization, including loss of all revenues from Fort Worden and an annual payment to the managing entity.

State Parks Operating Pro-Forma: Years 1 – 4

Department	Year 1	Year 2	Year 3	Year 4
Expenses				
Salaries and Wages	1,375,974	1,375,974	1,417,253	237,086
Employee Benefits	509,110	509,110	524,384	87,722
Goods and Services	950,000	978,500	1,007,855	15,000
Marketing	0	0	0	0
Travel	6,500	6,500	6,500	3,500
Payment to Managing Entity				1,058,159
subtotal	2,841,584	2,870,084	2,955,992	1,401,467
Revenues				
Camping	386,000	393,720	401,594	
Commercial Leases	95,000	95,000	95,000	
Concessions	50,000	50,500	51,005	
Conference Services	1,156,000	1,179,120	1,202,702	
Contract Services	45,000	45,900	46,818	
Donations				
Memberships / Passes	15,000	15,450	15,914	
Retail		0	0	
Sponsorships/Advertising		0	0	
MGMT AGREEMENT				
Miscellaneous	40,000	40,000	40,000	40,000
subtotal	1,787,000	1,819,690	1,853,033	40,000
Total	-1,054,584	-1,050,394	-1,102,959	-1,361,467
Cost Recovery Percent	62.9%	63.4%	62.7%	2.9%
State Parks Contribution	1,054,584	1,050,394	1,102,959	1,361,467
Grand Total	0	0	0	0

Managing Entity Operating Pro-Forma: Years 5 - 10

	Year 1	Year 2	Year 3	Year 4
Expenses				
Salaries and Wages	152,577	152,577	157,154	1,337,301
Employee Benefits				494,801
Goods and Services				938,090
Marketing	75,000	150,000	250,000	250,000
Travel				8,500
MGMT AGREEMENT				0
subtotal	227,577	302,577	407,154	3,028,692
Revenues				
Camping				409,626
Commercial Leases				95,000
Concessions				51,515
Conference Services				1,226,756
Contract Services				47,754
Donations	10,000	10,000	10,000	10,000
Memberships / Passes				16,391
Retail	65,000	66,950	68,959	75,246
Sponsorships/Advertising	35,000	36,050	37,132	38,245
Miscellaneous				
State Parks Payment				1,058,159
subtotal	110,000	113,000	116,090	1,970,533
Total	-117,577	-189,577	-291,064	-1,058,159
Cost Recovery Percent	n/a	n/a	n/a	65.1%
Required Loss Coverage	117,577	189,577	291,064	1,058,159
Grand Total	0	0	0	0

State Parks Operating Pro-Forma: Years 5 – 10

Department	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenses						
Salaries and Wages	237,086	237,086	244,199	244,199	251,525	251,525
Employee Benefits	87,722	87,722	90,353	90,353	93,064	93,064
Goods and Services	15,450	15,914	16,391	16,883	17,389	17,911
Marketing	0	0	0	0	0	0
Travel	3,500	3,850	4,235	4,659	5,124	5,637
Payment to Managing Entity	525,780	495,433	469,737	500,050	473,131	503,882
subtotal	869,538	840,004	824,915	856,143	840,233	872,018
Revenues						
Camping						
Commercial Leases						
Concessions						
Conference Services						
Contract Services						
Donations						
Memberships / Passes						
Retail						
Sponsorships/Advertising						
MGMT AGREEMENT						
Miscellaneous	40,000	40,000	40,000	40,000	40,000	40,000
subtotal	40,000	40,000	40,000	40,000	40,000	40,000
Total	-829,538	-800,004	-784,915	-816,143	-800,233	-832,018
Cost Recovery Percent	4.6%	4.8%	4.8%	4.7%	4.8%	4.6%
State Parks Contribution	829,538	800,004	784,915	816,143	800,233	832,018
Grand Total	0	0	0	0	0	0

Managing Entity Operating Pro-Forma: Years 5 – 10

	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenses						
Salaries and Wages	1,337,301	1,377,420	1,377,420	1,418,743	1,418,743	1,461,305
Employee Benefits	494,801	509,645	509,645	524,935	524,935	540,683
Goods and Services	1,006,852	1,037,057	1,068,169	1,100,214	1,133,221	1,167,217
Marketing	150,000	100,000	100,000	100,000	100,000	100,000
Travel	10,000	10,000	10,000	10,000	10,000	10,000
MGMT AGREEMENT	0	0	0	0	0	0
subtotal	2,998,954	3,034,123	3,065,234	3,153,891	3,186,898	3,279,205
Revenues						
Camping	417,819	426,175	434,698	443,392	452,260	461,305
Commercial Leases	95,000	95,000	95,000	95,000	95,000	95,000
Concessions	515,072	530,524	535,830	541,188	546,600	552,066
Conference Services	1,251,291	1,288,830	1,327,495	1,367,320	1,408,339	1,450,589
Contract Services	48,709	49,683	50,677	51,690	52,724	53,779
Donations	10,000	10,000	10,000	10,000	10,000	10,000
Memberships / Passes	16,883	17,389	17,911	18,448	19,002	19,572
Retail	79,008	82,959	87,107	91,462	96,035	100,837
Sponsorships/Advertising	39,392	40,574	41,791	43,045	44,336	45,667
Miscellaneous						
State Parks Payment	525,780	495,433	469,737	500,050	473,131	503,882
subtotal	2,998,954	3,036,567	3,070,246	3,161,596	3,197,428	3,292,696
Total	0	2,445	5,011	7,704	10,530	13,492
Cost Recovery Percent	100.0%	100.1%	100.2%	100.2%	100.3%	100.4%
Required Loss Coverage	0	0	0	0	0	0
Grand Total	0	2,445	5,011	7,704	10,530	13,492

Summary of Scenario 4 Operating Pro-Forma

This operating pro forma assumes that all expenses except those associated with law enforcement transfer to the new managing entity, as well as revenue collection for all items. This scenario does project reliable and sustained cost avoidance for Washington State Parks for future operating costs of Fort Worden that are reflected in the figure below.

The PROS Team projects that this operating scenario assumes significant change is needed from the *status quo* regarding Washington State Parks business practices and policies. It is noted that while the transfer of responsibilities to a primary management entity can be facilitated somewhat seamlessly, the transfer of all employees (except rangers) and the annual contribution required to be made by Washington State Parks to the new managing entity to keep operations solvent will likely be extremely complex. In this scenario it is not necessary that Washington State Parks to initiate and sustain the necessary investment in marketing and promotion required to sustain the lifelong learning center in this scenario, but will depend upon the new managing entity for this function. Finally, this scenario allows the operating partners to better share the burden to raise private sector funds through philanthropy or otherwise supporting facilities, programs, and services.

The figure on the following page demonstrates the estimated cost avoidance associated with the projected annual investment (or required loss coverage) to maintain operations at Fort Worden as compared with the projected continuation of the status quo. In total, it is estimated Washington State Parks may reasonably avoid an accumulated \$427,000 in the first ten years of the operating pro forma, and \$1,260,000 every five years beginning in Year 11.

