

# HOUSE BILL REPORT

## HB 2445

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### As Reported by House Committee On:

Innovation, Community & Economic Development, & Veterans

**Title:** An act relating to leasing authority of the state parks and recreation commission.

**Brief Description:** Concerning the leasing authority of the state parks and recreation commission.

**Sponsors:** Representatives Ryu and Tharinger.

### Brief History:

#### Committee Activity:

Innovation, Community & Economic Development, & Veterans: 1/23/24, 1/26/24 [DP].

#### Brief Summary of Bill

- Removes limitations on the State Parks and Recreation Commission's lease terms and conditions for Saint Edward State Park.

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### HOUSE COMMITTEE ON INNOVATION, COMMUNITY & ECONOMIC DEVELOPMENT, & VETERANS

**Majority Report:** Do pass. Signed by 12 members: Representatives Ryu, Chair; Donaghy, Vice Chair; Rule, Vice Chair; Volz, Ranking Minority Member; Barnard, Assistant Ranking Minority Member; Caldier, Christian, Cortes, Senn, Shavers, Street and Wilcox.

**Staff:** Martha Wehling (786-7067).

### Background:

The State Parks and Recreation Commission (Commission) controls and supervises more

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than 140 state parks throughout Washington. The Commission's duties include the use, care, and administration of state parks and parkways, including granting concessions and leases.

The Commission is required to grant concessions or leases in state parks and parkways upon such rentals, fees, or percentage of income or profits, and for such terms and conditions, as approved by the Commission. Lease and concession terms must not be longer than 80 years. When an applicant proposes to lease parkland or state park property for more than 20 years, or when a lease is amended or modified, at least five of the seven Commission members must affirmatively approve the lease. Both concessions and leases may be modified during their term if the Commission opines that the modification is in the best interest of the state and the concessionaire or lessee consents.

The maximum lease term for certain property at the 326-acre Saint Edward State Park is 62 years. The lease is restricted to certain areas of the park, including the main seminary building, the pool building, the gymnasium, the parking lot between the prior three buildings, the parking lot north of the gymnasium, and associated property immediately adjacent to the preceding areas.

Before entering into a lease at Saint Edward State Park, the Commission was required to find that the Department of Commerce study (Commerce study) issued in July 2016 failed to identify an economically viable public or nonprofit use for the property that was consistent with the Commission's mission and able to proceed on a reasonable timeline. The Commerce study found no active public or nonprofit development proposals to evaluate, and no public or nonprofit sponsored entity had submitted a redevelopment proposal. The study concluded that if a minimum of \$23.4 million of funding was available, it would cover baseline restoration costs; however, no specific funding sources, capital investments, or ongoing operating and maintenance costs were identified or available. The study also noted that restoration costs would increase depending on the use of the property. Following the Commerce study, the seminary at Saint Edward State Park was historically restored by a private developer and began operating as The Lodge at St. Edward Park in 2021.

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**Summary of Bill:**

The limitations on the State Parks and Recreation Commission's lease terms and conditions for Saint Edward State Park are removed.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Fourteen years ago, the Legislature began searching for an answer to an aging structure that needed millions of dollars of investment yet had historical significance as a beloved seminary. State Parks had looked for years for a partner to rehabilitate the seminary which had fallen into major disarray, was closed to the public, and needed significant upgrades. The brilliant solution was to find a private investor who would renovate the structure, bring it up to code, and put it to good use. After a couple of rounds, a developer of historic properties stepped up to create a hotel and conference center. At that time, the Commission's leasing authority was limited to 50 years, which was not long enough for a project to pencil out from an investment standpoint. The Legislature allowed a 62-year lease, which allowed the \$60 million renovation and federal and historic tax credits to proceed with creating a beautiful piece of property that everyone should visit. The \$60 million renovation of the building is the equivalent of the entire biennial capital budget for the entire State Parks system. The building is open to the public, so a visitor can stroll the main hallway and enjoy the art gallery, refreshments, or the restaurant. In addition, the park is the only public access to Lake Washington. Although prior legislation changed the statutory lease term from 50 to 80 years, Saint Edward State Park was not corrected, so it is the only park limited to a 62-year lease. Now that the lease is in place, there is no need for reference to its terms in the statute.

(Opposed) None.

**Persons Testifying:** Representative Cindy Ryu, prime sponsor; and Owen Rowe, State Parks and Recreation Commission.

**Persons Signed In To Testify But Not Testifying:** None.