

70633-1

70633-1

70633-1

SUF  
STATE OF WASHINGTON  
May 28, 2013, 2:21 pm  
RONALD R. CARPENTER  
CLERK

RECEIVED BY E-MAIL

---

SUPREME COURT  
OF THE STATE OF WASHINGTON

---

PUBLIC HOSPITAL DISTRICT NO. 1  
OF KING COUNTY,

Appellant,

v.

UNIVERSITY OF WASHINGTON,  
U.W. MEDICINE,

Respondents.

---

REPLY BRIEF OF APPELLANT PUBLIC HOSPITAL  
DISTRICT NO. 1 OF KING COUNTY

---

Philip A. Talmadge, WSBA #6973  
Talmadge/Fitzpatrick  
18010 Southcenter Parkway  
Tukwila, WA 98188-4630  
(206) 574-6661

Bruce L. Disend, WSBA #10627  
Kenyon Disend Law Firm  
11 Front Street South  
Issaquah, WA 98027-3820  
(425) 392-7090  
Attorneys for Appellant  
Public Hospital District No. 1  
of King County

ORIGINAL

TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| Table of Authorities .....  | ii-iv       |
| A. INTRODUCTION .....   | 1           |
| B. RESPONSE TO DISTRICT'S STATEMENT<br>OF THE CASE .....  | 2           |
| C. ARGUMENT .....   | 10          |
| (1) <u>Elected Officials Cannot Transfer<br/>        Their Core Responsibilities As Elected Officials<br/>        to Others Who Are Unaccountable to the Voters</u> ..... | 10          |
| (2) <u>RCW 70.44.060/.240 and RCW 39.34.030 Do Not<br/>        Justify the Sweeping Scope of the Agreement Here</u> .....   | 18          |
| D. CONCLUSION.....  | 24          |
| Appendix  |             |

TABLE OF AUTHORITIES

|   | <u>Page</u> |
|---|-------------|
| <u>Table of Cases</u>   |             |
| <u>Washington Cases</u>   |             |
| <i>Amalgamated Transit Union Local 587 v. State</i> , 142 Wn.2d 183,<br>11 P.3d 762 (2000).....   | 16          |
| <i>Anderson v. State, Dep't of Corrections</i> , 159 Wn.2d 849,<br>154 P.3d 220 (2007).....   | 20, 21      |
| <i>Ban-Mac, Inc. v. King County</i> , 69 Wn.2d 49,<br>416 P.2d 694 (1966).....  | 16          |
| <i>Cameron v. Murray</i> , 151 Wn. App. 646, 214 P.3d 150 (2009),<br><i>review denied</i> , 168 Wn.2d 1018 (2010).....  | 4           |
| <i>Chemical Bank v. Wash. Pub. Power Supply Sys.</i> , 99 Wn.2d 772,<br>666 P.2d 329 (1983).....  | 22          |
| <i>Dowler v. Clover Park School Dist. No. 400</i> , 172 Wn.2d 471,<br>258 P.3d 676 (2011).....  | 3, 10       |
| <i>Harvey v. County of Snohomish</i> , 124 Wn. App. 806,<br>103 P.3d 836 (2004), <i>reversed on other grounds</i> ,<br>157 Wn.2d 33, 134 P.3d 216 (2006)..... | 23          |
| <i>Hurlbert v. Gordon</i> , 64 Wn. App. 386,<br>824 P.2d 1238, <i>review denied</i> , 119 Wn.2d 1015 (1992).....  | 2           |
| <i>Isla Verde Int'l Holdings, Inc. v. City of Camas</i> , 142 Wn.2d 740,<br>49 P.3d 867 (2002).....   | 17          |
| <i>Litho Color, Inc. v. Pacific Employers Ins. Co.</i> , 98 Wn. App. 286,<br>991 P.2d 638 (1999).....   | 2-3         |
| <i>Robinson v. Khan</i> , 89 Wn. App. 418, 948 P.2d 1347 (1998) .....   | 4           |
| <i>Roehl v. Public Utility Dist. No. 1 of Chelan County</i> ,<br>43 Wn.2d 214, 261 P.2d 92 (1953).....  | 11, 22      |
| <i>Public Utility Dist. No. 1 of Snohomish County v.<br/>Taxpayers &amp; Ratepayers of Snohomish County</i> ,<br>78 Wn.2d 724, 479 P.2d 61 (1971).....        | 22          |
| <i>State v. Pannell</i> , 173 Wn.2d 222, 267 P.3d 349 (2011).....   | 20          |
| <i>State v. Xiong</i> , 137 Wn. App. 720, 154 P.3d 318 (2007),<br><i>reversed on other grounds</i> , 164 Wn.2d 506,<br>191 P.3d 1278 (2008).....              | 3           |
| <i>State ex rel. Everett Firefighters Local No. 350 v. Johnson</i> ,<br>46 Wn.2d 114, 278 P.2d 662 (1955).....  | 16          |

|  |    |
|--|----|
| <i>State ex rel. Kirschner v. Urquhart</i> , 50 Wn.2d 131,<br>310 P.2d 261 (1957).....       | 16 |
| <i>State ex rel. T. B. v. CPC Fairfax Hosp.</i> , 129 Wn.2d 439,<br>918 P.2d 497 (1996)..... | 4  |
| <i>United Chiropractors of Wash., Inc. v. State</i> , 90 Wn.2d 1,<br>578 P.2d 38 (1978)..... | 16 |

Federal Cases

|   |        |
|---|--------|
| <i>Avery v. Midland County</i> , 390 U.S. 474, 88 S. Ct. 1114,<br>20 L.Ed.2d 45 (1968).....                                       | 14     |
| <i>Cunningham v. Mun. of Metro. Seattle</i> ,<br>751 F. Supp. 885 (W.D. Wash. 1990).....  | 20, 21 |
| <i>Hadley v. Junior College Dist. of Metropolitan Kansas City, Mo.</i> ,<br>397 U.S. 50, 90 S. Ct. 791, 25 L.Ed.2d 45 (1970)..... | 15     |
| <i>Sailors v. Board of Education of Kent County</i> , 387 U.S. 105,<br>87 S. Ct. 1549, 18 L.Ed.2d 650 (1967).....                 | 14, 15 |

Constitution

|                                 |        |
|---------------------------------|--------|
| Wash. Const. art. I, § 19.....  | 17, 20 |
| Wash. Const. art. II, § 1 ..... | 16     |

Statutes

|                       |               |
|-----------------------|---------------|
| RCW 4.2(a)(4) .....   | 22            |
| RCW 28B.20.100.....   | 6             |
| RCW 39.34.030 .....   | 18, 19        |
| RCW 39.34.030(5)..... | 23            |
| RCW 70.44.040 .....   | <i>passim</i> |
| RCW 70.44.040(2)..... | 10            |
| RCW 70.44.060 .....   | 18, 19        |
| RCW 70.44.060(7)..... | 21            |
| RCW 70.44.240 .....   | 18, 19, 21    |

Rules and Regulations

ER 201(a).....  
RAP 4.2(a) .....  
RAP 10.3(a)(5).....

Other Authorities

2 A. Eugene McQuillan, *Municipal Corporations*  
(3d ed. rev. 1996) § 10.38.....  
[http://seattletimes.com/html/localnews/2020875885  
catholicealthxml.html](http://seattletimes.com/html/localnews/2020875885_catholicealthxml.html).....  
*Shine Light on Housing Authority's Shell Agency*,  
*Seattle Times*, May 5, 2013.....

## A. INTRODUCTION

Respondents University of Washington and U.W. Medicine ("UW Medicine") assert that the Strategic Alliance Agreement ("Agreement") between Public Hospital District No. 1 of King County ("District") "represents democracy in action and government working the way it should." Br. of Resp'ts at 1. However, democracy in our system of representative government means the people elect representatives to perform legislative, executive, and judicial functions on their behalf. Such representatives are accountable to the electorate.<sup>1</sup>

The Agreement defeats this basic formulation of democracy. The electorate elects Commissioners. It does not elect the majority of the District's board of trustees who are unaccountable to the electorate. Contrary to UW Medicine's claims, the board of trustees, not the elected Commissioners, run the District. Among the trustees' core powers: they set the District's budget (and thereby control the Commissioners' authority to levy taxes and issue bonds); the trustees, not the Commissioners, select the Valley CEO and the staff employed by the District, setting all terms of

---

<sup>1</sup> UW Medicine misrepresents the nature of the District's appeal right from the start of its brief. In its lengthy introduction that argues facts without any record citations, it contends that the District "complains its commissioner do not constitute the majority of the new joint governing board." Br. of Resp'ts at 2. That is inaccurate. The issue presented here is whether the elected officials of a local government can transfer their core responsibilities as elected officials to a group of people who are largely unelected and unaccountable to the electorate.

service and compensation; the trustees, not the Commissioners, set District policy.

While statutes in Washington confer authority on public hospital districts to contract with others to perform a service or operate a distinct project, those statutes do not allow public hospital districts, like the District here, to abdicate by contract the core features of their elected Commissioners' statutory authority, thereby depriving the District's electorate of the ultimate control of the District with their attendant ability to hold the Commissioners they elect accountable for the District's actions.

B. RESPONSE TO DISTRICT'S STATEMENT OF THE CASE<sup>2</sup>

UW Medicine waits until the end of its statement of the case at 14-16 of its brief to address the critical fact discussed in the District's opening brief that the Agreement was the product of Valley CEO Richard Roodman to preserve his control over the District and his extraordinarily rich package of compensation and other benefits including a \$1.7 million

---

<sup>2</sup> UW Medicine is oblivious to the requirement of RAP 10.3(a)(5) that a statement of the case be a "fair statement of the facts and procedure relevant to the issues presented for review, *without argument*." (emphasis added). Moreover, RAP 10.3(a)(5) requires that there be a citation to the record for each factual statement. UW Medicine's statement of the case is *replete* with argument, beginning with the lengthy and highly argumentative introduction, unanchored to the record, and leading to the argumentative captions in its statement of the case. Moreover, all too often the "facts" alleged by UW Medicine are not supported by citations to the record. This makes a response by the District and review by this Court all the more difficult. UW Medicine does not get to make up the facts to suit its argument. UW Medicine's counsel should know better. See *Hurlbert v. Gordon*, 64 Wn. App. 386, 399-400, 824 P.2d 1238, *review denied*, 119 Wn.2d 1015 (1992) (experienced counsel sanctioned for improper brief). See also, *Litho*

payment in 2009 ostensibly for retirement, although he did not retire. Br. of Appellant at 3-8.<sup>3</sup> Roodman specifically told Dr. Paul Joos, the present president of the Board of Commissioners, that he wanted to overcome the voters' desire to elect reform-minded Commissioners (a "toxic" board) by entering into an agreement with UW Medicine to place him beyond the reach of the Board of Commissioners. CP 255.<sup>4</sup>

---

*Color, Inc. v. Pacific Employers Ins. Co.*, 98 Wn. App. 286, 305-06, 991 P.2d 638 (1999). At a minimum, this Court should disregard UW Medicine's statement of the case.

<sup>3</sup> UW Medicine has the audacity to contend, in a footnote, that there is no evidence to suggest Roodman was overpaid and that he exerted undue influence over the former District Commissioners who approved his compensation. Br. of Resp'ts at 14 n.7. The report of the State Auditor, an objective state official, documented the \$1.7 million payment to Roodman stating such a payment was not "typical" and telling the District to discontinue that practice in the future. CP 289. The terms of the payment documented in the Brief of Appellant at 4 n.3 indicate that it was designed to ensure that the Commissioners would not oust Roodman. The District has adopted a resolution (No. 1010) asking the Attorney General to investigate a possible action for fraud because the District took no action to recoup such a payment. CP 342-43. Moreover, *the Commissioners in 2009 actually paid Roodman \$250,000 more than what the District's compensation system provided, and then took no action to recoup that overpayment.* CP 289-92, 344. For UW Medicine to argue in its brief at 14 n.7, that such illegal compensation "was necessary to maintain Valley Medical Center's position as a top-notch hospital" is shocking. Such conduct by the former Commissioners can only lead an objective observer to conclude that Roodman, in fact, exercised undue influence over the former Commissioners in obtaining such extraordinary compensation as a public official.

<sup>4</sup> On summary judgment, this Court must review the facts and reasonable inferences from the facts in a light most favorable to the District as the non-moving party. *Dowler v. Clover Park School Dist. No. 400*, 172 Wn.2d 471, 484, 258 P.3d 676 (2011).

UW Medicine complains, again in a footnote, br. of resp'ts at 14 n.6, that Dr. Joos' declarations are "riddled with hearsay," but then acknowledges *the trial court considered it and did not strike it.* The Joos declaration is a part of the trial court record and, because UW Medicine has not filed a cross-appeal raising the admissibility of the Joos declaration, its complaints should be ignored by this Court. For example, in *State v. Xiong*, 137 Wn. App. 720, 723, 154 P.3d 318 (2007), *reversed on other grounds*, 164 Wn.2d 506, 191 P.3d 1278 (2008), a respondent sought to challenge the trial court's entry of certain findings of fact. The court rejected the argument because the respondent sought "affirmative relief" on appeal and failed to file a notice of cross-appeal. *See also*,

The Agreement fulfilled Roodman's desires in two key ways. It created a board of trustees to run the District that was unaccountable to the electorate. CP 418-19 (Agreement §§ 3.2, 3.2(b)). Indeed, the elected Commissioners could not amend the Agreement for 15 years. CP 451-52 (§ 10.1). That new, unaccountable board of trustees, not the Commissioners, approves UW Medicine's appointment of the Valley CEO, CP 422 (§ 3.8(a)), and that official is accountable to the trustees. *Id.* The Valley CEO, i.e. Roodman, was "grandfathered" in that position, and the trustees were not obliged to perform a search for the CEO position. CP 422-23 (§§ 3.8(b), 3.8(c)). The lucrative compensation system that produced massive compensation benefits for Roodman and his staff was also retained. CP 418 (§ 3.1(b)(ix)); CP 424 (§ 3.8(d)).

---

*Robinson v. Khan*, 89 Wn. App. 418, 948 P.2d 1347 (1998) (defendants prevailed at trial, but sought to raise statute of limitations as further defense on appeal; court found argument barred as it was request for affirmative relief and no cross-appeal was filed). UW Medicine's effort to strike evidence is similar "affirmative relief."

UW Medicine also complains about the District's citation of news articles pertaining to Roodman's management of Valley Medical Center and his problems with the Public Disclosure Commission. Br. of Appellant at 4 n.2. Those articles are cited in support of the proposition in the brief that Roodman's management "has been the subject of numerous articles in the press and media." Such articles are appropriate authorities as adjudicative facts for that general proposition. ER 201(a). In any event, Washington appellate courts have taken judicial notice of the actual contents of articles cited for the first time to the appellate court as legislative facts and the Court could properly do so here. *See, e.g., State ex rel. T. B. v. CPC Fairfax Hosp.*, 129 Wn.2d 439, 454-55, 918 P.2d 497 (1996) (scholarly articles annexed to amicus brief not stricken); *Cameron v. Murray*, 151 Wn. App. 646, 658-59, 214 P.3d 150 (2009), *review denied*, 168 Wn.2d 1018 (2010) (appellate court considered articles on underage drinking and aggression).

Contrary to UW Medicine's contention in a footnote that this is all irrelevant to the issues on appeal here, br. of resp'ts at 14 n.7, this evidence is *vital* to an understanding of the context in which the Agreement was negotiated, the intent of the parties as to its scope, and the reasons why reform-minded candidates were elected to the District's Board of Commissioners. Roodman and UW Medicine *intended* to displace the District's elected Commissioners and to transfer their core responsibilities to an unaccountable board of trustees.

A second theme articulated in UW Medicine's statement of the case is its arrogant assertion that it knows better than the elected Commissioners how to run the District. This seems to be the intended purpose of its comparison of the University of Washington<sup>5</sup> to the District in its brief at 3-5. Peppered throughout its brief are statements meant to demean the importance of public hospital districts and the election of the Commissioners who run them. UW Medicine emphasizes the District's "few powers" or that the District "does not have powers unrelated to the provision of health care." Br. of Resp'ts at 5, 6. *See also, id.* at 22, 38-40.

The critical point largely glossed over in UW Medicine's brief is that the Legislature created public hospital districts and specifically

---

<sup>5</sup> UW Medicine's description of the University and UW Medicine's programs are largely unsupported by any record citations.

provided for the election of their commissioners. RCW 70.44.040. Those elected commissioners are accountable to the electorate for the exercise of the powers conferred upon a public hospital district and that relationship, so vital in a democracy, cannot be ceded by the elected Commissioners to an unaccountable board.<sup>6</sup>

A third theme in UW Medicine's statement of the case, again often unsupported by record citations, is that the Agreement was the culmination of a long process.<sup>7</sup> Again, as noted *supra*, given Roodman's desire to avoid accountability for his actions to an increasingly reform-minded board, the outcome in favor of an alliance with UW Medicine was pre-ordained. To be sure, the final Agreement was only approved 3-2 by the District's Board of Commissioners, CP 223-26, given the reformers'

---

<sup>6</sup> As noted in UW Medicine's brief at 4, the University of Washington is managed by the Board of Regents. RCW 28B.20.100. The University, unlike the elected Commissioners, is not directly accountable to the people. Rather, it is accountable to the people's legislative representatives because the Regents must be confirmed by the State Senate and the University's budget is set by the Legislature. The Legislature, elected by the people, can examine how the University spent its budget, securing accountability, at least in theory. By contrast, *the board of trustees here is accountable to no one.*

<sup>7</sup> UW Medicine, without citation to the record, references the work of a President's Advisory Council. Br. of Resp'ts at 7. That Council's membership was largely dictated by Roodman. CP 140-41. Similarly, UW Medicine touts the "independent" legal advice the District allegedly received from its general counsel. *Id.* at 8. That general counsel, David Smith, was the beneficiary of bloated management salaries at the District, CP 366-67, and he is now counsel to the board of trustees where he continues to receive his sinecure. Finally, UW Medicine references the support the Agreement has received from various politicians. Br. of Resp'ts at 8. *Nowhere* does UW Medicine disclose the information provided to such figures in securing their support of the Agreement. It is unlikely such *elected* officials would be enthusiastic about the illegal cession by contract of core elected official responsibilities to an unaccountable board.

concerns about the specific provisions of the Agreement. Contrary to UW Medicine's repeated statements in its brief,<sup>8</sup> the Commissioners are not antagonistic to an alliance agreement with UW per se, they object to the present Agreement with its cession of core responsibilities of the elected Commissioners to the unaccountable board of trustees.

Finally, UW Medicine endeavors to portray the Agreement as creating "shared management" between the elected Commissioners and the trustees. Br. of Resp'ts at 9-13. The Agreement's very terms reveal that UW Medicine's representation of the relationship between the Commissioners and trustees is *false*. Moreover, the operational relationship between the Commissioners and the trustees since the Agreement's inception only confirms that such a representation is false where the Commissioners cannot communicate with their constituents or hire bond counsel without trustee approval. Rather, the trustees have become the alter ego of the elected Commissioners supplanting them in the District's operation despite the Commissioners' election as provided for in RCW 70.44.040.

---

<sup>8</sup> See, e.g., Br. of Resp'ts at 16 ("The District sued to back out of the Agreement..."); *id.* at 16 n.8 (accusing Commissioners of being disingenuous in arguing that cession of Commissioners' authority as elected officials was *ultra vires*); *id.* at 41 ("The District is trying to turn back the clock and break a contract it signed."). UW Medicine has *no answer* to why its agreement with King County as to Harborview could not be replicated here. CP 256, 640-50.

UW Medicine has no real answer to the description of the respective powers of the elected Commissioners and the trustees set forth in the Brief of Appellants at 9-14, 36-37. It is undisputed that:

- the trustees, not the Commissioners, set the District's annual budget -- CP 418, 421, 439 (§§ 3.1(b)(viii), 3.6(i), 6.3);<sup>9</sup>
- the trustees, not the Commissioners, approve the appointment of the Valley CEO, the chief executive officer, and set his/her compensation -- CP 418, 422, 424 (§§ 3.1(b)(ix), 3.1(b)(xiv), 3.8(a), 3.8(d));<sup>10</sup>
- the trustees, not the Commissioners, make all staffing decisions as to the professional and non-professional staff at Valley, including compensation -- CP 417, 426-27 (§§ 3.1(b)(iii-vi), 4.3, 4.4);
- by virtue of the budgetary authority, the Commissioners are obligated to follow the trustees' direction on the levying of taxes -- CP 449-50 (§ 9.1);<sup>11</sup>

---

<sup>9</sup> Indeed, the elected Commissioners cannot, in the trustees' view, expend a single penny without complying with an arcane process for trustee approval of their expenditures. CP 258, 610-12. This only makes crystal clear the subordination of the elected Commissioners to the unaccountable trustees.

<sup>10</sup> Contrary to UW Medicine's assertion in its brief at 11, the Valley CEO is not accountable to the elected Commissioners; he is answerable solely to the trustees as such. CP 422 (§ 3.8(a)) ("The Valley CEO is accountable to [the trustees] and to the UW Medicine CEO and will be part of the UW Medicine leadership team.").

<sup>11</sup> As explained in detail in the Brief of Appellants at 13-14, the trustees set the budget and it is this power that effectively controls the Commissioners' theoretical tax levying power. The Commissioners could not cut the District's annual property tax levy, for example, if that action resulted in a budget deficit. *See* CP 449-50 (§ 9.1). Nor were the Commissioners' wishes on reduction in administrative staff expenses honored. CP 501.

- the trustees, not the Commissioners decide the incurrence of debt and the Commissioners are obliged to follow the trustees' direction on the issuance of bonds -- CP 418, 434-35 (§§ 3.1(b)(xii), 4.18(c));<sup>12</sup>
- the trustees, not the Commissioners, may enter into real estate transactions for the District -- CP 435 (§ 4.19);
- the trustees' performance of obligations constitutes the satisfaction of District statutory obligations and responsibilities -- CP 424 (§ 3.10(a));
- the trustees set the District's objectives and policies -- CP 417 (§ 3.1(b)(i)), and oversee the District -- CP 421 (§ 3.6).

All of these powers are fixed for at least 15 years, as the Commissioners cannot terminate or amend the Agreement for that period. CP 451-52 (§ 10.1).

Finally, UW Medicine's statement in its brief at 9 that ten of the thirteen trustees must live within the so-called District Service Area, an area created in the Agreement, is misleading. The "Service Area" of the District is not the same as the *actual* District boundaries. CP 493. In fact, UW Medicine *admitted* below that trustees did not live within the actual district boundaries. CP 25. *See also*, CP 126-30. By statute, the elected

---

<sup>12</sup> UW Medicine has *no answer* to the fact that the Commissioners, who wanted to hire bond counsel to explore the "buying back" of District debt to reduce the District's extraordinary debt load, could not secure trustee approval for the expenditure. CP 257.

Commissioners must live within the District boundaries. RCW 70.44.040(2).

C. ARGUMENT

UW Medicine apparently agrees with the District on the standard of review on summary judgment, br. of appellants at 19 n.13; br. of resp'ts at 16-17, with one glaring exception. *Nowhere* does UW Medicine note that in performing de novo review, this Court must treat the facts, and inferences from those facts, in a light most favorable to the District as the non-moving party on summary judgment. *Dowler*, 172 Wn.2d at 484.

(1) Elected Officials Cannot Transfer Their Core Responsibilities As Elected Officials to Others Who Are Unaccountable to the Voters

UW Medicine hopes that this Court will gloss over the central issue on appeal, the extent to which elected officials can cede their core responsibilities as elected officials to others by contract, by relegating its treatment of that issue to a few pages at the end of its brief. Br. of Resp'ts at 32-41. This Court should not lose sight of this central issue on appeal.

As noted in the District's opening brief, whether described as legislative or discretionary powers, it is a clear principle nationally and under Washington law that elected governmental decisionmakers cannot cede such legislative or discretionary powers conferred upon them constitutionally or by statute to unelected persons. Br. of Appellant at 19-

28. This principle is a bedrock of our constitutional system nationally and in Washington. See, e.g., 2 A. Eugene McQuillan, *Municipal Corporations* (3d ed. rev. 1996) § 10.38; *Roehl v. Public Utility Dist. No. 1 of Chelan County*, 43 Wn.2d 214, 240, 261 P.2d 92 (1953). Perhaps the best description of that principle is found in AGO 2012 No. 4. A copy of that AGO is in the Appendix to this brief. The Attorney General there was asked by the Spokane County Prosecutor to address the legal constraints on the power of a board of county commissioners to enter into long-term contracts that are binding beyond the end of the terms of current board members. The Attorney General properly drew the distinction between core legislative responsibilities of a legislative body and administrative or proprietary functions. As for the former, the commissioners could not take actions "that impair the core legislative powers of their successors in office." The Attorney General noted the absence of definitive authority on what constitute "core legislative powers,"<sup>13</sup> but offered the following advice:

It therefore is reasonable to conclude that a distinction may be drawn between the "core legislative" powers of a legislative body and those powers which are more properly described as "administrative" or "proprietary." The hallmark of the first category is the authority of a legislative body to exercise continuing discretion in the setting of legal standards to govern

---

<sup>13</sup> This is but another reason why direct review by this Court is so critical. RAP 4.2(a).

behavior within the jurisdiction. If a contract impairs this "core" legislative discretion, eliminating or substantially reducing the discretion future bodies might exercise, the courts are likely to find that the contract has improperly impaired the legislative authority of future commissioners. By contrast, counties have, and greatly need, authority to enter into contracts and make administrative decisions concerning the management of public property and the day-to-day conduct of government business. A contract that facilitates public administration, and which places no significant constraint on future policy-making is likely to be upheld.

The rule described above makes sense. When the constitution, a statute, or a local charter authorized by statute provides for the election of certain public officers, it is clear that the voters then select those officers to carry out their wishes. Just as the Seattle School Board could not contract with the University of Washington School of Education to operate the Seattle School District for a term of 15 years or the Olympia City Council could not contract with the University of Washington School of Public Administration to run that city for 15 years,<sup>14</sup> the District's elected

---

<sup>14</sup> To be sure, there is little doubt that a city council member, for example, could not enter into a contract to allow another person to vote on legislation for him or her. Similarly, a school board could not by contract authorize the PTA to set the annual budget for the school district. Yet *nothing* in UW Medicine's argument would prevent either situation from occurring.

These concerns are not theoretical. For example, the King County Housing Authority, a public agency, reportedly created a private non-profit corporation and then entered into an agreement with that corporation leasing 509 of its public apartment units to the corporation. As is true of the trustees, the nonprofit's board agreed to voluntarily comply with the Open Public Meetings Act. *Shine Light on Housing Authority's Shell Agency*, *Seattle Times*, May 5, 2013.

Commissioners had no authority, given RCW 70.44.040 to relinquish their responsibility to run the District to UW Medicine.

UW Medicine's response to this argument is several fold. It asserts the rule cited by the District allows delegation. Br. of Resp'ts at 32-33. It claims that the powers now exercised by the trustees are not core legislative powers of the Commissioners. *Id.* at 38. It further contends that the District had statutory authority, in effect, to create a board of trustees to run the District instead of the elected Commissioners. *Id.* at 34-38. Finally, it argues that the District has not claimed the statutes upon which UW Medicine relies are unconstitutional. *Id.* at 33-34. *None* of these contentions supports the Agreement here in the face of the overarching principle that core legislative or discretionary powers must be exercised by elected officials to whom those powers are entrusted.

First, contrary to UW Medicine's claims in its brief at 38-40, the Agreement impinges on "core legislative powers" of the elected Commissioners. As noted *supra*, and *undisputed* by UW Medicine, the Agreement transfers the following core legislative powers from the elected Commissioners to the unaccountable trustees either directly or effectively:

---

Similarly, in San Juan County, Peace Health, a Roman Catholic-affiliated health care organization, contracted with the public hospital district there to build a hospital. Given Catholic policy, the hospital refuses to perform abortions, provide birth control, or participate in physician-assisted suicides. <http://seattletimes.com/html/localnews/2020875885catholichealthxml.html>.

- the power to establish a budget;
- the power to levy taxes;
- the power to issue public debt;
- the power to appoint and compensate the District's chief administrative officer;
- the power to appoint and compensate staff, both professional and non-professional;
- the power to set District policy generally.

See Br. of Appellant at 9-13, 36-37.

UW Medicine offers *no authority* on what constitutes "core legislative powers,"<sup>15</sup> although it cites the United States Supreme Court opinion in *Sailors v. Board of Education of Kent County*, 387 U.S. 105, 87 S. Ct. 1549, 18 L.Ed.2d 650 (1967), a case addressing the constitutionality of a school board on due process one-person, one-vote grounds. Unlike the Commissioners here who are *elected*, the board members there were appointed. The Court concluded that *appointive* board only performed administrative functions because its functions were not "legislative in the classical sense." *Id.* at 110. The Court nowhere explained its rather cryptic comment. Subsequently, the United States Supreme Court effectively abandoned *Sailors'* administrative/legislative approach to one-person, one-vote in cases like *Avery v. Midland County*, 390 U.S. 474, 88

---

<sup>15</sup> While UW Medicine nowhere indicates what *are* core legislative powers, it is hard to believe that the fiscal power -- setting a budget, and raising revenue by taxation, fees, or borrowing -- at a minimum, is not the core of the legislative power.

S. Ct. 1114, 20 L.Ed.2d 45 (1968) (county commissioners) and *Hadley v. Junior College Dist. of Metropolitan Kansas City, Mo.*, 397 U.S. 50, 90 S. Ct. 791, 25 L.Ed.2d 45 (1970), focusing instead on whether the decisionmakers were elected and performing governmental functions, to ensure that each voter's vote was equivalently weighty to that of other voters. Indeed, the *Hadley* court stated:

Appellants in this case argue that the junior college trustees exercised general governmental powers over the entire district and that under *Avery* the State was thus required to apportion the trustees according to population on an equal basis, as far as practicable. Appellants argue that since the trustees can levy and collect taxes, issue bonds with certain restrictions, hire and fire teachers, make contracts, collect fees, supervise and discipline students, pass on petitions to annex school districts, acquire property by condemnation, and in general manage the operations of the junior college, their powers are equivalent, for apportionment purposes, to those exercised by the county commissioners in *Avery*. We feel that these powers, while not fully as broad as those of the Midland County Commissioners, certainly show that the trustees perform important governmental functions within the districts, and we think these powers are general enough and have sufficient impact throughout the district to justify the conclusion that the principle which we applied in *Avery* should also be applied here.

*Id.* at 53-54. Thus, *Sailors* is not helpful to *UW Medicine*.

The scope of "legislative powers" has not been definitively articulated by this Court, particularly for local governments. But this Court has had occasion to address the scope of the powers of the

Legislature under article II, § 1 of the Washington Constitution where the legislative authority of the Washington State is vested in the Legislature. Under that provision, the legislative power, as such, may be non-delegable. *State ex rel. Kirschner v. Urquhart*, 50 Wn.2d 131, 135, 310 P.2d 261 (1957). Further, it is unconstitutional for the Legislature to transfer or cede its legislative power to others, particularly private persons. *Amalgamated Transit Union Local 587 v. State*, 142 Wn.2d 183, 234, 11 P.3d 762 (2000); *United Chiropractors of Wash., Inc. v. State*, 90 Wn.2d 1, 4-5, 578 P.2d 38 (1978) (recognizing that delegation of legislative powers generally is permissible if the Legislature adopts standards as to what must be done and by whom, and procedural safeguards; Court prohibits delegation of legislative power to appoint membership of disciplinary boards to private professional associations). This Court has recognized that "revenue and taxation" are legislative matters. *Ban-Mac, Inc. v. King County*, 69 Wn.2d 49, 51, 416 P.2d 694 (1966). The setting of municipal employee wages is a legislative function. *State ex rel. Everett Firefighters Local No. 350 v. Johnson*, 46 Wn.2d 114, 120-21, 278 P.2d 662 (1955).

Plainly, the functions performed by the District's elected Commissioners that have been transferred to the unaccountable trustees are core legislative powers intrinsic to the functioning of the District. But

this Court can also analyze whether the functions are core legislative responsibilities from the standpoint of the average District voter. Such a voter wants to know how much they have to pay in property taxes (and the corollary question of how much of those taxes will be used to pay off debt). They want to know how much the District charges for services. They want to know who runs the hospital and its programs, and who supervises the professional services they receive. The trustees, unaccountable to the voters, not the elected Commissioners, now make these core decisions.

In sum, core legislative responsibilities of the elected Commissioners were transferred by the Agreement to the unaccountable trustees.

The second issue advanced by UW Medicine is its claim that the District did not argue that the statutes as issue here are unconstitutional or illegal. Br. of Resp'ts at 33-34. This assertion is entirely a straw man. The issue here is the legality of the Agreement and its cession of the elected Commissioners' core legislative responsibilities to the unaccountable trustees. To the extent that the statutes condone such an action, they would be unconstitutional. *See infra, Wash. Const.* art. I, § 19. But the Court need not reach that argument if the statutes and the Agreement negotiated pursuant to them are properly construed to reflect

the fact that core legislative responsibilities may not be contracted away under those statutes. This Court routinely declines to reach a constitutional issue where the case can be resolved on other grounds, *Isla Verde Int'l Holdings, Inc. v. City of Camas*, 142 Wn.2d 740, 752, 49 P.3d 867 (2002).

Finally, UW Medicine's assertions that the District ignored the language of the statutes at issue (br. of resp'ts at 34-38) and that the statutes actually authorize the delegation of core legislative powers (br. of resp'ts at 32-33) are incorrect, but best left for discussion in the section on the statutes *infra*.

In sum, the core responsibilities of the District's elected Commissioners could not be ceded by the Agreement to the unaccountable trustees.

(2) RCW 70.44.060/.240 and RCW 39.34.030 Do Not Justify the Sweeping Scope of the Agreement Here

UW Medicine asserts that RCW 70.44.060/.240 and RCW 39.34.030 specifically authorized the elected Commissioners to cede core legislative responsibilities to the unaccountable trustees. Br. of Resp'ts at 17-33, 34-38. In making this argument, UW Medicine offers a number of red herring arguments never advanced by the District.<sup>16</sup> More critically,

---

<sup>16</sup> For example, UW Medicine asserts that it is the District's position that it lacked authority to enter into a long-term contract. Br. of Resp'ts at 17-20. While long-

missing from UW Medicine's purported analysis of the statutes in question is any real analysis of the significance of the election of the Commissioners, careful attention to the actual language of the statutes at issue, or any real articulation of a limiting principle on what it argues is the essentially unlimited authority of local elected officials to divest themselves of their responsibilities as elected officials.

It is noteworthy that UW Medicine asserts the District ignored the language of RCW 70.44.060/.240 and RCW 39.34.030, br. of resp'ts at 34-38, when UW Medicine itself ignores RCW 70.44.040 and mischaracterizes the language of RCW 70.44.240, the principal statute on operating joint projects.

---

term contracts must be carefully analyzed, as noted in AGO 2012 No. 4, to avoid a circumstance where the discretionary authority of future boards is constrained by acts of board members after their term in office has ended, the mere duration of the Agreement is not the principal focus of the District's argument. Rather, it is the powers of elected Commissioners ceded to the unaccountable trustees that is the District's central thesis. The duration of the Agreement is certainly indicative, however, of just how thoroughly the former Commissioners and UW Medicine intended to divest the Commissioners of their duties as elected officials.

Similarly, UW Medicine claims that the District is complaining that the Commissioners are not a majority of the trustees. Br. of Resp'ts at 24-27. Again, that is not the point. The District's central argument is that the Agreement divests the Commissioners of their authority as elected officials under RCW 70.44.040. That authority could have been preserved in a variety of ways including, but not limited to, the simple ability to vote to terminate the Agreement at their option.

Finally, UW Medicine asserts that the District has argued that the District's voters should have voted on the Agreement. Br. of Resp'ts at 35. The District has not so argued. It cited the fact that the Legislature has valued the voters' key role on crucial district decisions like the creation of districts like the District and merger decisions. Br. of Appellant at 29. This is precisely why the election of the Commissioners, a point ignored by UW Medicine, is so important.

First, UW Medicine *nowhere* articulates what RCW 70.44.040 means to this Court's analysis. When courts interpret a statutory provision, they must consider the *entire statute* in which the provision is found, as well as *related statutes* or other provisions in the same statute. *Anderson v. State, Dep't of Corrections*, 159 Wn.2d 849, 858, 154 P.3d 220 (2007). Statutes relating to the same issue must be treated as a unified whole and harmoniously construed. *Id.* at 861. No statutory language should be rendered superfluous by judicial construction. *State v. Pannell*, 173 Wn.2d 222, 230, 267 P.3d 349 (2011).

No matter how much UW Medicine patronizingly demeans the purpose and authority of public hospital districts, the Legislature provided for the election of Commissioners to run such districts. UW Medicine's leadership is not elected and it is not accountable to District voters. Similarly, the appointed trustees are not elected, and are also unaccountable to District voters. When the Legislature provided for election of Commissioners, article I, § 19 of our Constitution comes into play.<sup>17</sup> The former Commissioners could not enter into an agreement to

---

<sup>17</sup> As noted in the District's opening brief at 8 n.5, the dilution of the votes of the elected Commissioners by the votes of 8 appointed trustees distorts the due process one person-one vote representation principle. UW Medicine tries to distinguish *Cunningham v. Mun. of Metro. Seattle*, 751 F. Supp. 885 (W.D. Wash. 1990), a case that found the Metro Council to violate voter due process rights. Br. of Resp'ts at 34 n.18. In doing so, UW Medicine argues that due process principles only apply "to bodies in which a majority of the members are elected." *All of the Metro Council members were actually*

cede the responsibilities of elected Commissioners, for which they are accountable to the voters, to the unaccountable trustees because to do interferes with the free exercise of the voters' suffrage.

Second, UW Medicine gleans the Commissioners' power to cede their powers from the authority in RCW 70.44.060(7) allowing public hospital districts to contract.<sup>18</sup> But UW Medicine does not seek to construe the specific language of RCW 70.44.240. The language of that statute is key because it is a more specific statute on joint operations and the more recent and specific statute controls over an older, more general statute. *Anderson*, 159 Wn.2d at 861.

Here, RCW 70.44.240 *nowhere* states that the authority of elected Commissioners to run the District may be ceded to a group like the trustees. By its very language, the Legislature intended that specific projects or services could be subject of such joint operations. A public hospital district can join with other entities to "acquire, own, operate,

---

appointed or were elected officials whose membership on the regional Council was derived from their status as elected officials in a particular jurisdiction in the region. Judge Dwyer concluded that 24 of the Council members were elected and 18 were appointed. *Id.* at 893. *Cunningham* applies because *all* of the District's Commissioners are elected; the authority of the trustees is only *derivative* of the authority of the elected Commissioners. In fact, if UW Medicine were correct, it creates a gaping loophole in due process jurisprudence. If an elected body were in violation of one person-one vote principles, it could escape the constitutional imperative by ceding authority to an appointed group. Such an analysis, of course, makes no sense.

manage, or provide" a limited scope of projects or services. Among those projects or services are a hospital or other health care facilities, and hospital or other health care services. All of such facilities or services had to be used by individuals, districts, or hospitals or others. That description is facility or project-driven. Consistent with such a construction, a district can create a governing body to operate the project or facility. The statute did not contemplate that a district's elected commissioners could cede all of their core responsibilities as elected officials to others in such a contract.<sup>19</sup>

Third, UW Medicine declines to acknowledge that there are clear limitations, both in statute and in case law, on the contractual power of a district, as discussed on at length in the District's opening brief at 31-35. *See* br. of resp'ts at 36-37. Such limitations are inconsistent with UW

---

<sup>18</sup> If this is so, as the District noted in its brief at 30, this is an authority conferred upon virtually *every* local government by statute, making the implications of this Court's decision here plainly one that has broad public importance. RCW 4.2(a)(4).

<sup>19</sup> UW Medicine attempts to find far more support in *Roehl* and *Public Utility Dist. No. 1 of Snohomish County v. Taxpayers & Ratepayers of Snohomish County*, 78 Wn.2d 724, 479 P.2d 61 (1971) than those cases provide and to narrowly treat this Court's decision in *Chemical Bank v. Wash. Pub. Power Supply Sys.*, 99 Wn.2d 772, 666 P.2d 329 (1983). Br. of Resp'ts at 27-31.

The District has never argued that special purpose districts cannot enter into a contract to jointly operate a facility, a project, or a service. But in *Roehl* and *Chemical Bank*, in particular, this Court could not have been clearer in stating that the legislative or discretionary functions of elected commissioners cannot be delegated to others. *Roehl*, 43 Wn.2d at 40; *Chemical Bank*, 99 Wn.2d at 787-88. Indeed, like here, elected commissioners in *Chemical Bank* could not delegate their core responsibilities to a group that was a "rubber stamp" for management decisions. *Id.* at 788.

Medicine's interpretation that a district's contractual power is unfettered. UW Medicine has *no real answer*, other than a dismissive footnote in its brief at 37, to the proposition set forth in RCW 39.34.030(5) that forbids a government by contract to escape its legal obligations. *See also, Harvey v. County of Snohomish*, 124 Wn. App. 806, 103 P.3d 836 (2004), *reversed on other grounds*, 157 Wn.2d 33, 134 P.3d 216 (2006). Under RCW 70.44.040, the District's Commissioners could not confer by resolution all of their powers to set a budget, to appoint the District's CEO, or to set taxes and issue bonds to a group of private citizens for the reasons previously enumerated. They could not do so by contract either.

Finally, just as the District contended in its opening brief at 27, 31, UW Medicine refuses to articulate *any* limiting principle on the scope of the District's contracting power. Indeed, under UW Medicine's analysis, local governments are *entirely free* to substitute a group of unaccountable private persons for elected officers. UW Medicine unabashedly asserts that *any* power of the District, apparently including all of the statutory powers of the elected Commissioners, may be contracted away. Br. of Resp'ts at 35. UW Medicine has declined to explain to this Court what core powers of elected public hospital commissioners, or other elected officials of special purpose districts like port districts, public utility districts, school districts, etc., actually are. Br. of Resp'ts at 38-40. It has

said that *any* powers of a special purpose unit of government like the District may be ceded by contract. With this analysis, UW Medicine offers this Court a fundamentally anti-democratic vision of local governments. Election of officials by the voters mean nothing. There are *no constraints* on the ability of elected officials to cede their core responsibilities to others.

#### D. CONCLUSION

UW Medicine's argument, far from honoring democratic principles, represents a dangerous invitation to elected officials to abdicate their responsibility for the operation of a local government to an unelected group of "trustees" who are not accountable to the voters served by the local government.

While a local government may contract to allow a project or a service to be operated jointly with another unit of government, the local government's elected leadership may not cede all of their responsibilities as elected officials to others, as UW Medicine advocates. Such an action is anti-democratic and impermissible under our constitutional system.

Here, the Agreement renders the District's elected Commissioners the permanent minority in a board of trustees that is unaccountable to District voters. If the District's voters find that the District's management

is unacceptable, how do they secure a management change when they do not vote for the overwhelming majority of the board of trustees?

This Court should declare that the Agreement was ultra vires to the extent that the elected Commissioners' core legislative responsibilities to manage the District were transferred to an unelected board of trustees. The District's elected Commissioners must retain the ultimate authority to run the District. The Court should reverse the trial court's summary judgment order and remand the case to the trial court with direction to grant the District cross-motion for summary judgment. Costs on appeal should be awarded to the District.

DATED this ~~28th~~ day of May, 2013.

Respectfully submitted,

  
Philip A. Talmadge, WSBA #6973  
Talmadge/Fitzpatrick  
18010 Southcenter Parkway  
Tukwila, WA 98188  
(206) 574-6661

Bruce L. Disend, WSBA #10627  
Kenyon Disend Law Firm  
11 Front Street South  
Issaquah, WA 98027-3820  
(425) 392-7090  
Attorneys for Appellant  
Public Hospital District No. 1  
of King County

# APPENDIX



**COUNTIES—COUNTY COMMISSIONER—CONTRACT—LEGISLATIVE  
AUTHORITY—Power Of County Legislative Authority To Enter Into  
Contract That Binds The County Legislative Authority In The Future**

A county legislative authority is generally prohibited from entering into contracts that bind the future legislative actions of the county. The application of this principle depends upon a distinction between actions that are legislative in nature and those that are merely administrative or proprietary.

Share

May 15, 2012

34

The Honorable Steven J. Tucker  
Spokane County Prosecuting  
1115 W Broadway Avenue  
Spokane, WA 99260-0270

Attorney Cite As:  
AGO 2012 No. 4

Dear Prosecutor Tucker:

By letter previously acknowledged, you have requested an opinion from this office on the following questions, paraphrased for clarity:

- 1. Are there legal constraints on the power of a county legislative authority to circumscribe the legislative authority of future members of the body by entering into contractual commitments which would remain binding on the county for some period after the end of the terms of the current members of the body?**
- 2. Would a series of agreements enclosed in your request, previously executed by the Spokane County board of commissioners, impermissibly bind future members of the board who might wish to change the policy choices represented by the agreements?**
- 3. Could a county commissioner be held liable for tortious interference with a contract if the commissioner exercises his/her legislative functions in a manner inconsistent with contractual agreements previously entered by the board of commissioners?**

**BRIEF ANSWER**

The case law establishes that boards of county commissioners may not take actions that impair the core legislative powers of their successors in office. The law draws a distinction

*[original page 2]*

between “core legislative powers” of a legislative body, and those powers that are more properly described as “administrative” or “proprietary.” Legislative bodies may not contractually bind their successors with regard to the former, although they may do so as to the latter. The case law, however, does not establish the precise limits of these constraints. We accordingly respond to your first question by examining the state of the law regarding these constraints.

We respectfully decline to answer your second question. The opinions process is designed to provide legal guidance with respect to issues of law, rather than to resolve disputes regarding specific factual circumstances. In this regard, unlike the judicial process, the opinions process is not suited to gathering and examining all of the facts that may be relevant to a particular situation. We answer your third question by providing guidance relating to the elements of tortious interference.

#### ANALYSIS

**1. Are there legal constraints on the power of a county legislative authority to circumscribe the legislative authority of future members of the body by entering into contractual commitments which would remain binding on the county for some period after the end of the terms of the current members of the body?**

The Washington Supreme Court has long noted “the principle that one board of county commissioners cannot enter into contracts binding upon future boards of commissioners.” *State ex rel. Schlarb v. Smith*, 19 Wn.2d 109, 112, 141 P.2d 651 (1943). Although the existence of such a limitation on contractually binding the decisions of future county legislative authorities is clear, we noted in an earlier opinion that the parameters of this limitation are not well defined. AGO 1974 No. 21, at 7. The statement is equally true 38 years later.

Applying the principle that contracts cannot bind future boards of commissioners is complicated, because county commissioners constitute the legislative body of the county, but also perform functions that are more properly described as executive or administrative. *See, e.g., Durocher v. King Cnty.*, 80 Wn.2d 139, 152, 492 P.2d 547 (1972) (distinguishing between the legislative and administrative functions of a county legislative authority). For example, the basic powers of a county legislative authority are listed in RCW 36.32.120, and that statute comprises both legislative acts (licensing, levying taxes, enacting police and sanitary regulations) and administrative functions (erecting and repairing county buildings, building and maintaining roads, managing county property).

The clearest principle we can discern from a study of the case law is that county commissioners may not bind the “core” legislative functions of future boards, but do have the authority to enter into contracts or make administrative arrangements that carry out the executive functions of the board, even though some of these arrangements will inevitably limit the freedom of future boards to make different administrative choices. The analytical difficulty is in identifying which county functions are “legislative” in nature.

[original page 3]

An authoritative treatise articulates this principle by explaining:

Respecting the binding effect of contracts extending beyond the terms of officers acting for the municipality, there exists a clear distinction in the judicial decisions between governmental and business or proprietary powers. With respect to the former, their exercise is so limited that no action taken by the governmental body is binding upon its successors, whereas the latter is not subject to such limitation, and may be exercised in a way that will be binding upon the municipality after the board exercising the power shall have ceased to exist.

10A Eugene McQuillin, *The Law of Municipal Corporations* § 29.102 (3d ed. 2009).

Washington cases offer little guidance as to which contractual provisions might be regarded as legislative, and which therefore cannot bind future legislative bodies, and which are administrative or proprietary, and therefore are not so limited. This is because the resolution of specific cases often turns on specific statutory grants of authority, rather than on the application of the general principle that a contract may not bind the future exercise of legislative authority. For example, *Schlarb* concerned an agreement between King and Pierce counties to confine and improve the White River. *Schlarb*, 19 Wn.2d at 111. When King County declined to levy a tax pursuant to the agreement, Pierce County sued to compel action under the contract. King County argued that the contract was against public policy based upon “the principle that one board of county commissioners cannot enter into contracts binding upon future boards of commissioners.” *Id.* at 112. The Washington Supreme Court held, however, that the general principle against binding future boards was overcome by a specific statute authorizing counties to contract with one another for the improvement, confinement, and protection of rivers and banks. *Id.* at 113. Although the court recited the rule regarding binding future boards of commissioners, the case was resolved based upon a statutory enactment and therefore provides no guidance regarding your question. *See also Richards v. Clark Cnty.*, 197 Wash. 249, 252-53, 84 P.2d 1009 (1938) (rejecting challenge to issuance of bonds to be repaid by future tax revenue on the basis that the legislature had statutorily authorized counties to commit future revenue to the purpose).

In two cases, our supreme court has entertained challenges to contracts based upon the argument that they were entered into by “lame duck” boards, improperly attempting to bind future commissioners to the arrangement. *Roehl v. Pub. Util. Dist. 1*, 43 Wn.2d 214, 233-34, 261 P.2d 92 (1953); *King Cnty. v. U.S. Merchants’ & Shippers’ Ins. Co.*, 150 Wash. 626, 274 P. 704 (1929). By concentrating on the “lame duck” issue, neither the *Roehl* nor the *King County* cases offer any significant analysis as to when a contract might impermissibly bind future boards, absent the circumstance of the commitments being made near the end of the current board’s term of office. *Roehl*, 43 Wn.2d at 233-34; *King Cnty.*, 150 Wash. at 635; *but see Taylor v. Sch. Dist. 7 of Clallam Cnty.*, 16 Wash. 365, 366-67, 47 P. 758 (1897) (finding rule against contractually binding successors inapplicable because members of a school board served staggered terms, making it a continuous body).

[original page 4]

We have also looked to the case law of other states in our effort to define how far a board may go in constraining the policy choices of future boards. In *Kirby Lake Development, Ltd. v. Clear Lake City Water Authority*, 320 S.W.3d 829 (Tex. 2010), developers sued a water control and improvement district over possession of certain water and sewer facilities. One of several theories argued was that the defendant water authority had made contractual commitments which would bind future boards. The Texas Supreme Court rejected this argument as not supported by the facts, but did provide some quotes from earlier cases which shed some light on the principle under examination. The court noted that certain government powers are conferred “for public purposes, and can neither be delegated nor bartered away.” *Kirby Lake*, 320 S.W.2d at 843 (quoting *State ex rel. City of Jasper v. Gulf States Utils. Co.*, 144 Tex. 184, 194, 189 S.W.2d 693 (1945)). The court quoted an even earlier Texas case as follows:

[Municipal] corporations may make authorized contracts, but they have no power, as a party, to make contracts or pass bylaws which shall cede away,

control or embarrass their legislative or governmental powers, or which shall disable them from performing their public duties.

*Kirby Lake*, 320 S.W.2d at 843 (alteration in original) (quoting *Brenham v. Brenham Water Co.*, 67 Tex. 542, 554, 4 S.W. 143 (1887)).

These cases support the notion, implicit but not discussed in the Washington case law, that there is a “core” of public governmental power that cannot be bargained away or compromised by current officeholders to the detriment of their successors in office. *Kirby Lake*, 320 S.W.2d at 843; *see also Inverness Mobile Home Cmty., Ltd. v. Bedford Twp.*, 263 Mich. App. 241, 687 N.W.2d 869 (2004) (Michigan Court of Appeals held that a township could not enter into a consent judgment committing a future township board to amend the township’s master plan to permit a manufactured housing development); *Cnty. Mobilehome Positive Action Comm., Inc. v. Cnty. of San Diego*, 62 Cal. App. 4th 727, 73 Cal. Rptr. 2d 409 (1998) (California Court of Appeal found that a county lacked authority to offer a lease committing future county boards not to enact rent control legislation for a period of 15 years).

Finally, we note *Plant Food Co. v. City of Charlotte*, 214 N.C. 518, 199 S.E. 712 (1938), in which the North Carolina Supreme Court found that a city had authority to enter into a ten-year contract to deliver city sewerage sludge to a company that had agreed to dispose of it, notwithstanding that such a commitment to a limited extent compromised the power of future city officers to dispose of sludge in a different manner. The *Plant Food Co.* decision distinguishes, again, between “governmental discretionary powers” which cannot be compromised or suspended (such as “the power to make ordinances and decide upon public questions of a purely governmental character”) and the right of a municipality to make contracts in the course of administering its proprietary functions. *See discussion Plant Food Co.*, 199 S.E.

[original page 5]

at 713-14 [1]. The clear implication of the decision was that a contract to dispose of sludge was an administrative act, not a legislative one.

It therefore is reasonable to conclude that a distinction may be drawn between the “core legislative” powers of a legislative body and those powers which are more properly described as “administrative” or “proprietary.” The hallmark of the first category is the authority of a legislative body to exercise continuing discretion in the setting of legal standards to govern behavior within the jurisdiction. If a contract impairs this “core” legislative discretion, eliminating or substantially reducing the discretion future bodies might exercise, the courts are likely to find that the contract has improperly impaired the legislative authority of future commissioners. By contrast, counties have, and greatly need, authority to enter into contracts and make administrative decisions concerning the management of public property and the day-to-day conduct of government business. A contract that facilitates public administration, and which places no significant constraint on future policy-making is likely to be upheld.

**2. Would a series of agreements enclosed in your request, previously executed by the Spokane County board of commissioners, impermissibly bind future members of the board who might wish to change the policy choices represented by the agreements?**

Your second question asks us to apply the principle discussed above to specific agreements enclosed with your request. The opinions process is designed to provide

legal guidance with respect to issues of law, but an answer to your second question would include an evaluation of factual circumstances in addition to the legal principles discussed in response to your first question. We do not know to what extent the parties have performed the obligations set forth in the agreements, whether there are any current disputes about performance, or whether other relevant facts or developments might affect the agreements and our legal analysis. For this reason, we respectfully decline to address your second question.

**3. Could a county commissioner be held liable for tortious interference with a contract if the commissioner exercises his/her legislative functions in a manner inconsistent with contractual agreements previously entered by the board of commissioners?**

Your final question asks about the possibility of liability for tortious interference with a contract. The elements of this tort are set forth in a recent case as follows:

A defendant is liable for tortious interference with a contractual or business expectancy when (1) there exists a valid contractual relationship or business expectancy, (2) the defendant had knowledge of the same, (3) the defendant's intentional interference induced or caused a breach or termination of

*[original page 6]*

the relationship or expectancy, (4) the defendant's interference was for an improper purpose or by improper means, and (5) the plaintiff suffered damage as a result.

*Evergreen Moneysource Mortg. Co. v. Shannon*, 274 P.3d 375, 383 (Wash. Ct. App. 2012) (citing *Pleas v. City of Seattle*, 112 Wn.2d 794, 800-05, 774 P.2d 1158 (1989)). Your third question arises from a concern that a county officer might wish to take some future action which could be construed as inconsistent with the commitments the county made in the agreements attached to your request, leading to a concern that such action might result in liability on the part of the officer.

The answer to your question would depend on the facts as they might actually play out, as well as on an evaluation of the meaning and enforceability of the various agreements and an analysis of the background law. To lead to liability, an officer would have to act with knowledge of a valid contractual relationship, must intentionally induce a breach or termination of that relationship, must act for an improper purpose or by improper means, and must cause damages to the person or persons claiming tortious interference. We cannot determine what kind of fact pattern would meet all of those requirements, nor can we completely discount the possibility that under some set of circumstances, the conditions for liability might be met. Under these conditions, it would not be appropriate to attempt an opinion on the matter, and we leave it to county officers and their legal counsel to chart a course of conduct with awareness of the various legal issues presented, including the question of tortious interference.

We trust that the foregoing will be useful to you.

ROBERT M. MCKENNA  
*Attorney General*

JAMES K. PHARRIS  
*Deputy Solicitor General*  
360-664-3027

WTOS

---

[1] The court also noted that “[t]he line between powers classified as governmental and those classified as proprietary is none too sharply drawn, and is subject to a change of front as society advances and conceptions of the functions of government are modified under its insistent demands.” *Plant Food Co.*, 199 S.E. at 714.

DECLARATION OF SERVICE

On said day below I emailed a courtesy copy and deposited with the U.S. Postal Service for service a true and accurate copy of the Reply Brief of Appellant Public Hospital District No. 1 of King County in Supreme Court Cause No. 88308-4 to the following parties:

Bruce L. Disend  
Kenyon Disend Law Firm  
11 Front Street S.  
Issaquah, WA 98027-3820

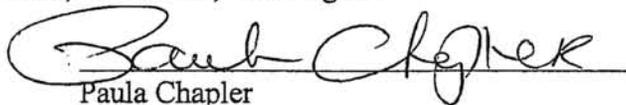
Louis Peterson  
Mary E. Crego  
Michael J. Ewart  
Hillis Clark Martin & Peterson  
1221 2<sup>nd</sup> Avenue, Suite 500  
Seattle, WA 98101-2925

Original efiled with:

Washington Supreme Court  
Clerk's Office  
415 12<sup>th</sup> St. West  
Olympia, WA 98504-0929

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Dated: May 28, 2013, at Tukwila, Washington.

  
Paula Chapler  
Talmadge/Fitzpatrick

## OFFICE RECEPTIONIST, CLERK

---

**To:** Paula Chapler  
**Subject:** RE: Public Hospital District No. 1 of King County v. University of Washington, U.W. Medicine

Rec'd 5-28-13

Please note that any pleading filed as an attachment to e-mail will be treated as the original. Therefore, if a filing is by e-mail attachment, it is not necessary to mail to the court the original of the document.

---

**From:** Paula Chapler [<mailto:paula@tal-fitzlaw.com>]  
**Sent:** Tuesday, May 28, 2013 2:19 PM  
**To:** OFFICE RECEPTIONIST, CLERK  
**Subject:** Public Hospital District No. 1 of King County v. University of Washington, U.W. Medicine

Per Mr. Talmadge's request, attached is the Reply Brief of Appellant Public Hospital District No. 1 of King County for filing in the following matter:

Case Name: Public Hospital District No. 1 of King County v. University of Washington, U.W. Medicine  
Cause No. 88308-4  
Attorney: Philip A. Talmadge, WSBA #6973  
Talmadge/Fitzpatrick  
18010 Southcenter Parkway  
Tukwila, WA 98188  
(206) 574-6661

Sincerely,

Paula Chapler  
Legal Assistant  
Talmadge/Fitzpatrick  
(206) 574-6661