

Craig McLaughlin

March 15, 2022

Amanda Babich, President
Steve Nixon, Commissioner
Maryellen Hill, Commissioner
Kurt Grimmer, Commissioner
Laurel Kingsbury, Commissioner
Ally Bujacich, Executive Director
Peninsula Metropolitan Park District
5717 Wollochet Drive NW #3
Gig Harbor, WA 98335

Dear Sir or Madam:

In our letter dated March 1, 2022, we set forth our concerns about PenMet's administration of its three Fox Island properties. We also set forth our concerns about the amount of money being levied against and liens to secure massive loans placed on Fox Island homes with little, if any, discernible investment in the properties in return. In that letter, we set forth a seven point offer for the PenMet Board to consider. On March 10, 2022, as you know, I received PenMet's response in a letter from Ally Bujacich. I sincerely appreciate the Executive Director taking the time to provide the requested response. Set forth below are our comments with respect to that response.

We are not at all surprised that the PenMet Board has decided not to take any action on our letter. That was fully anticipated. While we find the Board's decision to be disappointing, it is consistent with how it has handled previous communications and requests. The Board has shown a strong preference for public comments at its Board meetings where the speakers are limited to three minutes and the Board's policy is apparently to not respond to those comments. An abbreviated one way dialogue is not the answer in this situation.

We have a question about PenMet's comment that our proposal included a request that PenMet transfer the Fox Island properties "...at no cost." In fact, our letter indicated that *any properties donated to PenMet* would be transferred at no cost and any others would be appraised at full market value and purchased at that price. Given that, we have to ask: Is this comment an admission that all three properties were donated? Or is it that our letter was not read carefully enough? We want to clarify that the entity which would most likely end up taking title to the properties would be another Metropolitan Park District. There are other options, but none of them include any private individuals or for profit entities.

The letter also states that we were asking PenMet "...to direct a greater amount of its revenues to the Fox Island parks based on (our) calculation of the property tax collected from Fox Island residents." We have two comments with respect to this statement. First, we never asked for *any* defined amount to be directed to Fox Island parks let alone a "greater amount." Funds should be allocated based on need and available resources, and we would never suggest that some type of prorate calculation be made when allocating funds. Second, the letter also indicates that the numbers we provided were our calculations when, in fact, the numbers came directly from the Pierce County Assessor's Office. We performed no calculations whatsoever on the County's data.

The letter also delves into an argument we've heard before: Fox Island people are rich so we need to understand that funds are more likely to be spent in areas where there are no "affluent" residents. In other words, since we're "rich" PenMet does not have to spend much, if anything, on Fox Island. This assumption of affluence on PenMet's

part is not accurate. Not all residents on Fox Island are people most would believe are wealthy and we do, in fact, have about 5% of our residents living below the poverty line. Many families are house rich and cash poor as well. Just owning a home with a certain assessed value has little bearing on a family's financial position. Being a small island, we have an inordinate percentage of parcels on the water which drives up the value, but it doesn't mean it drives up the household income. Moreover, demographics of the island indicate that a higher percentage are seniors and thus more likely to be on fixed incomes. This belief on PenMet's part that Fox Island residents are all affluent and can easily afford any levy assessed on us appears to us to be fully supported by PenMet's complete lack of capital improvements on its Fox Island properties despite more than a decade of ownership. Regardless of the tax source, it is absolutely reasonable to expect responsible spending of public monies and accountability in stewardship of public properties for *all* citizens.

Your letter attempts to tout the approximately \$1.3M in PenMet's 2022 Budget Book as "capital improvements." This statement shows two things. First, it shows a misunderstanding of what the phrase "capital improvements" means especially when considering generally accepted accounting principles. Second, it is not supported by PenMet's own 2022 Budget Book. PenMet's own Budget Book clearly states that the amounts allocated to the Fox Island properties in its 2022 Budget Book are NOT capital improvements, but are labeled almost entirely as "deferred maintenance." The only item on the 2022 budget that is not deferred maintenance is actually labeled "Life Safety."

Did the Life Safety just arise in 2021 or has it existed for years? If this is truly a "life safety issue," then why hasn't PenMet addressed this in the prior 10 or 12 years of ownership? If PenMet has a six year capital improvement plan, then why wasn't this life safety issue addressed years ago when the property was first transferred to PenMet? These funds are, in part, related to the demolition of two existing structures that PenMet has owned for more than a decade. The bulk of the funds are for renovation of the bunk house, but, again, these funds are labeled as deferred maintenance. There are only two reasons we can discern for any item to become deferred maintenance. One is the lack of sufficient funds, but when we look at PenMet's financial statements and cash balances that certainly doesn't seem to be the problem. The other is simply a lack of attention to perform regular maintenance in a proper and timely manner. Which cause does PenMet believe created the deferred maintenance?

We appreciate the admission that the Fishing Pier and the Sandspit are "...significant parks..." Given that they are truly significant, that one has a "life safety" issue (that has undoubtedly existed for years), and that both have substantial and unsightly deferred maintenance (which is both obvious to anyone walking through the parks and duly noted in PenMet's 2022 Budget Book), the following questions appear to be appropriate:

1. What happened at the Sandspit, in particular, in recent years to lead the Board to finally allocate any significant funds to that property?
2. Why, given that PenMet has always had sufficient funds in its bank accounts to cover much of the deferred maintenance, was that maintenance deferred in the first place?
3. Unrelated to the Fishing Pier and the Sandspit, but entirely appropriate to ask: Why has no attention been given to the third Fox Island property that isn't even considered important enough to put on the map you included with your letter?

The letter also mentions "...the regular maintenance and operating costs associated with those parks." Based on PenMet's 2020 accounting records (we don't yet have 2021 records) it appears that a grand total of \$6,683.46 in maintenance was spent at the Fishing Pier and \$18,302.08 (\$13,753.00 of that was for temporary security) was spent at the Sandspit. It appears (the abbreviations are not easily decipherable) the vast majority of these two amounts (other than security) are for utilities and septic related services. Accordingly, it also appears there is very little in either account for "...regular maintenance..." This is borne out by a simple walk through the properties where maintenance is badly needed.

Your letter, for some reason, also mentions that "...the largest percentage of the property tax collected from Fox Island residents is for schools and there are no public schools located on the island." First, this is completely irrelevant to the discussion. Second, Fox Island children are required to and do attend school which means the Fox Islanders are receiving value for those taxes—unlike the millions going to PenMet projects like the new rec center and other PenMet properties off the island.

With regard to the rec center mentioned in the last paragraph, we have to ask the following question: Should PenMet be pursuing an extremely expensive capital project at this time given its clearly demonstrated inability to properly maintain the parks it already has? This is a topic for another day.

WHAT WE ARE NOW IMPLEMENTING

Filing A Notice Of Intention

By way of background, here is what RCW 35.61.001 says:

RCW 35.61.001

Actions subject to review by boundary review board.

The creation of a metropolitan park district, and an annexation by, or dissolution or disincorporation of, a metropolitan park district may be subject to potential review by a boundary review board under chapter 36.93 RCW.

Comment: This statute led us to research the statutes applicable to Boundary Review Boards (referred to herein as "BRB")

As indicated by RCW 35.61.001, above, BRB's are governed by RCW 36.93. Here are some relevant statutes contained in Chapter 36.93 (bold emphasis added):

RCW 36.93.020

Definitions.

As used herein:

(1) "Governmental unit" means any incorporated city or town, metropolitan municipal corporation, or any special purpose district as defined in this section.

(2) "**Special purpose district**" means any water-sewer district, fire protection district, drainage improvement district, drainage and diking improvement district, flood control zone district, irrigation district, **metropolitan park district**, drainage district, or public utility district engaged in water distribution.

(3) "Board" means a boundary review board created by or pursuant to this chapter.

Comment: Metropolitan Park Districts are clearly within the jurisdiction of the BRB.

RCW 36.93.030 (the relevant part)

Creation of boundary review boards in counties with populations of two hundred ten thousand or more— Creation in other counties.

(1) There is hereby created and established in each county with a population of two hundred ten thousand or more a board to be known and designated as a "boundary review board".

Comment: This statute requires Pierce County to have a Boundary Review Board and indeed it does.

RCW 36.93.090 (the relevant part)

Filing notice of proposed actions with board.

Whenever any of the following described actions are proposed in a county in which a board has been established, **the initiators of the action shall file within one hundred eighty days a notice of intention with the board:** PROVIDED, That when the initiator is the legislative body of a governmental unit, the notice of intention

may be filed immediately following the body's first acceptance or approval of the action. **The board may review any such proposed actions pertaining to:**

(1) The: (a) Creation, incorporation, or **change in the boundary**, other than a consolidation, of any city, town, or **special purpose district**

Comment: It appears the BRB has the jurisdiction to hear matters involving the change in the boundary of a special purpose district (see RCW 36.93.020(2) set forth above).

RCW 36.93.100 (the relevant part)

Review of proposed actions by board—Procedure.

The board shall review and approve, disapprove, or modify any of the actions set forth in RCW 36.93.090 when any of the following shall occur within forty-five days of the filing of a notice of intention:

(3) A petition requesting review is filed and is signed by:

(a) Five percent of the registered voters residing within the area which is being considered for the proposed action (as determined by the boundary review board in its discretion subject to immediate review by writ of certiorari to the superior court); or

(b) An owner or owners of property consisting of five percent of the assessed valuation within such area;

If a period of forty-five days shall elapse without the board's jurisdiction having been invoked as set forth in this section, the proposed action shall be deemed approved.

If a review of a proposal is requested, the board shall make a finding as prescribed in RCW 36.93.150 within one hundred twenty days after the filing of such a request for review. If this period of one hundred twenty days shall elapse without the board making a finding as prescribed in RCW 36.93.150, the proposal shall be deemed approved unless the board and the person who submitted the proposal agree to an extension of the one hundred twenty day period.

Comment: Our Notice of Intention will be accompanied by a petition that satisfies both RCW 36.93.100(3)(a) and probably RCW 36.93.100(3)(b) as well. Accordingly, our request for a review will be granted as indicated by the use of the word "shall" in the first sentence of this statute.

RCW 36.93.105

Actions not subject to review by board.

The following actions shall not be subject to potential review by a boundary review board:

- (1) Annexations of territory to a water-sewer district pursuant to RCW 36.94.410 through 36.94.440;
- (2) Revisions of city or town boundaries pursuant to RCW 35.21.790 or 35A.21.210;
- (3) Adjustments to city or town boundaries pursuant to RCW 35.13.340; and
- (4) Adjustments to city and town boundaries pursuant to RCW 35.13.300 through 35.13.330.

Comment: None of these exceptions to the BRB's jurisdiction apply so our Notice of Intention can be heard.

We will let you review the other statutes in RCW 36.93.

Our Request If The Boundary Line Adjustment Is Approved

If the boundary adjustment we are requesting is approved by the Boundary Review Board, we will then revert back to the offer made in our first letter: We will be asking you to donate those Fox Island properties PenMet acquired by donation to an entity to be determined at a later date. We will also be requesting that PenMet sell those Fox Island properties purchased by PenMet at a price determined by a mutually agreeable MAI appraiser. The buying entity will be determined at a later date.

We look forward to receiving your response. We do have further actions also in place should this process fail to accomplish the boundary adjustment we are seeking. Accordingly, as in our March 1 letter, we would appreciate at

least an initial response within ten days. We would sincerely like to discuss this matter with the entire Board to find a resolution that both sides can live with.

A GOOD GUY OPPORTUNITY FOR PENMET

Another issue has recently arisen that we believe presents PenMet with an opportunity to be looked upon very favorably by Fox Island residents. As you may or may not know, we have no on island emergency services whatsoever. No sheriff's station (and few patrols other than those we pay for), no medical facilities, and no fully staffed fire station. We have recently discovered (from information provided by the Fire Department) that the amount Fox Island residents are paying PenMet is also approximately the same amount the Fire Department would need to even consider it within its budget to fully staff the Fox Island Fire Station. We have opened discussions with the Fire Department to get more information. Just recently, a Fox Island resident died while waiting 57 minutes for an emergency response. We would have no problem and would, in fact, fully support and welcome PenMet as a partner in the effort to get our fire station fully staffed. Please consider this when making your decision on how you want to proceed.

SUMMARY

All of this said, we remain committed to resolving this issue as amicably as possible. Our initial goal remains to simply get the Board's attention so that discussions can be held, and so that a mutually acceptable agreement can be reached. The Notice of Intention to be filed with the BRB has been drafted and is ready for submittal. The form of the Petition showing we have the support required by RCW 36.93.100(3)(a) (quoted above) has already been sent to the BRB for its review as to form. The BRB's administrative assistant has forwarded our documentation to the Prosecuting Attorney's office, and we've been told that office has requested two weeks to do its research.

We remain committed to our goal of meeting with the full PenMet Board to discuss the matters set forth above. We'd like the Board to meet with us at the Nichols Community Center, and we can, either before or after that meeting, actually visit all three PenMet properties so we can all see how things stand now.

Concerned PenMet Park District Residents (signatures applied electronically with consent)



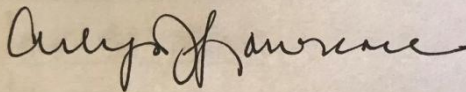
Craig McLaughlin



Allen Paul Templett



James Braden



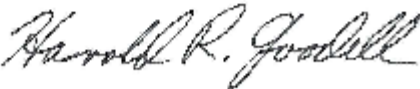
Arlyn J. Lawrence



Peggy Power



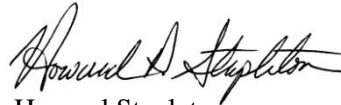
Glenn Hansen



Hal Goodell



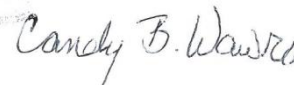
Lisa Stapleton



Howard Stapleton



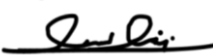
Rob Moore



Candy Wawro



Weston King



Miguel Martinez

(By email consent to include her name)

Gina Olson