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Director

STATE OF WASHINGTON

WASHINGTON STATE PARKS AND RECREATION COMMISSION

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Item E-2: Recreation Business Activity Pilot Sites - Requested Action

EXECUTIVE SUMMARY: This item asks the Washington State Parks and Recreation Commission to designate Recreation Business Activity sites at Fort Flagler Historical State Park, Millersylvania State Park, Squilchuck State Park, and Westhaven/Westport Light State Park to permit privately financed development of recreation facilities. It also asks to approve a land classification amendment for Westhaven/Westport Light, and to adopt a new name for the combined state park. This item aligns with agency core values and advances the Commission's strategic priority: "Expand use of land holdings for compatible revenue generating purposes".

SIGNIFICANT BACKGROUND INFORMATION: In March 2013, the Commission adopted a Transformation Strategy that included a strategy to "*Expand the use of land holdings for compatible revenue generating purposes.*" To further this strategy, the Commission adopted sweeping changes to the agency's real estate management policies. A key part of this policy development effort included establishing a framework for designating sites within existing state parks for development of privately financed recreation facilities. Sites designated for this purpose were called Recreation Business Activity (RBA) sites.

The purpose of RBAs is not to privatize the park system, but rather to provide park visitors with amenities that are beyond State Parks' financial capacity, while generating lease revenue to help operate the park system. RBAs are *conditionally permitted* activities in areas classified Recreation, Resource Recreation, or Heritage under the agency's land classification system. Conditionally permitted activities are only allowed when specifically authorized by the Commission. The decision to allow RBAs can be made as part of initial land classification, or later, through classification revisions.

Current state park recreational developments include campgrounds, picnic facilities, trails, cabins, vacation houses, dormitories, hostels, and even small resorts. All of these might also be appropriate for private development as an RBA, as would other facilities such as lodges or small hotels. A business consultant working with the agency has identified four kinds of RBAs that are most likely to generate revenue for the state park system:

- Moorage facilities
- RV campgrounds
- Groupings of vacation cottages
- Food services

In order to encourage creative proposals from RBA partners, the Commission has not created a list of acceptable RBA development types, but instead in March 2015, it approved guidelines for evaluating proposed recreational uses in designated RBA sites. Appropriate uses:

1. Are consistent with the agency's mission, vision, and core values
2. Are consistent with the park's approved land classifications
3. Advance the agency's Transformation Strategy
4. Are consistent with grant funding restrictions that may apply to the park, or that are able to resolve inconsistencies with those restrictions
5. Are mutually beneficial to both State Parks and the project developer in:
 - a. Providing recreational benefits to park users
 - b. Providing economic benefits to the state park system
6. Have a net positive impact on park operation
7. Provide activities that respond to recreation trends and help meet current and future recreation demands

In addition to these guidelines, when the Commission approves RBAs as a conditional activity in a park, it may also impose park-specific restrictions to ensure consistency with the park's design and operational needs. Such restrictions can include:

1. Building height limits
2. Development size limits
3. Building setbacks
4. Design standards (aesthetics, materials, lighting, etc.)
5. Resource stewardship requirements
6. Hours of operation
7. Restrictions on access to other park facilities

RBA Candidate Sites

In January 2016, staff identified eleven first-round RBA candidate sites. These sites were consistent with adopted land classifications, were believed to have a high potential to generate revenue, and have a low potential to negatively impact to the rest of the park. The candidate sites included:

- Crystal Springs (part of Iron Horse State Park Trail)
- Fort Columbia Historical State Park
- Fort Flagler Historical State Park
- Joseph Whidbey State Park Property
- Millersylvania State Park
- Packwood State Park Property
- Pearrygin Lake State Park
- Skating Lake State Park Property
- Squilchuck State Park
- Twenty-Five Mile Creek State Park
- Westhaven/Westport Light State Park

Public Outreach

Staff sought public input on the first round of RBA candidates by developing a public outreach document and posting it to the State Parks website. In mid-January a mailing went out to contact

lists for each of the round one sites. The contact lists include adjacent landowners within 1000 feet of each park, tribes, elected officials, and known user groups and other interested parties.

Staff received over 1,000 comments from the initial round of outreach. From those comments, it became clear that due to its proximity to a wildlife crossing under construction by the Washington State Department of Transportation as part of the I-90 expansion, the Crystal Springs site would require significantly more analysis, and so it was removed from first round consideration. Of the remaining sites, five received the most public comments:

- Joseph Whidbey State Park Property
- Fort Flagler Historical State Park
- Westhaven/Westport Light State Park
- Squilchuck State Park
- Twenty-Five Mile Creek State Park

For those five sites, staff scheduled public meetings to further describe RBAs and to seek additional input from the local communities. Four meetings were held in spring:

- Joseph Whidbey
 - Meeting held March 21 in Coupeville.
 - 70 people signed in
- Fort Flagler
 - Meeting held March 22 at the park
 - 58 people signed in
- Westhaven/Westport Light
 - Meeting held March 24 in Westport
 - 59 people signed in
- Squilchuck and Twenty-Five Mile Creek
 - Meeting held April 21 in Entiat
 - 59 people signed in

Comments from the initial mailing, as well as from the meetings, were posted to the project webpage for review: <http://parks.state.wa.us/900/Real-Estate-Policy-Update>. At the time of this writing, there are over 500 pages of comments posted.

While there has been some support for most of the candidate sites, in general, people are most concerned about privatization, environmental impacts, and community impacts, such as increased traffic. At the public meetings, there was very little support for the Joseph Whidbey site, primarily due to wildlife and wetland impacts, as well as proximity to the naval air station. People who attended the Fort Flagler meeting were mostly opposed to an RBA in the currently undeveloped forest area, but were supportive of an RBA that would reuse and improve some of the park's deteriorating historic buildings. At the Westport meeting, there was concern from local business owners about an RBA competing with their businesses, and there was concern about wetland impacts, but there was considerable support for the economic development that an RBA might bring to the small town. People living near the park were strongly opposed to the idea of an RBA at Twenty-Five Mile Creek due to possible traffic impacts and fire danger. People living near Squilchuck expressed similar concerns, and were also concerned about impact to the park's trail system and wildlife, but there was also some support for a 20-30-unit cabin

development or for zip lines or rope courses. Staff received fewer comments on Millersylvania than any other parks, but neighbors did express opposition to it being used as an amphitheater or music venue due to noise.

A second public meeting in Westport was held August 31 to discuss land classifications and park naming in addition to the RBA proposal. 39 people signed in at the meeting. Public input was similar to that at the first meeting, but people also provided comments on land classifications and naming.

Westhaven/Westport Light Land Classifications

The 2007 South Beach Area Classification and Management Plan resulted in the areas closer to the beach being classified Resource Recreation, while the areas further from the beach were classified Recreation, as shown in Appendix 2. This decision appears to have been based primarily on proximity to the water rather than on-the-ground resource inventories, and more recently, staff learned that most of the park is dotted with wetlands. As a result of recent site investigations, it has become apparent that land classifications for the site should be refined to locate recreational development more appropriately. Refinement of land classifications will likely include a significantly reduced area of the park classified for intensive recreation and more area classified for low and medium-intensity recreation.

In addition to wetlands, there are other constraints affecting where recreational development can be added in the park. The southern end of the park near the condos has recently been subject to erosion, making it possible that developments in that area could be washed away in a storm event. The northern end of the park near Westhaven is more open, with less tall vegetation, so any developments in that area would likely negatively impact the viewshed from the existing Dunes Trail.

Westhaven/Westport Light Naming

Until December 2015, Westhaven State Park and Westport Light State Park were two separate parks, separately named by the Commission. Then in December a Washington Wildlife and Recreation Program Grant allowed State Parks to purchase the property connecting the two parks. Staff believes that current public and Commission attention on the site has created a good opportunity to consider formally naming the newly combined parks.

Westhaven State Park is a few years older, and is the more popular of the two parks. The Commission named Westhaven in 1969, at the request of commissioners from the Port of Grays Harbor, who transferred the park to the Commission. The Port commissioners indicated that their research of older port records showed that all early documents related to the area designated the fishing base as Westhaven Fish Base, and it was not until the early 1960s that the name was changed to Westport Fishing Base.

Westport Light State Park was formerly known as the Westport United States Coast Guard Light and Radio Station. The lighthouse itself is not owned by State Parks, but by the Westport Maritime Museum. The lighthouse is included in the long-term park boundary, but the goal of managing it consistent with park purposes can be met by working closely with the Maritime

Museum. The Westport Light name can be confusing to park visitors who sometimes arrive at the park asking where to find the lighthouse, only to learn that it is just outside the park.

Another possible name for the combined park is Point Chehalis State Park. The word Chehalis in the Lower Chehalis language means “sand,” and Point Chehalis is shown on maps as the northwestern point in Westhaven State Park. Point Chehalis was the site of temporary camps and Lower Chehalis villages, and was an important location in the Native American trade routes on the coastline. In 1850, an account of a trip down the Chehalis River to Point Chehalis was published in the Oregon Spectator:

The Indians resort here part of the year. We saw old Karcowan’s ranche [Karcowan was a Native American], and a number of horses feeding in meadows around. A great number of large crab and clam shells showed the attractions of the place. The ground in many parts is covered with strawberry vines... the woody parts are literally stamped with deer tracks. ...Elk come here in herds at certain seasons. We found a well of fresh water dug by the Indians only four feet below the surface of the sand.

Staff sought input on park naming at the August public workshop in Westport. Many of the meeting attendees were affiliated with the Westport South Beach Historical Society, and many of them supported the name Westport Lighthouse State Park, citing the importance of the lighthouse to the city’s identity. The second most popular name at the meeting was Westhaven State Park, followed by Westport State Park. A couple people at the meeting wanted to keep the park names as is, with two names for different parts of the same park.

Staff has also received some input on naming through email and the project webpage. Notable among them was an email from the Chairman of the Chehalis Tribe, Donald Secena, who supported naming the park Point Chehalis, honoring his people’s connection to the area.

Recreation Business Activity Name

Staff and Commissioners have expressed concern that the name Recreation Business Activities has led to confusion and a misunderstanding of the agency’s intent. Using the word *business* in the name may have created an impression that RBAs are an attempt at privatization and a focus on revenue at the expense of other park values. In fact, RBAs are essentially a new way of doing an old thing: concessions. State Parks has a long history of developing concession agreements with private businesses to provide additional park amenities. Examples range from food and beverage stands at day-use swim beaches to the Mount Spokane Ski and Snowboard Park and Tillicum Village at Blake Island Marine State Park.

RBAs differ from other concessions in two primary ways: the level of private investment necessary and the lease term needed by the concessionaire in order to amortize their investment. Because Commission approval is necessary for longer-term lease agreements (over five years, in cases where there is any controversy), staff sought to provide potential concessionaires with some assurance that the Commission would be inclined to seriously consider proposals in a given

site before the concessionaire was required to invest significant resources to move a proposal forward. Since the Commission cannot approve a lease without first considering the environmental impacts of the development, the agency's private-sector partners have been required to spend a lot of money on environmental review with no assurance that the Commission would even consider approving their proposal. The extra level of Commission scrutiny and public input to designate an RBA site are intended to generally approve the concept of private recreational development at specific sites, allowing potential partners to feel more comfortable making pre-lease investments.

In the end, though, the lease instrument for an RBA will be a standard concession agreement. To avoid confusion and potentially casting these larger concessions as development that is incompatible with park purposes or as park privatization, staff believes the term Recreation Business Activity should be changed to Recreation Concession Area.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Recreation Business Areas as conditional activities in four pilot sites:

- Fort Flagler Historical State Park, historic area, as shown in Appendix 1
- Westhaven/Westport Light State Park, as shown in Appendix 2
- Millersylvania State Park, Miles Sand and Gravel Area, as shown in Appendix 3
- Squilchuck State Park, as shown in Appendix 4

These four pilot sites were chosen because they have garnered requisite public support, and because they represent a range of potential development types and geographic areas. The Fort Flagler area and potentially the lodge at Squilchuck would be examples to test use of RBAs for adaptive reuse of existing structures, and Westhaven/Westport, Millersylvania, and the rest of Squilchuck would be examples to test use of RBAs for development of new park amenities.

Fort Flagler:

This approximately 14-acre parcel includes a number of the park's historic structures, shown in Appendix 1. The project would allow for adaptive reuse of the existing buildings, and would also allow for the possibility of reconstructing previously existing buildings in the area if the proposed use could not be reasonably located within an existing historic structure.

Park-Specific Development Restrictions:

The existing and former building sites have been divided into categories, as shown in Appendix 2. Staff recommends that RBAs at Fort Flagler adhere to the following development restrictions:

- Category 1: Adaptive reuse of these existing structures must be consistent with federal and state standards for historic preservation
- Category 2: Adaptive reuse of these existing structures must be consistent with federal and state standards for historic preservation, and there may be additional restrictions in order to address the concerns of current user groups. If, before RBA development, the condition of any of the Category 2 buildings deteriorates to the point it is no longer safe to use, it will be considered a Category 1 site instead.

- Category 3: Category 3 sites are the locations of structures that have been removed or that are not historically significant. Although it is preferred that an RBA development reuse existing historic buildings, new construction may be considered in the Category 3 sites if the proposed use cannot be reasonably located in a historic building. Developments in these sites should be designed to sensitively blend into the historic setting, and design proposals must be approved by the State Parks Historic Preservation Officer before construction.

Westhaven/Westport Light:

The staff-recommended land classifications shown in Appendix 2 reduce the park's Recreation Areas to include only:

- The former Westhaven State Park
- The developed portion of Westport Light State Park
- The uplands in the southeast part of the park, near the lighthouse property
- The existing ranger residence across the street
- The proposed RBA pilot site east of the developed portion of Westhaven

The approximately 34-acre RBA pilot site includes a number of low-functioning wetlands. This area was heavily impacted by an earlier partially completed golf course development, which manipulated the wetlands, and left the property covered with invasive vegetation. This area was chosen because it is near the developed part of Westhaven State Park, but is unlikely to negatively impact the park setting because it is shielded from view by trees and set back considerably from the shoreline.

RBA development in the area is likely to require filling some of the wetlands, but because of their current poor quality, it is believed that mitigation for this impact would result in a net benefit to the health of the wetlands in the park. This recommendation is consistent with the agency's Critical Areas Policy (Policy 73-03-1), which states:

New park facility developments shall not be built in critical areas except where the theme, character, quality or other park planning provides overriding justification for development in such areas, and appropriate mitigation can be provided.

Lands including the proposed RBA site were purchased with a grant from the Washington Wildlife and Recreation Program (WWRP), so it is possible that an RBA development would result in a land conversion. Approximately 5 acres of the property are not encumbered with WWRP deed restrictions and could allow for RBA type developments without triggering a conversion. So, conversion is possible but not currently anticipated at this site.

The RBA guidelines approved by the Commission in March 2015 say that conversions should be avoided, or if that is not possible, that the RBA must be able to resolve them. Conversion resolution typically consists of purchasing replacement land of equivalent value, and developing it to provide equivalent recreational value to the land that was converted.

Staff recommends that the Commission adjusts the land classifications in the park as shown in Appendix 2 and approve the pilot RBA area shown. Staff also recommends that the Commission

formally name the newly combined Westport Light State Park and Westhaven State Park as Point Chehalis State Park, which will provide opportunities to tell the story of the Chehalis people's use of the area.

Park-Specific Development Restrictions:

Staff recommends that any development in the proposed RBA site avoid impacts to high-quality wetland systems. Any impacts to lower-quality wetlands should be mitigated within the park. The RBA development should also minimize negative viewshed impacts to the existing Dunes Trail and other park facilities.

Millersylvania:

The approximately 63-acre parcel shown in Appendix 3 was purchased in 2008 from Miles Sand and Gravel. Due to its previous use as a gravel pit, this site has few intact or sensitive natural features or systems, and is therefore well suited for medium and high-intensity recreational developments.

This site was also purchased with a grant from the Washington Wildlife and Recreation Program, so it is possible that an RBA development would result in a grant conversion. Approximately five acres of the property were purchased using the Parkland Acquisition Account to allow for cabin or lodge development, and some elements of an RBA development may not be considered conversions, so a conversion is possible but not inevitable at this site.

Park-Specific Development Restrictions

Staff recommends that any RBA development should not inhibit public access to the quarry pond shoreline within the site, and should not significantly impact visitors using the adjacent Environmental Learning Center (residential group camp).

Squilchuck:

The approximately 45-acre staff-recommended RBA pilot site shown in Appendix 4 primarily consists of the existing developed portions of the park so as to minimize wildlife impacts. The rest of the park outside of the proposed area is quite steep and not well suited for higher-intensity development. The southwest portion of the classified Recreation Area is not included in the staff-recommended RBA pilot due to its steep topography.

Park-Specific Development Restrictions

Staff recommends that RBA development:

- Avoid significant impacts to the park's existing and proposed trail system
- Avoid significant impacts to elk and other wildlife in the park
- Is designed, maintained, and operated to minimize fire danger

Recreation Business Activity Name

Staff recommends that the Commission change the name Recreation Business Activity to Recreation Concession Area to minimize future confusion regarding the purpose and intent of this designation. With Commission approval staff will then revise the Commission's real estate management policy to reflect this change.

Next Steps

If the Commission approves one or more of the pilot sites, staff will then solicit private-sector interest through a competitive Request for Proposal (RFP) process. If staff receives any viable proposals, additional public outreach and a project-level State Environmental Policy Act (SEPA) review will be completed before lease agreements are brought to the Commission for consideration.

It is expected that the RBA agreements could take two general forms. Some may be in the form of a ground lease, while others may be in the form of a public/private partnership where revenues are shared according to an agreed-upon formula. In either case, the Commission will own all permanent improvements in parks at the end of the lease term.

After there has been progress on the pilot sites, staff may bring additional RBA candidates from the Round One list to the Commission for consideration.

LEGAL AUTHORITY:

RCW 79A.05.030 Powers and duties – Mandatory

RCW 79A.05.345 Stewarding and interpreting state parks - Commission’s authority to consult, enter agreements, and solicit assistance from other organizations

RCW 79A.05.347 Agreements under RCW 79A.05.345 or otherwise involving management of state park land or a facility - Performance measures

WAC 352-16-020 Land classification system

WAC 352-16-030 Management within land classifications

SUPPORTING INFORMATION:

Appendix 1: Fort Flagler Historical State Park RBA Pilot Map

Appendix 2: Westhaven/Westport Light State Park RBA Pilot Map and Land Classification Change

Appendix 3: Millersylvania State Park RBA Pilot Map

Appendix 4: Squilchuck State Park RBA Pilot Map

REQUESTED ACTION FROM COMMISSION:

That the Washington State Parks and Recreation Commission:

1. Adopt adjusted land classifications for Westhaven/Westport Light State Park, as recommended by staff and shown in Appendix 2.
2. Adopt the name Point Chehalis State Park for the combined park.
3. Change the name Recreation Business Activity to Recreation Concession Area, and direct staff to update the agency’s real estate policies and land classification matrix accordingly.
4. Approve Recreation Concession Areas as conditional activities within selected Heritage and Recreation Areas of Fort Flagler Historical State Park, Westhaven State Park, Millersylvania State Park, and Squilchuck State Park, as recommended by staff and shown in Appendices 1-4.
5. Approve park-specific development restrictions for each Recreation Concession Area, as recommended by staff.

6. Direct staff to solicit second-party proposals to develop and manage the approved Recreation Concession Areas, consistent with Commission-approved policies and guidelines.
7. Delegate to the Director the authority to approve minor adjustments to site boundaries and park-specific development restrictions as needed, provided that all final lease agreements negotiated with terms in excess of 20 years are unanimously approved by the Commission.

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Reviewer(s):

Jessica Logan, SEPA REVIEW: Pursuant to WAC 197-11-310 and WAC 197-11-340, staff issued a “Determination of Non-Significance” for the staff recommendation finding that the action proposed by Commission staff was minor and would result in no probable significant adverse environmental impacts.

Christeen Leeper, Fiscal Impact Statement: Adoption of this requested action has no immediate fiscal impact. Implementation will come in subsequent agenda items to the Commission for review and approval and are expected to have a positive fiscal impact in the form of revenue or cost saving.

Jim Schwartz, Assistant Attorney General: 9/5/2016

Peter Herzog, Assistant Director

Approved for Transmittal to Commission

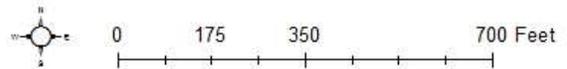


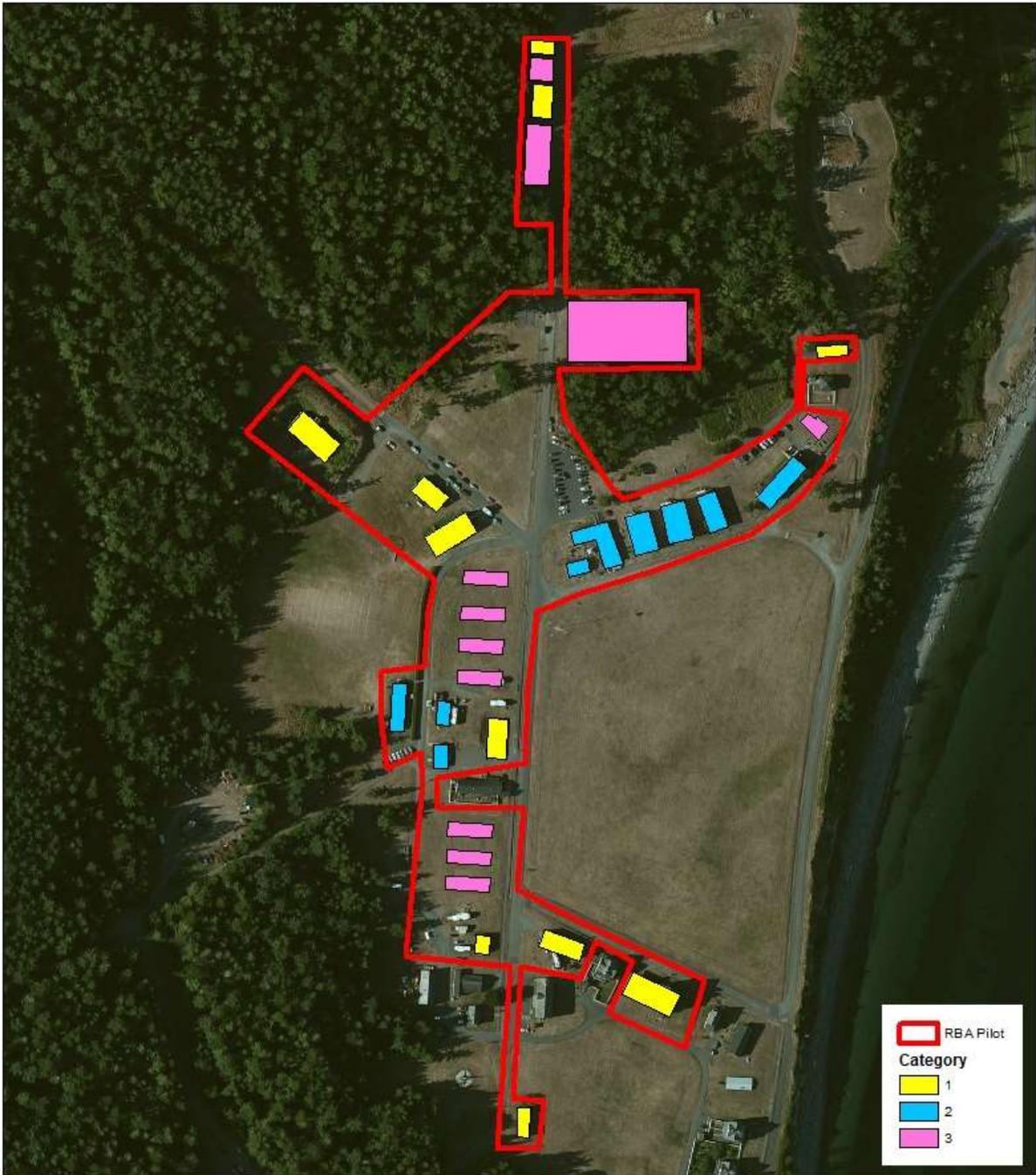
Donald Hoch, Director

APPENDIX 1
Fort Flagler Historical State Park RBA Pilot Map

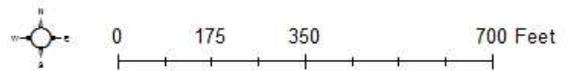


Fort Flagler Historical State Park
RBA Pilot Site 1 Development Categories





Fort Flagler Historical State Park
RBA Pilot Site 1 Development Categories



APPENDIX 2

Westhaven/Westport Light State Park Land Classifications and RBA Pilot



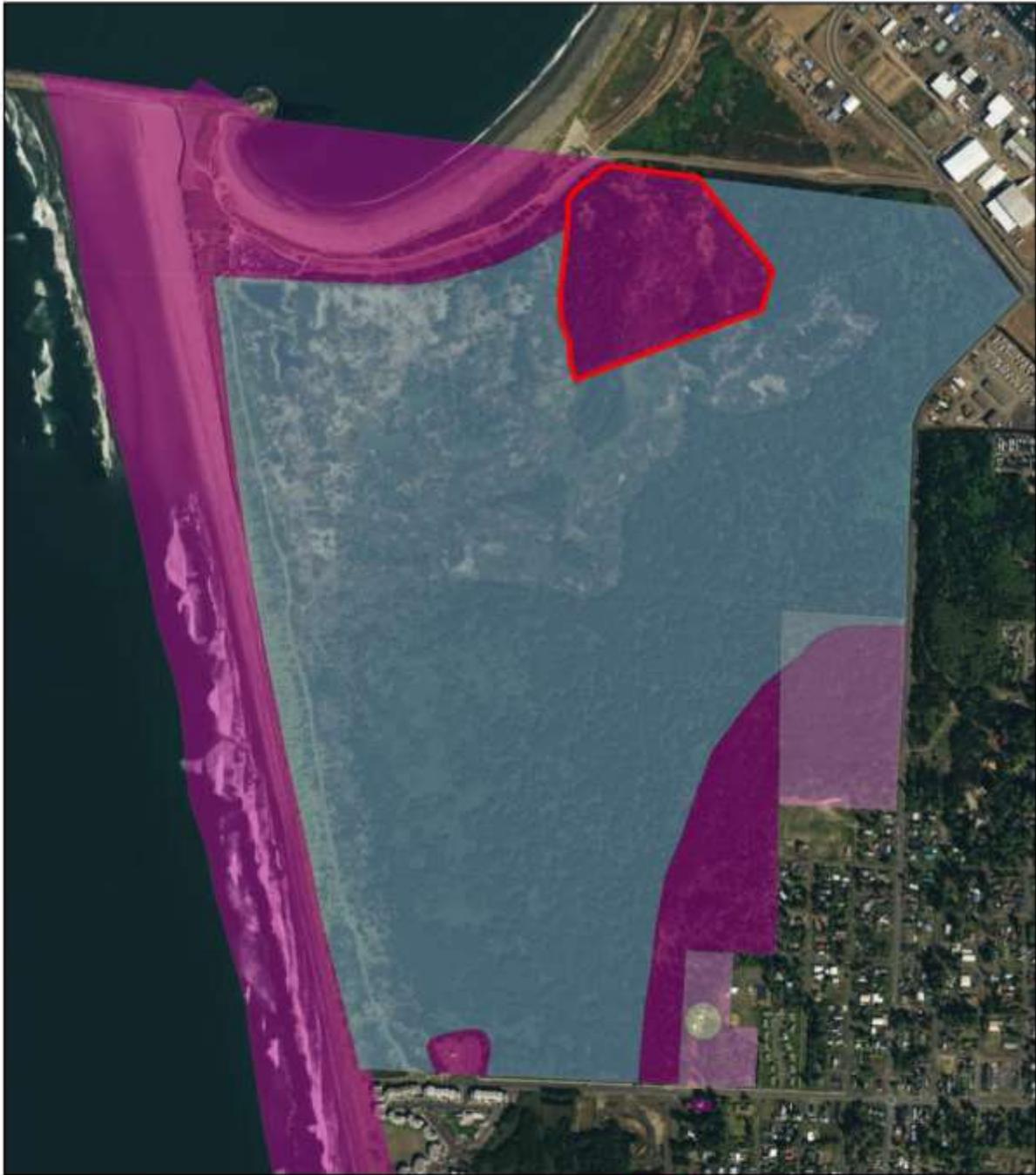
Westhaven/Westport Light State Park
Current Land Classifications

Land Classification Current

- Heritage Included in Long-Term Boundary
- Recreation
- Recreation Included in Long-Term Boundary
- Resource Recreation
- Resource Recreation Included in Long-Term Boun

0 500 1,000 2,000 Feet





**Westhaven/Westport Light State Park
Proposed Land Classifications**

- RBA Pilot
- Heritage Included in Long-Term Boundary
- Recreation
- Recreation Included in Long-Term Boundary
- Resource Recreation
- Resource Recreation Included in Long-Term Boundary

0 500 1,000 2,000 Feet



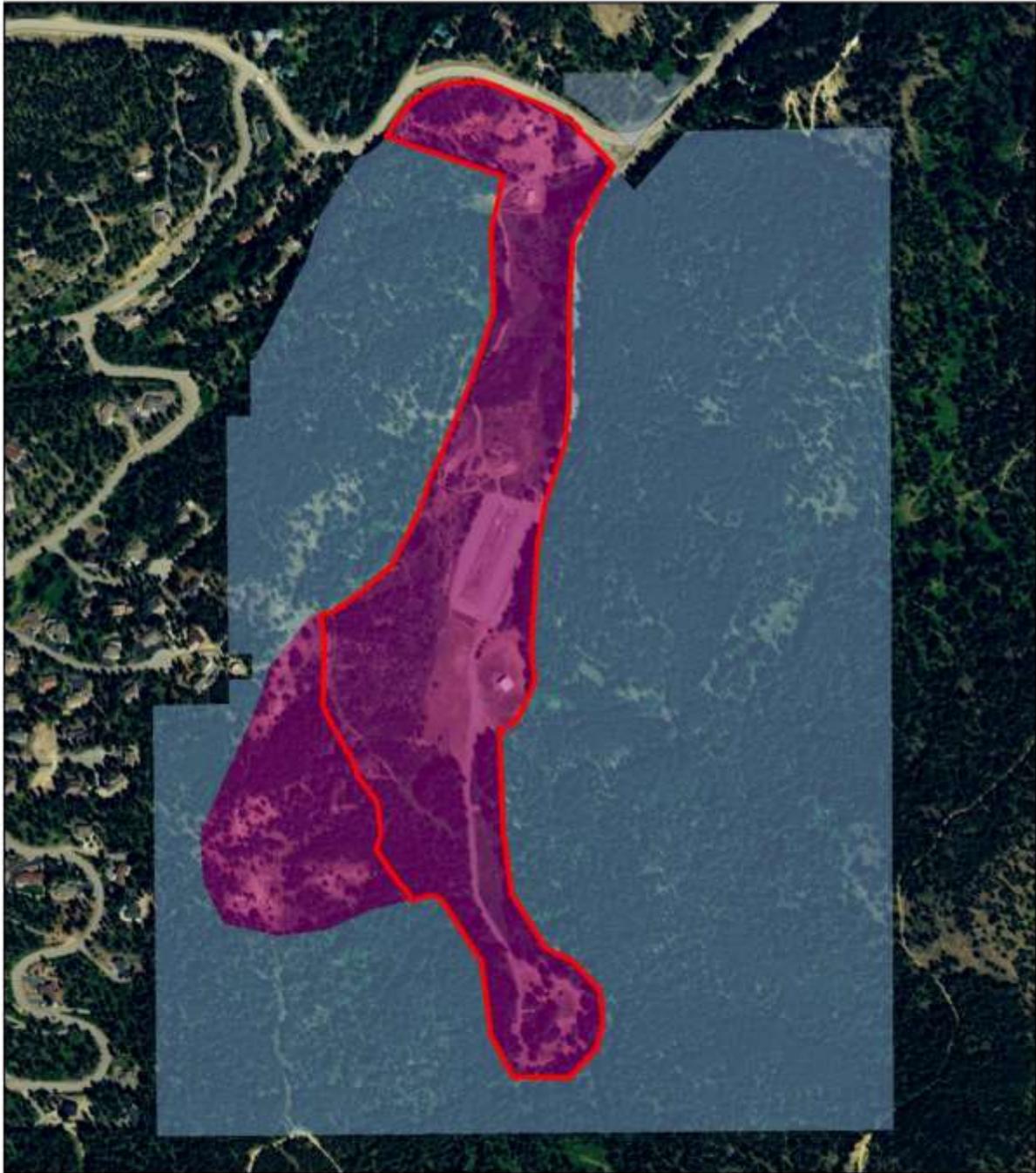
APPENDIX 3
Millersylvania State Park RBA Pilot Map



Millersylvania State Park
RBA Pilot Site



APPENDIX 4
Squilchuck State Park RBA Pilot Map



Squilchuck State Park
Pilot RBA Site

