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#### CASE NO. 1034148

## IN THE SUPREME COURT OF THE STATE OF WASHINGTON

## MICHAEL SCHRECK, Petitioner

v.

SEATTLE OFFICE OF ECONOMIC DEVELOPMENT, et al., Respondents

# RESPONDENT CITY OF SEATTLE'S ANSWER TO PETITION FOR REVIEW

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## I. INTRODUCTION

Petitioner Michael Schreck ("Mr. Schreck") disagrees with the Court of Appeals' unpublished opinion in this case, but his petition fails to explain how any of the RAP 13.4 criteria are met that would permit review by this Court. This failure alone warrants denial of the petition.

Mr. Schreck claims that Defendant/Respondent City of Seattle ("the City") unlawfully gives preference to Black, indigenous, or people of color ("BIPOC") applicants in awarding lease opportunities under the City's "Seattle Restored" program, which matches small business owners with leasing opportunities for vacant storefront space downtown. Mr. Schreck, a white man, claims this preference violates RCW 49.60.400 and the U.S. Constitution, and he seeks damages and injunctive relief for same. However, Mr. Schreck fails to allege in his complaint that he applied to participate in the Seattle Restored program or was denied assistance by the program. He acknowledged during briefing and oral argument that, in fact, he never applied for assistance under the program. In affirming the superior court's dismissal of Mr. Schreck's complaint, the Court of Appeals applied well-established Washington law holding that a party does not have standing to sue if their injury is merely conjectural or hypothetical. The Court of Appeals' unpublished opinion creates no conflict with any decision by the Supreme Court or the Court of Appeals and does not involve a significant issue of law or public interest that should be determined by the Supreme Court. Accordingly, Respondent City of Seattle (the "City") respectfully requests that the Court deny the petition for review.

#### **II. IDENTITY OF RESPONDENT**

The identity of the Respondent and Appellant/Defendant below is the City of Seattle.

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#### **III. STATEMENT OF THE ISSUES**

- Whether review should be denied where the Court of Appeals' unpublished opinion is consistent, rather than in conflict, with Supreme Court and Court of Appeals' decisions holding that standing cannot be based on a hypothetical or conjectural injury, and that pro se litigants are held to the same rules and legal standards as represented parties.
- 2. Whether review should be denied where the Court of Appeals' unpublished opinion affirming the dismissal of Mr. Schreck's complaint on well-established principles of standing and procedures applying to pro se litigants does not involve a significant issue of law or substantial public interest.
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3. Whether review should be denied because the Court of Appeals' unpublished opinion can be affirmed on the alternative grounds of mootness, failure to state a claim for injunctive or declaratory relief, failure to state a violation of RCW 49.60.400, and failure to state a First Amendment claim.

#### IV. STATEMENT OF THE CASE

On September 23, 2022, Mr. Schreck filed an ex parte request for a temporary restraining order ("TRO") in King County Superior Court seeking to halt the award of leasing opportunities under the Seattle Restored program. CP 19-20. That request was denied on September 28, 2022 on the ground that requests for TROs were not handled on an ex parte basis through the clerk's office. CP 17. The City was never served with Mr. Schreck's TRO papers.

Meanwhile, on September 26, 2022, Mr. Schreck filed a complaint against Defendants City of Seattle, Seattle Restored, and Andrea Porter in King County Superior Court. Liberally construed, Mr. Schreck's complaint challenged the process by which individual small business applicants were matched with short-term storefront lease opportunities identified by the Seattle Restored program.<sup>1</sup> CP 3-4. Mr. Schreck alleged that the Seattle Restored program gives preference to BIPOC in violation of RCW 49.60.400 when matching applicants with available leases under the program. CP 3. Mr. Schreck also alleged that artist applicants were favored over restauranteur applicants. CP 3. He alleged that these preferences violated RCW 49.60.400 and the

<sup>&</sup>lt;sup>1</sup> The complaint did not describe the Seattle Restored program, but it did reference the program's public website. CP 3. The public website describes the program as follows: "Seattle Restored revitalizes Seattle neighborhoods with creativity and commerce! Seattle Restored calls our local artists and entrepreneurs to reinvigorate our city by activating empty storefronts. These projects benefit neighborhoods, small businesses, artists and property owners by creating vibrant and engaging streetscapes that encourage the public to visit downtown Seattle, support local businesses and support local artists – particularly Black, Indigenous, and other entrepreneurs and artists of color. This program was initially funded by the Coronavirus Local Fiscal Recovery Fund (CLFR) established under the American Rescue Plan. https://seattlerestored.org/faq/

Fourteenth Amendment. He sought an award of damages in the amount of \$1-million dollars, or, alternatively, "a halt to racial preference in City contracting and programs." CP 3. He also sought an investigation of the Seattle Restored program by an outside independent organization chosen by the Court. CP 3.

On November 17, 2022, Mr. Schreck served the City with the summons and complaint. On December 7, 2022, the City moved for an order dismissing Mr. Schreck's complaint pursuant to CR 12(b)(1), or in the alternative, an order requiring a more definite statement pursuant to CR 12(e). The City argued, among other things, that Mr. Schreck did not have standing to pursue his claims because he never applied for assistance or was denied assistance under the program. Mr. Schreck did not file a written opposition to the motion. Oral argument was heard on February 24, 2023. Mr. Schreck appeared in court and participated in oral argument. RT 1-27.

During oral argument, Mr. Schreck acknowledged several times that he never applied to the Seattle Restored program. RT

pp. 7-8; p. 16 at ll. 15-25; p. 17 at ll. 1-6; pp. 18-19. Mr. Schreck explained that he had technical difficulties applying, and when he called and spoke with individuals associated with the program, he learned of the preferences given to BIPOC and artist applicants and decided not to pursue it further based on the perceived unfairness of the application process. *Id*.

On February 27, 2023, the superior court entered an order dismissing Mr. Schreck's complaint with prejudice. CP 15-16. The superior court ruled as follows:

Mr. Schreck never applied to the program, according to his complaint and according to his argument. He needed to actually apply in order to have standing in his claim of discrimination. Put another way, for him to state a claim he needed to allege some act that caused him damage, and that has to be more than simply telling the City that the racial preference was wrong.

CP 16.

On March 27, 2023, Mr. Scheck appealed the ruling to the Court of Appeals, Division One. CR 7-12. After receiving briefing by both sides, the Court of Appeals issued an unpublished opinion on July 15, 2024 affirming the ruling of the superior court. Pet., pp. 10-15 (copy of unpublished opinion attached to Petition). The Court of Appeals agreed that dismissal of the complaint under CR 12(b)(6) was proper because the complaint failed to allege that Mr. Schreck applied to the program or was denied assistance by the program. The Court of Appeals applied well-established Washington law holding that an alleged injury that is merely conjectural or hypothetical does not confer standing to sue. See Trepanier v. City of Everett, 64 Wn. App. 380, 383 (1992). Pet., pp. 13-14 (copy of unpublished opinion attached to Petition). The Court of Appeals also rejected Mr. Schreck's argument that the superior court should have helped him better understand the law and civil procedure so that he could avoid dismissal for lack of standing. The Court of Appeals cited similarly well-established Washington decisions holding that pro se litigants are bound by the same rules and procedures as represented parties and must be treated the same as lawyers. Pet., pp. 14-15.

Mr. Scheck then filed the instant petition seeking review by this Court. Pet., pp. 1-15. In his petition, Mr. Schreck repeats the basic arguments he made in the Court of Appeals. Other than expressing his disagreement with the Court of Appeals' opinion, he does not explain how or why there is a proper basis for this Court to accept review under RAP 13.4. Pet., pp. 1-10.

#### V. ARGUMENT

## A. Review Should Be Denied Because The Court Of Appeals' Unpublished Opinion Involves A Straightforward Application Of Well-Established Washington Law On Standing And Pro Se Litigants.

Review should be denied because the Court of Appeals' unpublished opinion in this case involved a straightforward application of well-established Washington law on standing. The doctrine of standing prohibits a party from asserting another's legal right. *State v. Link*, 136 Wn. App. 685, 692, 150 P.3d 610, *review denied*, 160 Wn.2d 1025 (2007). The doctrine ensures that courts render a final judgment on an actual dispute between opposing parties that have a genuine stake in resolving the dispute. *Advocs. For Responsible Gov't v. Mason Cty.*, 177 Wn. App. 1003 (2013). Standing is a threshold issue that must be addressed before a case can be determined on its merits. *See Ullery v. Fulleton*, 162 Wn.App. 596, 604, 256 P.3d 406, *review denied*, 173 Wn.2d 1003 (2011) ("[W]hile not a matter of subject matter jurisdiction, the claims of a plaintiff determined to lack standing are not his or hers to assert and cannot be resolved in whole or in part on the merits.")

As the Court of Appeals properly recognized, the issue of standing involves a two-part analysis:

First, we ask 'whether the interest asserted is arguably within the zone of interests protected by the statute or constitutional right at issue.' [*Nelson v. Appleway Chevrolet, Inc.*, 129 Wn. App. 927, 939, 121 P.3d 95 (2005), aff'd, 160 Wn.2d 173, 157 P.3d 847 (2007)]. Second, we determine "whether the party seeking standing has suffered an injury in fact, economic or otherwise." *Id.* A financial loss amounts to an injury in fact. *City of Longview v. Wallin*, 174 Wn. App. 763, 782, 301 P.3d 45 (2013). But a plaintiff lacks standing if their injury is merely conjectural or hypothetical. *Trepanier v. City of Everett*, 64 Wn. App. 380, 383, 824 P.2d 524 (1992).

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Pet., p. 13 (Court of Appeals' unpublished opinion attached to The Court of Appeals properly found that Mr. petition). Schreck's complaint did not allege facts capable of establishing the second prong of the standing analysis: that he suffered "an injury in fact, economic or otherwise." *Longview*, at 782. This is because the complaint does not allege that Mr. Schreck applied to the Seattle Restored program, that he met the criteria needed to qualify for the program, and that his application was denied because of the alleged preference granted to BIPOC individuals. Absent these allegations, Mr. Schreck has no standing to pursue his claims. "[A] person whose only interest in a legal controversy is one shared with citizens in general has no standing to invoke the power of the courts to resolve the dispute." Karl v. City of Bremerton, 7 Wn. App. 2d 1047 (2019) (citing Casebere v. Clark County Civil Serv. Comm'n, 21 Wn. App. 73, 76, 584 P.2d 416 (1978); Kirk v. Pierce County Fire *Prot. Dist. No. 21*, 95 Wn.2d 769, 772, 630 P.2d 930 (1981)). Because Mr. Schreck did not plead facts indicating that the

alleged deficits in the Seattle Restored program had an adverse impact on his individual, legally cognizable interests, the Court of Appeals properly affirmed the dismissal of his claims with prejudice for lack of standing pursuant to CR 12(b)(1).

At the superior court hearing on the motion to dismiss, and in his opening brief on appeal, Mr. Schreck explained, somewhat contradictorily, that he did not apply to the program due to technical difficulties with his internet service, and because once he learned of the alleged preference given to BIPOC and artist applicants, he no longer wished to apply. See RT pp. 7-8; p. 16 at ll. 15-25; p. 17 at ll. 1-6; pp. 18-19. See also Opening Appellate Brief, p. 18 ("The Chilling Effect makes it clear why I would not apply for an unethical, possibly criminal program"). Mr. Schreck argues that his phone calls to persons associated with Seattle Restored should be considered his application, but those phone calls, as he describes them, do not reflect an application submission. *Id.* At most, they reflect that Mr. Schreck called for information about the program, was unsatisfied with the information he received, and made the decision to file a lawsuit challenging the program rather than apply to it. RT pp. 18-19. None of the additional facts asserted by Mr. Schreck during the hearing on the motion or on appeal would change the standing analysis even if included in the complaint. Mr. Schreck has not alleged, nor can he allege, that he went through the Seattle Restored application process and was denied an available lease opportunity. The Court of Appeals correctly determined that Mr. Schreck has not and cannot establish any injury in fact, and as such, lacks standing to pursue his claim.

In his petition, Mr. Schreck suggests that the Court of Appeals' unpublished opinion in this case is inconsistent with the United States Supreme Court decision in *United States v. Students Challenging Regul. Agency Procs. (SCRAP),* 412 U.S. 669, 687, 93 S. Ct. 2405, 2415–16, 37 L. Ed. 2d 254 (1973). Mr. Schreck's argument in this regard is not altogether clear, but in any case, there is no conflict in these opinions. The

*SCRAP* decision, which has been eroded and morphed considerably by later standing decisions, dealt with environmental standing and confirmed the principle that a plaintiff must show an injury-in-fact in order to have standing to sue. *Id.* at 687 (stressing "the importance of demonstrating that the party seeking review be himself among the injured, for it is this requirement that gives a litigant a direct stake in the controversy and prevents the judicial process from becoming no more than a vehicle for the vindication of the value interests of concerned bystanders"). Nothing in that decision instructs or compels a different result in the present case.

Mr. Schreck also takes issue with the Court of Appeals' rejection of his argument that the superior court should have done more to help him better understand the law or procedure so he could avoid dismissal for lack of standing. Here, again, the Court of Appeals applied longstanding legal precedent holding that pro se litigants are bound by the same rules of procedure and substantive law as attorneys, and courts must treat pro se parties just like lawyers. Pet., pp. 14-15 (copy of Court of Appeals unpublished opinion) (citing *Westberg v. All-Purpose Structures Inc.*, 86 Wn. App. 405, 411, 936 P.2d 1175 (1997); *Edwards v. Le Duc*, 157 Wn. App. 455, 464, 238 P.3d 1187 (2010). *See also In re Marriage of Olson*, 69 Wn. App. 621, 626, 850 P.2d 527 (1993) (trial court "under no obligation to grant special favors" to pro se party). Mr. Schreck has not demonstrated error in the Court of Appeals decision and has not shown that it conflicts in any way with other District Court or Supreme Court decisions. The Court should deny review in this case because Mr. Schreck has not shown that it meets the criteria set forth in RAP 13.4(b) (1-2).

## B. Review Should Be Denied Because The Court Of Appeals' Unpublished Opinion Does Not Involve A Significant Issue Of Law Or Substantial Public Interest.

Mr. Schreck's petition for review does not demonstrate that the Court of Appeals' unpublished opinion in this case involves a significant issue of law or substantial public interest, sufficient to justify review under RAP 13.4(b)(3-4). The Court of Appeals' application of the standing doctrine in this case is not novel, unique, or tortured in any way. Rather, it represents a straightforward application of black letter law to a clearly deficient complaint. The decision does not involve a significant issue of law that needs to be resolved or addressed by this Court. The decision does not hold import for the public in general or impact the interests of anyone other than Mr. Schreck. As such, there is no basis for review pursuant to RAP 13.4(b)(3-4), and the Court should deny the petition.

C. The Court Of Appeals' Unpublished Opinion May Be Affirmed On The Alternative Grounds That The Action Is Moot, Fails To State A Claim For Injunctive Or Declaratory Relief, Fails To State A Violation Of RCW 49.60.400, And Fails To State A First Amendment Claim.

"[The Supreme Court] may affirm the trial court on any basis that the record supports, including any theories 'established by the pleadings and supported by the proof,' even if these theories were not originally considered by the trial court." *State v. Arndt*, 194 Wash. 2d 784, 799, 453 P.3d 696, 704 (2019) (quoting *LaMon v. Butler*, 112 Wash.2d 193, 200-01, 770 P.2d 1027 (1989). The decision of the Court of Appeals in the present case may be affirmed on the alternative grounds of mootness, failure to state a claim for injunctive or declaratory relief, failure to state a violation of RCW 49.60.400, and failure to state a First Amendment claim.

An action is moot when the court cannot provide the relief that the plaintiff seeks. *See Karl v. City of Bremerton*, 7 Wn. App. 2d 1047 (2019) (citing *Dioxin/Organochlorine Ctr. v. Pollution Control Hr'gs Bd.*, 131 Wn.2d 345, 350, 932 P.2d 158 (1997)); *see also Lakewood Racquet Club, Inc. v. Jensen*, 156 Wn.App. 215, 224, 232 P.3d 1147, 1151 (2010) (traditional standing and mootness principles apply to declaratory relief actions). In his complaint, Mr. Schreck seeks what appears to be injunctive and declaratory relief focused on eliminating alleged racial preference in the Seattle Restored selection process. The Court could not order this relief below, as the

Seattle Restored application period referenced by Mr. Schreck in the complaint ended in October 2022 and all opportunities were filled. CP 19. There are simply no facts alleged in the complaint that would support a showing of any possible continuing or future injury to Mr. Schreck. As such, to the extent Mr. Schreck's action seeks declaratory and/or injunctive relief, the dismissal of the complaint should be affirmed under the mootness doctrine pursuant to CR 12(b)(1).

Mr. Schreck's complaint also seeks injunctive relief in the form of a halt to racial preference in City contracting and programs, and the appointment of an independent investigator. CP 3. A party seeking injunctive relief must show "'(1) that he has a clear legal or equitable right, (2) that he has a wellgrounded fear of immediate invasion of that right, and (3) that the acts complained of are either resulting in or will result in actual and substantial injury to him." *See Bellevue Square, LLC v. Whole Foods Mkt. Pac. Nw., Inc.*, 6 Wn. App. 2d 709, 715, 432 P.3d 426, 429–30 (2018) (quoting *Tyler Pipe Indus.,*  *Inc. v Dep't of Revenue*, 96 Wn.2d 785, 792, 638 P.2d 1213 (1982)). If the party fails to show any one of these elements, the court must deny the injunction. *Id*.

Mr. Schreck's complaint does not plead these required elements for injunctive relief. He has not alleged, nor could he allege, an immediate invasion of his clear legal or equitable rights, as he has not pled any facts indicating that he submitted an application, that a lease opportunity matching his needs was available, or that he was actually passed over in favor of a lessqualified applicant based on racial preference. Mr. Schreck cannot establish facts showing the invasion of his rights is imminent and will result in actual injury to him. Accordingly, to the extent Mr. Schreck's complaint seeks injunctive relief, it was properly dismissed pursuant to CR 12(b)(6).

To the extent Mr. Schreck's complaint seeks declaratory relief, that claim was appropriately dismissed below. Declaratory relief actions must present justiciable controversies, which require (1) ... an actual, present and

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existing dispute, or the mature seeds of one, as distinguished from a possible, dormant, hypothetical, speculative, or moot disagreement, (2) between parties having genuine and opposing interests, (3) which involves interests that must be direct and substantial, rather than potential, theoretical, abstract or academic, and (4) a judicial determination of which will be final and conclusive. Lakewood Racquet Club, Inc. v. Jensen, 156 Wn. App. 215, 223, 232 P.3d 1147, 1151 (2010). These requirements have not been met in this case because, as already discussed, there is no allegation that Mr. Schreck submitted an application to be matched with a lease through the Seattle Restored program, or that there was a lease opportunity that met his individual needs. As such, Mr. Schreck has not demonstrated a personal interest in the Seattle Restored program and no justiciable controversy is present. Declaratory judgment actions should not be used for advisory opinions, which is all that could be provided by the Court under these circumstances. See Lewis County v. State, 178 Wn. App. 431, 437, 315 P.3d 550 (2013), *review denied*, 180 Wn.2d 1010, 325 P.3d 914 (2014). To the extent the complaint is construed as seeking declaratory relief, its dismissal was proper pursuant to CR 12(b)(6).

The complaint alleges that the City afforded preference to BIPOC applicants in the process of awarding leases through the Seattle Restored program. Mr. Schreck alleges that both the Seattle Restored website and Program Manager Andrea Porter confirmed that "preference would be given to BIPOC" in the selection process.<sup>2</sup> Mr. Schreck also alleges that the Seattle Restored program gave an unlawful preference to artists over restauranteurs in awarding leases. Mr. Schreck relies on these alleged facts as the basis for his claim for unlawful discrimination under RCW 49.60.400.

<sup>&</sup>lt;sup>2</sup> According to the Seattle Restored website, Andrea Porter is the Program Director for Seattle Made, one of the partner non-profit organizations supporting and administering the Seattle Restored program. <u>https://seattlerestored.org/team/</u>

RCW 49.60.400 provides that the State "shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting." RCW 49.60.400(1). However, Washington case law interpreting RCW 49.60.400 emphasizes that it is not a blanket prohibition on government efforts to foster and promote diversity in public programs:

> [The Washington] Supreme Court has been very explicit: systems that are racially cognizant but that do not specifically advantage one racial group to the detriment of another do not implicate the terms "discriminate" or "grant preference" as they are used in RCW 49.60.400. Rather, "racially neutral programs designed to foster and promote diversity ... would be permitted by the initiative." As our Supreme Court has pointed out, the ballot statement in favor of I–200 itself stated that the initiative "does not end all affirmative action programs. It prohibits only those programs that use race or gender to select a less qualified applicant over a more deserving applicant for a public job, contract or admission to a state college or university."

Dumont v. City of Seattle, 148 Wash. App. 850, 863–64, 200 P.3d

764, 769–70 (2009) (quoting Parents Involved in Cmty. Schs. v.

Seattle Sch. Dist. No. 1, 149 Wash.2d 660, 687 (2003)) (internal citations omitted). Accordingly, plaintiffs seeking to plead a violation of RCW 49.60.400 in the awarding of contracts through a government program must do more than allege generally that race was impermissibly relied upon as a factor in that process. *Id.* at 864. Rather, the plaintiff must allege specific facts from which a jury could conclude that he or she (1) was qualified and applied for the government program, (2) was not selected, and (3) a lessqualified candidate of a different race, sex, color, ethnicity, or national origin was selected instead. Id. Mr. Schreck has not alleged any facts capable of establishing these required elements as to his claim of racial discrimination. Nor could he, as he has openly acknowledged that he never submitted an application to the Seattle Restored program. To the extent Mr. Schreck's claim is based on his contention that artists were given preference over restaurants, that claim is not actionable because artists and restaurants are not categories afforded protection under RCW 49.60.400. The Court may and should affirm the dismissal of Mr.

Schreck's complaint on the alternative ground that it does not, and cannot, state a claim for violation of RCW 49.60.400.

Mr. Schreck also argues that the superior court reversibly erred by failing to consider his First Amendment "chilling effect" argument. However, his complaint asserts no First Amendment claim, and he did not raise this claim or any "chilling effect" argument at the hearing on the motion. Thus, that claim was not before the superior court and cannot be asserted for the first time on appeal. *See Wilson v. Steinbach*, 98 Wash. 2d 434, 440, 656 P.2d 1030, 1033 (1982).

#### VI. CONCLUSION

For the foregoing reasons, the City respectfully requests that the Court deny the petition for review.

#### VII. CERTIFICATE OF COMPLIANCE

This document contains 3,991 words, excluding the parts of the document exempted from the word count by RAP 18.17. ///

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DATED this 18th day of October, 2024.

ANN DAVISON Seattle City Attorney

By: <u>s/Rebecca Widen</u> Rebecca Widen, WSBA #57339 Assistant City Attorney Seattle City Attorney's Office 701 Fifth Avenue, Suite 2050 Seattle, WA 98104 (206) 684-8200

Attorney for Respondent City of Seattle

## **CERTIFICATE OF SERVICE**

I certify that on the 18th day of October, 2024, I electronically filed the foregoing document with the Clerk of the Court, and caused a true and correct copy to be served on the following in the manner indicated below:

Michael Schreck 3005 NW Market Street	⊠ E-Mail via COA E-filing Portal
Apt. A113 Seattle, WA 98107	Michael.schrck@gmail.com
Pro Se Petitioner	

Dated this 18th day of October, 2024 at Seattle,

Washington.

<u>s/ Grace Selsor</u> GRACE SELSOR

## **SEATTLE CITY ATTORNEY'S OFFICE - GOVERNMENT AFFAIRS**

## October 18, 2024 - 12:10 PM

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