

Haggard & Ganson LLP

Municipal Law • Investigations • Neutral Services

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August 26, 2024

Ms. Dawn Reitan
Inslee Best
Skyline Tower, Suite 1500
10900 NE 4th Street
Bellevue, Washington 98004

Re: City of Kenmore – investigation of citizens’ complaints

Dear Ms. Reitan:

At your request, I investigated citizens’ complaints concerning the Kenmore City Council’s decision to purchase three acres of property for the construction of a new public works center. This report constitutes a summary of the evidence, the witness interviews, and the conclusions I draw therefrom. It is not intended as a full recitation of the facts gathered. I base my conclusions on a preponderance of the evidence standard, under which I accept an allegation as fact when it is more probably true than not true based on the available evidence.

WITNESS INTERVIEWS

Rob Karlinsey, Kenmore City Manager, on August 12, 2024

Brian Hampson, Kenmore Building Official, on August 12, 2024

On August 14, I contacted the citizen complainants, Patrick O’Brien and Stacey Valenzuela, via email. Both initially expressed interest in being interviewed but stopped responding when I attempted to schedule.

DOCUMENTS REVIEWED

Affidavit of Stacey Valenzuela, received by the city on June 10, 2024

Records relating to property purchase and selection process

SUMMARY OF COMPLAINT AND EVIDENCE

Complaints prompting investigation

The City of Kenmore requested this investigation following receipt of a June 10, 2024, affidavit from Stacey Valenzuela and after receipt of comments from Patrick O’Brien at the June 10 and June 17 city council meetings. Valenzuela and O’Brien allege that City of

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Kenmore staff, especially City Manager Rob Karlinsey and Building Official Brian Hampson,¹ induced the city council to purchase real property by making misrepresentations and withholding information about a different property.

The primary allegation is that city staff falsely stated that a property formerly owned by Northshore Fire District (hereinafter “firehouse property”) was not available for purchase. Valenzuela’s affidavit alleges that the owner of the firehouse property told Valenzuela he would sell his property to the city for \$3 million, and that the property owner had not heard from the city since 2018.

In his public comments to the city council, O’Brien alleged that by failing to negotiate a purchase for the firehouse property, the city incurred a \$30-\$50 million expenditure to buy and build on a different property. Using strong language, O’Brien asserted that staff “lied” to the council and pushed the purchase through with no scrutiny.

O’Brien further alleged that city staff colluded with Sound Transit not to purchase the firehouse property so that Sound Transit could acquire it. Lastly, O’Brien alleged that Sound Transit intends to construct a parking garage within the critical area buffer, which casts doubt on the city’s assertion that the firehouse property is too environmentally constrained for the public works center.

In response to my email requesting an investigative interview, O’Brien wrote:

It is alleged: The City of Kenmore made a secret deal with Sound Transit to not select the Old Fire Station while looking for the site of a New Kenmore Maintenance facility. Sound Transit plans to build a four or more story parking garage on the Old Kenmore Fire station site. That multi story building would be directly in the flight path to Lake Washington of the Blue Heron and their nesting site adjacent (in a swamp) to the Old King County Police Station. . . . The public noticed and commented on a cover up early on. The fraudulent evaluation process was apparent. . . . The process used for evaluation was fake. This scam will cost the Kenmore taxpayers thirty to seventy million dollars. We should have had a public vote on this topic. The City Council could have acquired the totally renovated Old Fire Station for Three to Five million. Criminal acts have occurred is a question that must be answered. Also look into the failed use of [Eminent] Domain to take property in (private hands) on the Sammamish River. This prior attempt was spearheaded by the Ex City mayor that may have to be questioned. . . . That attempted “taking” was before this fiasco. As now the public spoke out.

¹ The Valenzuela affidavit refers to an employee with the initials “BH,” which is believed to be Brian Hampson.

Property selection process

Following its incorporation in 1998, the City of Kenmore contracted with the adjoining City of Lake Forest Park to provide public works services. On May 5, 2018, Lake Forest Park notified Kenmore it was terminating the contract effective December 31, 2018—giving Kenmore a short turnaround to establish its own operation.

The city immediately began hiring maintenance staff and, for lack of a better option, housed them on a vacant half-acre property and in a portion of the city-owned post office building. The space is inadequate and not a long-term solution. In 2018, the city began looking for a permanent site for a new public works center.

In 2011 or 2012, the Northshore Fire District constructed a new fire station across the street from the firehouse property. The fire district offered to sell the firehouse property to the city, but as Lake Forest Park was providing public works services, the city had no pressing need. Regardless, locating a public works center in the downtown area was not ideal.

The fire district sold the property to Ravinder Thind, who converted the building to a Montessori School. In August of 2018, Karlinsey contacted Thind to ask if he was willing to sell. Thind responded with an “unequivocal no.” Thind told Karlinsey the school was doing well and he was looking to expand his operation.

The city council approved a purchase and sale agreement for property on 68th Avenue in the rural area of Kenmore. The property was designated residential and would have required a comprehensive plan amendment and rezone. After conducting phase 1 and phase 2 environmental assessments—and in the face of community opposition—the city abandoned the agreement.

The city then considered purchasing a warehouse in the regional business zone, which would have allowed the public works center outright, and which would not have required substantial construction or remodeling. The owners declined to sell. The city retained an attorney to commence eminent domain proceedings, prompting an outcry from the owners and hours of public comments before the council. In 2020, the city abandoned plans to acquire the property.

In the fall of 2020, the city council formed a subcommittee to develop criteria for a formal purchasing process. On March 15, 2021, Jennifer Gordon (Public Works Operation Manager) and Richard Sawyer (Surface Water Manager) presented the criteria to the council. The process consisted of five phases of qualifying and disqualifying conditions on a six-point scoring scale, including property size, configuration, access, environmental constraints, cost, zoning, and the impact on neighboring properties. Whether there was a willing seller was

included as a consideration in phase 4. City staff identified 148 properties to put through the screening process, including the firehouse property.

The firehouse property received scores of zero for access and price and was eliminated in phase 2. The estimated purchase price—\$7.1 million for approximately 1.5 useable acres²—was higher than desired. The city would incur an estimated \$1.7 million in remodeling costs for the existing building. Environmental constraints to the east, including wetland buffer and heron habitat, would restrict future expansion and likely preclude construction of a shop space, parking improvements, maintenance yard, and outbuildings.

At the council meeting on July 26, 2021, a councilmember asked staff why the firehouse property did not survive the screening process. Jennifer Gordon responded that staff had approached the owner a year or two ago³ and the owner did not want to sell. Richard Sawyer added that the estimated land cost was relatively high and that environmental constraints made it infeasible to construct improvements. Gordon then noted that properties that made the final cut received perfect scores in phases 1 and 2.

Brian Hampson did not participate in this discussion. As the Building Official, he had no formal role in the property selection process.

Utilizing the selection criteria, the city council chose a property located on 202nd Street, adjacent to Kenmore Middle School—a combination of properties in two separate ownerships. The owners sold willingly and the acquisition faced little community opposition. The purchase price was \$6 million for approximately three acres. At the time of the selection, the city anticipated construction costs at \$4.7 million.

A subsequent construction estimate, prepared by an architectural consultant, came in at \$35 million, causing “sticker shock.” At the city’s request, the architect reduced the building size and removed outbuildings and the decant facility, which reduced the cost to \$22 million, including the land acquisition. On December 4, 2023, the city council authorized the issuance of bonds.

In early 2024, Ravinder Thind told a new councilmember he was willing to sell the firehouse property. Thind did not name a price. Even though the firehouse property had failed the selection process—and plans for the acquired property were far down the road—Karlinsey contacted Thind to ask whether he wanted to make an offer. Thind initially responded with

² At the time, the property was assessed at \$3.5 million, but commercial properties in King County were selling for far above assessed value. Applying the same multiplier that was applied to other properties, the city estimated the purchase price at \$7 million.

³ Gordon was referring to Karlinsey’s 2018 inquiry.

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potential interest but did not commit to a phone call or meeting. Thind did not give an asking price.

Sound Transit project

In conjunction with the development of rapid bus service along SR 522, Sound Transit announced plans to construct a parking garage on the site currently occupied by the Kenmore park and ride. In July of 2020, Sound Transit presented to the city council a concept plan for a transit-oriented development, which would incorporate the parking garage into a retail and residential development.

The concept plan did not show that Sound Transit intended to utilize the firehouse property. Sound Transit did not tell the city it intended to utilize the firehouse property. It is not known if Sound Transit approached Ravinder Thind about acquiring the property.

The transit-oriented development plan has since fallen apart, and construction of the parking garage is not actively proceeding. Whether the proposed parking garage or TOD potentially impinged on critical areas would not have altered the city's decision to move ahead with purchasing the 202nd Street property.

CONCLUSIONS

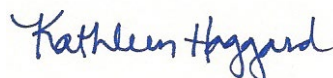
A preponderance of the evidence does not support the claim that city staff, particularly Rob Karlinsey, induced the city council to purchase the 202nd Street property by providing false, misleading, or incomplete information. The council underwent an extensive selection process that involved consideration of 148 properties under detailed criteria. The firehouse property failed phase 2 due to access limitations and anticipated costs. Whether the owner was willing to sell was irrelevant. As a matter of law, the city council has sole authority to decide which properties to acquire and at what price.

There is no credible evidence of collusion between Sound Transit and the city. The city is not aware of an intention by Sound Transit to acquire the firehouse property and has not been involved in discussions, if any, between Sound Transit and Mr. Thind.

If you have any questions or need additional information, please let me know.

Sincerely,

HAGGARD & GANSON LLP



Kathleen Haggard