



Overview: North Cascades Gateway Center (Former Northern State Hospital) and Collaborative Planning Efforts in Skagit County

Historical overview:

- Washington State owns approximately 225 acres in the city of Sedro-Woolley in eastern Skagit County – the site of the former Northern State Hospital, which closed in 1973.
- The property is currently managed by the state [Department of Enterprise Services](#) (DES) as [North Cascades Gateway Center](#) with 11 FTEs that work onsite to maintain the buildings and grounds.
- The state first acquired the property, along with other adjacent lands, in 1909 and subsequently constructed an occupational and treatment facility for the mentally ill.
- The 1974 Legislature directed the state Department of Public Institutions (now the state Department of Social and Health Services), which operated the facility, to transfer the hospital campus property to the state Department of General Administration (now DES).
- Another 1,000 acres was transferred to the state Department of Natural Resources (DNR); DNR later transferred the land to Skagit County for public recreational use.

Current uses:

- Several hundred people live and work on the campus, which is closed to the public primarily because of confidentiality and security issues tied to programmatic needs of current tenants.
- DES is the lessor for seven leases on the property. The three largest tenant operations are: (1) Port of Skagit for economic development, (2) U.S. Department of Labor for a Job Corps Center serving up to 300 residents, and (3) North Sound Behavioral Health Organization. The Washington Military Department leases space for a maintenance facility. DNR leases space for office and storage beyond the capacity at its regional headquarters.
- North Sound Behavioral Health Organization contracts with two providers: (1) Pioneer Human Services for a residential chemical dependency evaluation and treatment facility serving up to 141 persons and (2) Telecare Corporation for a 16-bed mental health evaluation and treatment facility that opened in September 2015 to help address needs identified in a state Supreme Court case about single bed certification.

Launching new partnership:

- Since the hospital closed in 1973, the community expressed frustration with the state on its underutilization of the property.
- In November 2013, DES invited a community discussion involving local government entities and approximately 25 designated representatives to explore community interests in future opportunities for the property. The collaborative planning group meets quarterly or as needed.
- DES indicated the state might consider a single proposal from the community if it met certain criteria including: Existing site commitments; stewardship and preservation; balancing risk and reasonable compensation to the state; community interests and goals; and support or approval from authorizing entities.
- Partners involved in the collaborative planning process include:
 - City of Sedro-Woolley
 - Port of Skagit
 - Skagit County
 - Upper Skagit Tribe
 - Economic Development Association of Skagit County

- Skagit Community Foundation
- Office of Governor Jay Inslee
- State Sen. Kirk Pearson and State Rep. Dan Kristiansen (39th District)
- Staff representing federal elected officials
- Washington State Department of Archaeology and Historic Preservation
- Washington State Department of Commerce
- Washington State Department of Ecology
- Washington State Department of Fish and Wildlife
- Washington State Department of Health
- Washington State Department of Social and Health Services
- Washington State Office of Financial Management
- Washington State Recreation and Conservation Office

Partnerships forged with the state providing funding and agreements approved:

- In January 2014, the City of Sedro-Woolley, Port of Skagit, and Skagit County entered into an interlocal agreement to establish a long-range vision for the property with the [Port](#) as lead agency.
- The goal of community partners is to increase regional economic opportunities, retain the historic vision, and open the campus to the public.
- The Port secured a state Department of Ecology (ECY) integrated planning grant to conduct an [adaptive re-use study](#). The Port published a final report in May 2015. The Port received additional funding from ECY to conduct further remedial investigation of the property.
- Skagit County received a state Department of Commerce grant to work on master planning, further remedial investigation, and feasibility study of the campus.
- On July 31, 2015, the Port submitted a proposal to DES for local control of campus development.
- In December 2015, DES and the Port executed an initial development lease for over half of the property along with a shared services and collaborative planning agreement.
- Staff from the Upper Skagit Tribe provided consultation on a number of issues throughout the collaborative planning process.
- In February 2016, DES and the Port launched a collaborative discussion with stakeholders to help determine an appropriate path forward for a pond on the property.
- In May 2016, DES and the Port executed a memorandum of understanding to document the partnership and agreements between the two entities related to the overall property, planning for future transition, and anticipated resulting community benefits.
- In late December 2016, DES and the Port reached an agreement to transfer real property known as the North Cascades Gateway Center in two phases. The first 155-acre parcel is expected to be transferred to the Port before June 30, 2018. The second 70-acre parcel is expected to be transferred before June 30, 2022. The timelines may be modified based on mutual agreement.

Sedro-Woolley leads land use and infrastructure processes:

- In late February 2015, the three local government partners adopted an amended interlocal agreement and also requested DES petition Sedro-Woolley to annex the property into city limits. Annexation is required to allow future commercial and industrial uses envisioned for the site.
 - On March 19, 2015, DES sent a letter of intent to petition for annexation while also seeking legislative confirmation.
 - On April 8, 2015, the Sedro-Woolley City Council voted to begin the annexation process and to prepare a subarea plan and planned action environmental impact statement related to the property.
 - On August 17, 2015, DES submitted a petition for annexation to the City of Sedro-Woolley.
 - On September 9, 2015, the Sedro-Woolley City Council approved annexation.
- On December 9, 2015, the Sedro-Woolley City Council approved a subarea plan and planned action environmental impact statement for the property.
- The City of Sedro-Woolley, Skagit County, and Port of Skagit partnered to fund design of necessary improvements to Fruitdale Road (with the City as the lead).

Skagit County leads behavioral health planning:

- On June 26, 2015, Skagit County convened a stakeholders' forum to begin a discussion on transitioning behavioral health services from the North Cascades Gateway Center campus.
- On October 30, 2015, Skagit County (in collaboration with North Sound Mental Health Administration) convened a community meeting on the transition of behavioral health services from the campus.
- In spring 2016, Skagit County (in collaboration with North Sound Behavioral Health Organization) distributed reports related to behavioral health planning and transition of services into the community.
- On June 3, 2016, Skagit County (in collaboration with North Sound Behavioral Health Organization and all five counties) convened another community meeting on the transition of behavioral health services from the campus into the community and updated the community on planning efforts.
- Delivery of substance abuse services has changed significantly in recent years. There is increased focus on transitioning to 16-bed (Medicaid-eligible), community-based treatment centers that provide a continuum of care in local communities.
- The federal Affordable Care Act called for integration of behavioral health services with primary care. It also expanded Medicaid, so that more people are eligible for treatment under federal funding.
- This has changed the face of treatment in Washington state with a transition of administration from state to local behavioral health organizations and an increased focus on designing a system that qualifies for Medicaid reimbursement including smaller (16-bed) treatment programs.
 - As of April 2016, behavioral health organizations are responsible for providing publicly-funded mental health and substance use treatment services under managed care in regional service areas. These behavioral health organizations are responsible for planning to provide care in their respective regions after June 2018 for persons currently served on the campus in Sedro-Woolley.
 - Skagit County, North Sound Behavioral Health Organization, and other partners are continuing to work together to transition behavioral health services from the campus to local communities to help meet the vision for the campus. The five counties in the North Sound Behavioral Health Organization are collaborating to align planning for behavioral health service needs and budget requests that impact Island, San Juan, Skagit, Snohomish, and Whatcom counties.
 - Skagit County is developing a pilot program for a behavioral health recovery oriented system of care to include acute care, outreach, recovery/supportive housing, and employment services.
- Local government's interest is to transition services from the campus by June 30, 2018.

Janicki Bioenergy discussions:

- In February 2015, governmental entities announced early discussions with Janicki Bioenergy.
- [Janicki Bioenergy](#), located in Sedro-Woolley, seeks to develop a research and development campus at the former Northern State Hospital site for an innovative water treatment plant called the "OmniProcessor" – as well as other new sanitation technologies. An OmniProcessor converts wastewater into potable drinking water and electricity for developing countries.
- The [Bill and Melinda Gates Foundation](#) supported and helped fund the early [project](#).
- In April 2016, the Port of Skagit and Janicki Bioenergy executed a land sublease for a portion of the property at North Cascades Gateway Center.

Redevelopment plans:

- The Port plans to begin development of an innovation and clean technology campus referred to by the local government partners as the Sedro-Woolley Innovation for Tomorrow Center (SWIFT Center).
- The Port estimates redeveloping the property could create between 600 and 1,000 new sustainable, community-wage jobs in the region during the next 10 to 20 years.

2015 legislation:

- Governor Inslee signed Substitute Senate Bill 5887 ([Chapter 99, Laws of 2015, Regular Session](#)) to allow DES to enter into leases for up to 60 years at the former Northern State Hospital site.
- DES and local government requested a capital budget proviso to confirm authority of the DES director to petition for annexation to the city of Sedro-Woolley. The state capital budget for the 2015-17 biennium confirmed authority of the DES director to petition for annexation after consultation with the state Office of Financial Management and upon determination annexation is in the interests of the state.

2016 legislation:

- Local government requested a budget proviso to grant authority to the DES director to transfer the former Northern State Hospital site to the Port of Skagit. Through the supplemental budget process, the state capital budget for the 2015-17 biennium granted authority to the DES director until June 30, 2027, to transfer the former Northern State Hospital to the Port of Skagit upon the director's determination the transfer is appropriate and in furtherance of the interests of the state. The proviso requires the DES director to consult with the state Office of Financial Management prior to making such determination. Any conveyance of ownership interest to the Port must restrict the Port from transferring ownership of the property to any nongovernmental entity or private person. Should legal requirements to provide behavioral health services at other locations fail to be met, having made diligent efforts to do so, the state may extend the leases with behavioral health tenants for the minimum time needed to meet such requirements with due diligence. The transfer is not subject to requirements of RCW 43.09.210.