

Miriam Israel Moses
Executive Director

Board Officers
Todd Mitchell
President

Tim Herbert
Vice President

Rex Habner
Treasurer

Kolby Hanson
Secretary

**Compliance
Investigator**

Nicole Blackwood
(206) 474-6938

REBOUND

A BUILDING TRADES ORGANIZATION

ALWAYS STRONG, ALWAYS GROWING

March 24, 2021

Ms. Pat McCarthy
WA State Auditor
Washington State Auditor's Office
Insurance Building
P.O. Box 40021
Olympia, WA 98504-0021

Dear Ms. McCarthy:

Re: Audit of City of Ocean Shores – Ocean Shores Golf Course
Contracts with Turf Care – and Ocean Shores Golf Course, Inc.

REBOUND is a private non-profit organization whose mission is to promote voluntary compliance with prevailing wage laws and related statutes. To achieve this mission, we monitor a wide variety of state and federal public works projects and, during 2020, this included the Phase 1 Irrigation Project (*Contract No. 19PW-25*) repair work performed on the on the Ocean Shores Golf Course by Turf Care, serving as the General Contractor.

The City of Ocean Shores has, since 2005, leased the Golf Course to a company named Ocean Shores Golf Course, Inc. [OSGC, Inc.] This is, for all intents and purposes, the alter-ego company of Turf Care. Both companies are owned by the same man, Curt Zander who, through a lease agreement with the City, handles the overall maintenance and management of the Golf Course. Turf Care is registered as a General Contractor, Ocean Shores Golf Course, Inc. is not a registered contractor. As such, OSGC, Inc. may not perform any construction work on the Golf Course, in accordance with applicable statutes; but it did, in fact, it does.

I contacted the State Auditor's Office by telephone in the Spring of 2020 to advise them of questions that we had regarding what appeared to be certain irregularities in the management of the Ocean Shores Golf Course project by the City of Ocean Shores. The person to whom I spoke advised me that the City of Ocean Shores would be audited during the summer of 2020 so I was given to understand that the Auditor would look further into the concerns that I expressed. This apparently did not occur, despite the fact that, during her audit review with the City Council, the Auditor was specifically asked to look into certain elements of this project.

It is my understanding that, under RCW 43.09.050, one of the roles of the State Auditor is to determine whether public agencies have complied with applicable state and federal statutes, including those related to public work. Having read the audit report; however, I find that the Auditor either did not review, or failed to note, any lack of adherence by the City to State Prevailing Wage Laws, 39.12 RCW, Contractor Registration Requirements, State Electrical and Plumbing Licensing Requirements, Permit Requirements, and Responsible Bidder requirements, in its administration of the contract related to work performed by both Turf Care and OSGC, Inc. While the work itself did not begin until January of 2020, outside of the Audit period, the bidding period was during 2019, a period that would have been covered by the Auditor's review.

The Engineer's estimate for the project was listed as \$483,200.00. Operating as Turf Care, Mr. Zander's bid was \$326,128.00, a full \$157,072.00 (*approximately 33%*) lower than the Engineer's estimate, and \$142,245.00 less than the second lowest bid of \$468,373.00. **[Exhibit #1A]** On a project estimated at just under \$500,000.00, this low of a bid should have caused concern, and merited a deeper review of its responsiveness prior to the contract award.

In fact, Turf Care's bid was so low that it was questioned by at least one City Councilmember, Susan Conniry-Beasley. She received a response to the concerns that she expressed from Mayor Crystal Dingler dated 2/10/2019. Mayor Dingler's advised that the bid was low because Mr. Zander did not intend to make a profit, and that he would be using Volunteers **[Exhibit # 2A]** – a practice that would not have been legal on this type of public construction project. While we have been given to understand that the Mayor's response was later rescinded, we are not aware of any further explanation from her office as to how this bid could have been competitive on a level-playing field with the other contractors bidding on the project. But the nature of her response alone, raises questions as to the City's ability, or commitment, to properly administering public works contracts under the requirements of applicable statutes.

During her post-audit briefing to the City Council, the Auditor was specifically asked by Councilmembers to review the City's evaluative methods, especially with respect to adherence to the Responsive and Responsible Bidder criteria in the bid documents. The Auditor responded **[Exhibit #2B]** by email, quoting Appendix A of the bid documents **[Exhibit #10]** which states, under "General Conditions," that the City has the final discretion in determining to whom the bid would be awarded.¹ While this is not unusual for a public agency, it does appear, from the evidence contained herein, that the City never intended to award this contract to anyone (despite the public notice) other than Mr. Curt Zander, operating either as Ocean Shore Golf Course, Inc. or as Turf Care, his registered general contracting company.

Based on a 12/20/2019 email sent by Curt. Zander to Nick Bird, Public Works Director for the City of Ocean Shores, it was clear that Mr. Zander fully intended to, and in fact, did, with his son, self-perform most of the electrical work (*for which neither he and nor his son were licensed, and for which he was later cited.*) Further, in the same email chain, Mr. Bird asks Mr. Zander whether he would be performing the work as Turf Care or OSGC, Inc., which is not a registered contractor. There did not seem to be any effort made by the city to assure that properly licensed personnel would be performing the plumbing or electrical work involved in this project and, it would appear that both the City and Mr. Zander seem to view these two companies as interchangeable. **[Exhibits #3A & B]** Clearly, they are not.

Although Mr. Zander did name Buck's Electric as his Electrical Contractor on his bid documents, and Buck's did file a Statement of Intent and an Affidavit of Wages Paid showing his correct utilization of the Inside Wiremen Scope and related wage, **[Exhibit#4A & B]** Buck's properly obtained electrical permit **[Exhibit 4C]** shows his work as being limited to the Pump Station, a relatively small part of the project, costing just \$10,343.89.00.

2.1.1 QUALIFICATIONS OF BIDDERS

Where applicable and required, Bidders shall provide all requested information relating to experience, financing, equipment, and organization relating to their ability to properly perform the Work. The Owner reserves the right to take whatever action it deems necessary to ascertain the responsibility of the Bidder and the ability of the Bidder to perform the Work satisfactorily.

There were no other mechanical or plumbing contractors named on the bid documents, although Turf Care did subcontract with H D Fowler for a small portion (\$4,000.00) of the pipe work on this project. [Exhibits #5A & B].

Unfortunately, as shall be discussed later in this paper, H D Fowler, although operating as a general contractor, may not have utilized the correct Scope of Work and related prevailing wage rate for at least some of the actual pipe work performed. Where the Plumber & Pipefitter scope and related prevailing wage rates should have been utilized for the pipe that would be under pressure, H D Fowler used the Scopes and Wages for Pipe Layers (Laborers in Utilities Construction.). A Golf Course does not qualify as a Utility² and, therefore, these scopes and wages should not have been used for it. REBOUND was unaware of this at the time and did not file any complaints regarding this discrepancy with the Department of Labor and Industries.

Ultimately, it is not far-fetched to conclude, especially given the information exchanged in the exhibited emails, [Exhibit #3A & B] that the City conducted the bidding process for this project with the full intent of awarding the bid to Turf Care. In the March 12, 2019 email from Mr. Zander to the Mayor and City Council, almost eight months prior to the 11/1/19 publication of the bid documents, Mr. Zander recaps a presentation that he made to the City Council.

The email not only iterates his urging them to fund this project, but it also seems to recap an offer that he made to them for the dollar amount he would need to perform the work, along with some other elements of the terms under which he would be able to complete this project. [Exhibit #6A] In fact, on August 27, 2019, Mayor Crystal Dingler sent an email to Public Works Director, Nick Bird, [Exhibit #6B] transmitting the terms of a change order to the project estimate provided by Mr. Zander, of +\$25,000, because of the higher salaries required under prevailing wage law. It should be noted then, that the specifications and bid documents for this project were not published until 11/19/2019 [Exhibit #7], almost three months later.

HISTORY – The Master Lease January 1, 2005 – December 31, 2020

As part of our research into the relationship between the City of Ocean Shores and Curt Zander, we reviewed the original Lease Agreement (and related amendments) between the City and Ocean Shores Golf Course, Inc., for the management and maintenance of the Golf Course. [Exhibit #8] at a rate of \$15,000 per year, or \$1,250.00 per month. Although the Agreement went into effect on January 1, 2005, it does not appear to have been signed by the parties until April 26, 2005. The term of the original Lease Agreement was to be for 15 years; from January 1, 2005 through December 31, 2020. The comparatively low monthly leasing cost for the golf course was likely based on the terms of the agreement, which stipulated that [P. 2, Section 2.1], the Lessee, OSGC, Inc. [Curt Zander] was to be fully responsible for the following:

II. CONSIDERATION

- 2.1 Payment of \$15,000 per year for rental of the property, payable monthly (\$1,250.);
- 2.2 Payment of all monthly assessed storm drain fees, or \$1,887, pending litigation;
(if storm drain fees are amended, a sum not to exceed \$2,000.)

² According to L&I Policy, Utilities Construction is defined as:

“The construction, alteration, repair or improvement of Water Mains, Sanitary Sewer Mains, Underground Storm Sewers and Branch Lines to Buildings but not underneath buildings, within cities, town, suburbs and subdivisions.”

III. LESSEE'S RESPONSIBILITIES

3.1 **All maintenance and repair on the premises including the grounds, and each and every structure on the premises, including but not limited to the Club House, the Pro Shop, and the restaurant; [emphasis added]** and

3.2 The payment of all utilities, taxes, and insurance for Lessee's equipment and furnishings on the premises; and

3.5 Condition of Leased Premises

3.5.1 The inspection of the property, buildings and structures on May 15, 2005 and agreement to **return the property to the City in the same or better condition at the termination of the Agreement;**

3.6 Maintenance

3.6 Provide all equipment and supplies necessary for the proper maintenance of the Golf Course **at his sole cost and expense.** *[emphasis added.]*

3.10 Improvements to Leased Premises

3.10 **Make the following improvements to the Premises at the Lessee's sole expense....** *[emphasis added].*

Improvements – (Lease - pp 5&6):

According to the Section 3.10 of the Lease, the improvements to be made during the lease period [2005-2020] were as follows: *[all emphases added]*

- a. Repair the maintenance shop roof, to include warranty on new roof. Make structural repairs to building as needed including sheetrocking *[sic.]* and **electrical** *(Permit and Electrical license Required)* and;
- b. Make necessary repairs to the bridge on the ninth hole; and
- c. Make necessary repairs to the driving range netting and poles; and
- d. Install automated **irrigation system on back nine holes** *[possible plumbing and electrical licenses and permits required, depending on the work performed – this may be the same area which is noted for repair in the current project];* and
- e. Leveling of Fairways 12, 3, 4, 8 and 15....
- f. New tees on Holes 1, 2, 3, 13, 15, and 16; and
- g. New Green on hole 14; and
- h. Install drainage for 2nd fairway and 3rd green; and
- i. Paint Pro Shop and cart storage building exterior, pressure wash and address rusty nail spots before painting; and
- j. Paint interior and install new carpet in Pro Shop; and
- k. **Install shut-off faucets and motion sensor lighting** *[plumbing & electrical licenses required]* in restroom on course.

Since, according to the Agreement, there would be no public funds involved in the designated maintenance and improvements, we believe that, at the time the agreement was executed, these improvements might not have been considered to be public works under 39.04 RCW. However, our attention is drawn to the fact that the work in question was to be performed on public property, to the City's specifications and, because of the necessary permits, licenses, etc. involved, in carrying out the tasks listed, our concerns are raised as to the City's level of oversight with respect to the execution of terms of this lease.

Some of the work designated supra would have required at the least, a building permit, and workers with electrical and plumbing licenses. Neither Mr. Zander nor his companies had or have any of the licenses necessary to perform this work so, either he self-performed the work in violation of the law (his current practice,) or he hired other appropriately licensed people/companies to perform the work which, based on our review, is not likely.

From the evidence gathered for the project in question, a pattern of behavior emerges on both Mr. Zander's part that involve violations of applicable statutes,³ as well as on the City's part, in terms of its oversight of the work contemplated under the lease agreement. Based on the Electrical violations issued by WA L&I's Contractor Compliance Division for this project [Exhibits 14A & B], Mr. Zander (*and his son, Dustin Charles*) did, in fact, perform much of the electrical work themselves, just as he had advised the City that he would, and as he stated in his emails, that he had done on other projects prior to this one. It would seem clear then, that the City performed relatively little oversight on the regulated elements of the designated work. Even the "work-in-exchange-for-rent" barter agreements that the City made with Mr. Zander would not have exempted the City from oversight of compliance with regulatory requirements.

The Barter Agreements:

[Exhibit 8B "Contingency Agreement"] discusses the sale of a certain portion of the golf course and serves as an amendment to the original lease that provides for the reimbursement to Turf Care for any lost revenue, resulting from the renovations necessitated by the sale. While the signatures to this contingency agreement are not dated, they were notarized on April 25, and 26, 2005, which is the same date that the original lease was signed. The City agreed to use the average revenue of the prior two-year period to calculate its reimbursements to Turf Care for lost revenue. As stated in the agreement, the reimbursement was to be in:

...an amount equal to the difference in the average monthly revenue over the immediate past two years and the revenues derived during the entire period of time the course is not playable. Such reimbursement will be based on a month-by-month comparison of the specified average and each month of the renovation period. Reimbursement will be made not later than the 15th day of the month following submission of revenue data which shall be submitted not later than the 3rd day of each month.

It appears, from [Exhibit #8B] that this Contingency Agreement went into effect sometime near or around April of 2005. Since the revenue data cited would have to have been retrospective, the City could be expected to already have this information. Hence, it would appear that not only did Mr. Zander make no rental payments during the period that the course was not playable, but that he was, at the start of the lease, reimbursed at the City's expense, for this period. It is unknown how long this arrangement lasted, or how much Mr. Zander received, or why the lease was commenced at a time when a section of the property was being sold.

³ Performing electrical work without an electrical license.; non-compliance with contractor registration laws (OSGC, Inc.;; Contracting with an unregistered contractor; failure to pay prevailing wage, failure to file required forms; etc.

The **First Amendment** to the Lease Agreement [**Exhibit #9**] executed on February 11, 2008, covers a proposal made by Mr. Zander to the City, that “an irrigation system for the driving range, together with improvements to the well(s) serving the golf course” be installed by Mr. Zander, himself. The project is, apparently, never put out for bid. The Agreement provides for Mr. Zander to be paid by the City through two years of golf course rent deferrals. As it states:

Those improvements, which are anticipated to cost approximately exceed \$30,000, are planned to be made by the Lessee during 2008 *[in four equal payments]* and 2009 *[deferred to 2011+ 5% annual interest.]* In the event that the Lessee provides to the

City written and itemized proof of expenditures by the Lessee for the completed installation of the irrigation system for the driving range and improvements to the well(s) on or before December 31, 2009, equal to or exceeding the sum of \$30,000, then the City shall credit the sum of \$30,000 against the rent deferred in sections 2.1.1 and 2.1.2.

We fail to see how such a rent deferred, barter arrangement complies with the terms of the original lease, which requires Mr. Zander to perform all maintenance and repair on the premises at his own expense. He does, *(as will be later evidenced)* collect substantial profits from the Golf-Course fees and cart rental fees, as well as the pro-shop and snack shop sales. Further, this construction work would have fallen under the terms of 39.04 RCW and 39.12 RCW because, although the City did not or pay for it as a direct expenditure, it was work performed by contract, and paid for through a rent deferral which, because it is income that the government does not receive, and it is not funded through a tax-deferral, is performed at the cost of the municipality.

As noted in the Lease Amendment, the rental fee for the Golf Course is \$15,000 per year, or \$1,250 per month. [**Exhibit # 8**] A deferral of \$30,000, assuming the noted work was performed for that amount, would mean that the City would receive no rent for the twenty-four-month period between the start of 2008 and the end of 2009. The Lessee needed only to provide to the City with itemized proofs of expenditures by 12/31/2009, in an amount equal to or exceeding the sum of \$30,000. [**Exhibit #9**] There is reason to believe; however, that no such receipts were ever provided to the City. [**Exhibit #12**]

It should also be noted that in responding to the Responsible Bidder Requirements set forth in the bid documents for the project in question, Mr. Zander listed another irrigation project performed for the City of Ocean Shores in 2007. He set the value of that project at \$225,000, [**Exhibit #10 p. 8**], noting again, that it was performed in exchange for rent, as one of his barter arrangements with the City.

Looking at these two projects alone, which together total \$255,000, it appears that the City has received no rental income from the golf course for perhaps as many as 17 years. This is a longer period of time than Mr. Zander’s original 15-year lease, and it does not include the amount he was reimbursed for the period of time that the golf course was not playable.

Amendment 3 of the Lease Agreement [**Exhibit #11A**], executed in 2016, involved engaging Mr. Zander, operating as OSGC, Inc., to make necessary repairs on the Golf Course Bridge. In this Amendment, the City states that it does not have the funds necessary to make the needed repairs. To the best of our knowledge, this project was also not advertised or put out for public bid. **Sections 4 & 5** of this Amendment; however, specifically include requirements for compliance with all applicable state and federal statutes, including the payment of prevailing wage rates and the filing of a Statement of Intent to Pay Prevailing Wages, with a further requirement that a copy of this form, approved by the State, be provided to the City.

To date, the State shows no records of any such forms ever being filed or approved for this project either by OSGC, Inc. or Turf Care. Hence, we have no way of knowing what Scopes of Work, Wages, Hours, or even Subcontractors, were utilized, or whether compliance with any regulatory laws was ever achieved. But, to fund this project, as laid out in Amendment 3, the City engaged in another barter agreement. This one involves Mr. Zander seeking a line of credit, or other similar loan device, to pay for the work. The payments themselves were to be established at a rate that was similar to the \$15,000 annual rent paid to the City. The City then agrees to extend the Lease Agreement for another five years, from 2020, to December 31, 2025.

At \$15,000 per year, over a 5-year period, Mr. Zander would have paid the city a total of \$75,000 in rent. **Section 11** of the Amendment; however, provides for the City to abate Mr. Zander's rent "up to \$90,000" [6 years] or the actual cost of rebuilding the bridge (including finance costs), whichever is less...."

Amendment 4, [Exhibit #11B] signed August 1, 2016 covers a final agreement between Mr. Zander and the City regarding compensation for the work performed on the Golf Course Bridge. Paragraph 11 of the Lease Amendment is revised to cover a one-time payment to Mr. Zander of 16,003.80. This covers the amount of the loan he took out to perform the work, and it further abates his future rent payments of \$90,046, *(\$1,250 per month)* from of January 2018 through April 2022, with an additional partial credit of \$1,046.16 for May of 2022.

It is unknown whether the required receipts and financial statements identified in the rental/barter agreements have ever been transmitted to the City by Curt Zander, operating as either Turf Care or OSGC, Inc., but on November 26, 2019, **[Exhibit #12]** in response to an email request from City Councilmember Susan Conniry-Beasley, for copies of the annual financial statements for the Golf Course, Mayor Crystal Dingler wrote: "We [the City] do not receive such reports and have not required them ever that I know of. Since we have no ability to change the rate without a renegotiation, they are unnecessary." *[emphasis added]*

In fact, opportunities to renegotiate the lease agreement did exist. At the very least, in 2016, when the City bartered an additional 5-year extension to the lease, it could well have renegotiated the terms of the extension, or it could have simply let the lease expire in 2020, and renegotiated entirely new terms. The City chose not to do that. Instead, it continued to allow its taxpayer funded Golf Course to be a non-revenue generating entity – or even a financial loss.

The gross income derived from the golf course might be fairly accurately estimated based on Mr. Zander's own presentation to the City Council, in which he urged them to green-light the project in question. **[Exhibit #3A]**. His email recapping that meeting, claims that the golf course accommodates **18,000 paying rounds of golf per year**. Based on the costs of playing a round of golf at this course, **a conservative average estimate of the average annual gross income generated by the golf course would be \$438,750.00 [See Exhibit #13]** This does not include any additional proceeds or profits from the snack-bar or the pro-shop.

This is gross revenue generated by the Golf Course, of which the City receives no part. One must question then, whether this is the most fiscally responsible way for the City to manage and maintain the Golf Course. Were it to hire its own employee[s] to perform the general management and maintenance work performed by Mr. Zander, for example, the remaining funds could be put into a dedicated fund to cover the costs of any contracts for needed repairs and/or construction. This would permanently end the non-income producing barter agreements.

Just as an example, the current prevailing wage rate (including benefits) for a Landscape Operator in Grays Harbor is \$469.33, or \$144,206.40 per year for a 2,080 hour year. The current rate for a Landscape Construction/Planting Laborer is \$40.46 per hour (including benefits), or \$83,948.80 per year for a 2,080 hour year. **[Exhibit #14]** These current union rates would result in a total annual payroll cost of an estimated \$228,155.20 for two full time employees. In this scenario, the City would still be receiving considerable gross revenue from the proceeds of the operation of the golf course; certainly more than it currently receives from its “barter-for-rent” structure, and this total does not even include revenue from the snack-bar or the pro-shop, for which it might contract with part-time employees. The total gross revenue also does not a potential lease agreement for management of the Golf Course that includes the City’s taking an annual percentage of the net profits from the golf course operation.

State Audit - 2016 Federal Davis-Bacon Compliance:

In 2016 (Report No.1019938, published 9/28/2017) the Auditor’s Office performed a review of the “CFDA Number and Title: 20:106 – Airport Improvement Program,” and the “CFDA 20.205 Highway Planning and Construction” project. Both were subject to the requirements of the federal Davis-Bacon Act. The Auditor found that the “City did not have adequate internal controls to ensure compliance with federal Davis-Bacon Act (prevailing wage) requirements” *[emphasis added]* primarily with respect to the required submission of weekly certified payroll records. While the submission of these records was not required by the State, unless requested, at the time of the audit, submission of certified payroll records became mandatory in WA as of January 1, 2020. We do not see any evidence that the City put any controls in place to ensure compliance with the State’s Certified Payroll law and, as will be noted later in this review, Turf Care was, in fact, cited by L&I for a failure to file required forms but.

[The Remainder of This Page Left Blank]

**CITY OF OCEAN SHORES
GOLF COURSE IRRIGATION PROJECT PHASE I – 19PW-25
Ocean Shores Golf Course, Inc., Turf Care, and Curt Zander**

Matters for Review

It is clear from the amendments to lease alone, that a long-term relationship has existed between the City of Ocean Shores and Mr. Curt Zander, whether he is operating as Turf Care, or as Ocean Shores Golf Course, Inc.; and that there appears to be an assumption by both Mr. Zander and the City that, like all of the other projects performed on the Golf Course, whether in barter for rent (which appears to be most of them,) or for payment, he will be the one chosen to perform the work, irrespective the planning phase, or whether the project was, or should have been, put out to bid.

Ultimately, for the project in question, when the City compared the bids from other contractors, based on the actual specifications for the project, it does not appear that the costs of permits, materials, and the work on the road crossing, which Mr. Zander advised the City that they would have to pay for, were ever added to his bid as part of the City's actual total cost in dollars. Those items, along with the payment of the correct prevailing wage rates, which Mr. Zander also did not figure into his original bid, **[Exhibit #6]** should have been included into the competitive bid evaluation factors. This is one among a series of reasons that Turf Care's bid was so much lower than the other bids, and the Engineer's estimate.

In reviewing the itemized bids, **[Exhibit #1]** which ostensibly include the cost of labor, materials, and the road crossing, there are a few instances in which the bid provided by Turf Care is far below the Engineer's estimate as well as being substantially below the bids provided by the competing contractors. For example: Item 1 – Mobilization. The Engineer's Estimate is \$39,700. Turf Care's bid, at just \$2,000, is \$37,700 lower than the estimate. The average of the bids submitted by the other four bidders for this item is \$46,250. This difference should clearly have been questioned.

The Engineer's estimate for the Pump Station was \$143,900. Turf Care's bid, at \$83,000, was \$63,900 lower than the estimate, while the average of the bids submitted by the other four bidders was \$109,825. These two elements of Turf Care's bid, taken on their own, although there are other comparative variances in other elements of the higher bids, put Turf Care's bid at \$101,600. lower than the Engineer's estimate and, if added to his bid of \$326,128, would result in a total of \$427,728. While this is still the lowest bid, it is much closer to the other bids, and it demonstrates the necessity of a deeper review into how the original bid was conceived. Further, the costs of permits, materials, work on the road crossing, payment of the correct prevailing wage rates, especially for electricians and plumbers, etc., would also account for some of the discrepancies in the bids.

Statement of Intent to Pay Prevailing Wages:

The required (*RCW 39.12.020 and 040*) Statements of Intent to Pay Prevailing Wages **[Exhibit #15 A&B]** submitted for this Project by Turf Care and OSGC, Inc., were not received and approved by L&I until April 20, 2020; more than 4 months after the January 1, 2020 projected work start date for this project. The City, which should have received approved copies of these forms prior to the start of work, should have known that Mr. Zander was working in violation of the law, (*RCW 39.12.040(1)(6)*) and no progress payments should have been made to him until such time as the required forms were received.

Interestingly; however, “**Progress Estimate No. 4**” [Exhibit #16] dated April 8, 2020, provides a progress payment estimate for the period of March 16, 2020 to April 15, 2020. This is still prior to L&I’s approval of the Statement of Intent. Progress Estimate No. 4 shows that Turf Care had already earned \$220,840.77 to date, with an estimated \$ 96,635.27 (*including retainage and tax*) owed and due for the period noted. Again, this is all prior to the City’s receipt of the Statement of Intent to Pay Prevailing Wages. Additionally, since there was no approved Statement of Intent, the form could not have been posted on the jobsite, as required by RCW 39.12.050⁴, establishing yet another violation of the law.

Scope of Work:

The Statement of Intent submitted by OSGC, Inc., [Exhibit #17A] classifies the Scopes of Work to be performed as Landscape Construction. Mr. Zander claims to have spoken to L&I and that this was the classification that they advised him to use on his Intent form; however, L&I can only advise as to the Scope of Work, based on what they are told the work that will be. Had Mr. Zander told L&I that he would be performing electrical work, they most certainly would have advised him to include either “Inside Wireman” or “Low Voltage Technician” depending on the specifics of the work and, if he had told them that he would be installing pressurized pipe in the Pump House, they would have advised him to utilize the Plumber/Pipefitter Scope and related wage. This is another omission that the City should have noticed when the form was finally received, because they were well aware of the fact that Mr. Zander was (with his son) self-performing the electrical work for everything except the Pump House.

The Intent form further advises that Turf Care will not have any employees working on this project and, per his form, he does not. However; the Statement of Intent submitted on behalf of Ocean Shores Golf Course, Inc., shows three employees: 2 Landscape Operators, and 1 Landscape Construction or Planting Laborer. To iterate, Ocean Shores Golf Course, Inc. is not a registered contractor as required by RCW 18.27⁵ and should not have been on the job or employing any workers at all to work on this or any other construction projects.

⁴ RCW 39.12.050 False statement, failure to file, or failure to post document required to be posted

(1) Any contractor or subcontractor who files a false statement or fails to file any statement or record required to be filed or fails to post a document required to be posted under this chapter and the rules adopted under this chapter, shall, after a determination to that effect has been issued by the director after hearing under chapter 34.05 RCW, forfeit as a civil penalty the sum of five hundred dollars for each false filing or failure to file or post, and shall not be permitted to bid, or have a bid considered, on any public works contract until the penalty has been paid in full to the director. The civil penalty under this subsection does not apply to a violation determined by the director to be an inadvertent filing or reporting error. The burden of proving, by a preponderance of the evidence, that an error is inadvertent rests with the contractor or subcontractor charged with the error. Civil penalties shall be deposited in the public works administration account.

⁵ RCW 18.27.010 Definitions – [in part].

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(14) **"Unregistered contractor"** means a person, firm, corporation, or other entity doing work as a contractor without being registered in compliance with this chapter. "Unregistered contractor" includes contractors whose registration is expired, revoked, or suspended. "Unregistered contractor" does not include a contractor who has maintained a valid bond and the insurance or assigned account required by RCW 18.27.050, and whose registration has lapsed for thirty or fewer days.

(16) **"Verification"** means the receipt and duplication by the city, town, or county of a contractor registration card that is current on its face, checking the department's contractor registration database, or calling the department to confirm that the contractor is registered [*emphasis added*]

It should further be noted that it is also a violation of contractor registration law, RCW 18.27.020,⁶ to contract with an unregistered contractor. Therefore, not only should the City have known that OSGC, Inc. was not a registered contractor, Curt Zander, who owns both companies, can certainly have been expected to know that he could not legally subcontract with OSGC, Inc. to perform any work construction work on this project. His reasons for using his alter-ego company to employ workers, instead of using his registered contracting company, are unknown; however, the practice falls in line with other violations that should have caused the City to perform greater oversight over this project. Had they done so, they might have noticed the absence of a contractor registration number from the Intent and Affidavit forms that OSGC, Inc. eventually filed. The City of Ocean Shores can certainly be expected to know that contractor registration is required for public work, with few, very specific exceptions.⁷

While we do note that, for the purposes of transparency, an Intent is considered just an “Intent,” so Notices of Violation are not usually issued by L&I if the information on the Intent form does not match what the facts turn out to be; the Affidavit of Wages Paid filed by Turf Care [Exhibit #15B] is a sworn document that should reflect the actual, precise information regarding the project. Mr. Zander failed to do this by again listing his work only as the Owner/Operator performing Landscape Construction. He did not list himself or anyone else as performing any Electrical work whatsoever under Turf Care or OSGC, Inc. As such, the City certainly should have known that Mr. Zander’s Affidavit of Wages Paid contained false information (*which L&I required him to correct*) since they knew that both he and his son were performing electrical work.

⁶ **RCW 18.27.020 Registration required—Prohibited acts—Criminal penalty—Monitoring program.**

- (1) Every contractor shall register with the department.
- (2) It is a gross misdemeanor for any contractor to:
 - (a) Advertise, offer to do work, submit a bid, or perform any work as a contractor without being registered as required by this chapter;
 - (b) Advertise, offer to do work, submit a bid, or perform any work as a contractor when the contractor's registration is suspended or revoked;
 - (c) Subcontract to or use an unregistered contractor.
- (4) All gross misdemeanor actions under this chapter shall be prosecuted in the county where the infraction occurs.
- (5) A person is guilty of a separate gross misdemeanor for each day worked if, after the person receives a citation from the department, the person works while unregistered, or while his or her registration is suspended or revoked, or works under a registration issued to another contractor. A person is guilty of a separate gross misdemeanor for each worksite on which he or she violates subsection (2) of this section. Nothing in this subsection applies to a registered contractor.

RCW 18.27.020 Registration required—Prohibited acts—Criminal penalty—Monitoring program.

- (1) Every contractor shall register with the department.
- (2) It is a gross misdemeanor for any contractor to:
 - (a) Advertise, offer to do work, submit a bid, or perform any work as a contractor without being registered as required by this chapter;
 - (b) Advertise, offer to do work, submit a bid, or perform any work as a contractor when the contractor's registration is suspended or revoked;
 - (c) Subcontract to or use an unregistered contractor.
- (4) All gross misdemeanor actions under this chapter shall be prosecuted in the county where the infraction occurs.
- (5) A person is guilty of a separate gross misdemeanor for each day worked if, after the person receives a citation from the department, the person works while unregistered, or while his or her registration is suspended or revoked, or works under a registration issued to another contractor. A person is guilty of a separate gross misdemeanor for each worksite on which he or she violates subsection (2) of this section. Nothing in this subsection applies to a registered contractor.

⁷ Contractors engaged in certain types of work, such as material supply, need not be registered as contractors.

Turf Care's Affidavit of Wages Paid [Exhibit #17A] also lists the companies with which he subcontracted to perform work on this project. They are:

- Ocean Shores Golf Course, Inc.
(Mr. Zander's alter-ego company, which is not a registered contractor;
- Buck Electric Inc., which worked on the pump station, not the irrigation project;
- H.D. Fowler Co Inc.;
- Downing Diversified LLC.

It is worth noting that all of the other registered subcontractors, did file their Statements of Intent to Pay Prevailing Wages prior to the actual work start date of the project. Operating as the General Contractor, Mr. Zander would have received copies of these and might have thought to file his own at that time.

REBOUND's Investigation & Complaint:

Based on the low bid, and other information obtained when reviewing this project, REBOUND filed an Interested Party prevailing wage complaint with L&I Compliance Agent, Jennie Kordenet at the Department of Labor and Industries. It was received on March 5, 2020.

[Exhibit #18A] At that time, despite Turf Care's failure to file the required forms, the project was already ongoing. It is possible that L&I's notice to Mr. Zander of this complaint, served as the impetus for him to file the required forms for both companies; however, since we believe that progress payments had already been issued to Turf Care prior to this, the City of Ocean Shores should be held accountable for non-compliance because it released the funds.

Upon completion of its investigation, on December 7, 2020, L&I found that Mr. Zander, operating as both Turf Care and OSGC, Inc., was found to be in violation of prevailing wage law. Specifically, these violations included unpaid prevailing wages, unpaid overtime rates, incorrect scope of work, and a failure to file Statements of Intent prior to the start of the project. The precise breakdown of the sum of the Prevailing Wages, Interest and Penalties found to be owed by Mr. Zander was \$3,051.41. [Exhibit #18B]

The Affidavit filed by OSGC, Inc. [Exhibit #19] employs the same trades as the Intent, but adds the trade of Carpenter to these. The Notes section on the Affidavit says the following:

-- On 11/10/2020:--

The carpentry work performed was stick framing an 8" x 12" shed. Tools used; hammer, skill saw, power drill, nail gun, generator, level and speed square. Drove to job site in his car. Did not install siding, roof, paint, man door or garage door.

There is no mention of by either company of utilizing an Electrician or Plumber.

As for the Carpenter, Mr. Zander's notes on the form specifically state that the Carpenter "**did not install siding, roof, paint, main door or garage door,**" [emphasis added] so, the obvious question is whether this work was performed (*we believe that it was*) and, if so, **who did it?**

Once again, neither Turf Care nor OSGC, Inc. listed the Roofer Scope of Work and related prevailing wage rate on their Intents or Affidavits. Further all of these mis-classification issues (*Electrician, Plumber, Roofer*) should raise questions serious as to whether either of Mr. Zander's companies were carrying the correct Workers Comp Risk Classifications.

Electrical Violations:

On March 19, 2020, an L&I Electrical Inspector who was in the area, inspected the electrical work on the golf course. He cited Turf Care with five Electrical Violations: **[Exhibit #20A]**

1. RCW 19.28.041 Performing Electrical Work without a license;
2. RCW 19.28.271 Employing an individual who does not have a valid trainee license;
3. RCW 19.28.161 Working as an Electrician without a valid certification;
4. RCW 19.28.101 Covering or Concealing installations prior to inspection;
5. RCW 19.28.101 Failure to obtain and Electrical Work Permit prior to starting work.

These violations were issued to Turf Care, not OSGC, Inc., which was not cited for operating without a license, but the violations were enforced against Turf Care. The Inspector noted that there were two workers performing electrical work on the site, despite Mr. Zanders claim to have had no employees when operating as Turf Care. To support the citations, the Inspector took photographs of each of the worker's drivers licenses. They are of Curt Zander, and his son, Dustin Charles Zander. **[Exhibit #20B]**

These violations, now satisfied, carried a total of \$1,750.00 in fines and are now listed on Turf Care's Contractor Information page. Ocean Shore Golf Course, Inc.; however, because it is not a licensed or registered contractor, has no violations listed on its corporate information page.

Mr. Zander's inclusion of Buck Electric on the bid documents as his electrical contractor was misleading at best. Buck Electric, as noted on its Electrical Permit, only performed work electrical work on the Pump Station. **[Exhibit #4C]** For this work, Buck Electric correctly and utilized the Scope of Work and related prevailing wage rate for Inside Wiremen.

All of the other electrical work was performed by Mr. Zander, as noted in the evidence submitted. Had a Plumbing Inspector happened upon this project, there may also have been plumbing violations, because some of the pipe installed was ductile iron pipe that we believe would be under pressure. According to state law, this specifically falls under the Scope of Work and related wage for the Plumber/ Pipefitter classification, WAC 296-17-01364. J D Fowler utilized the Scope of Work and related wage for "Laborers in Utilities Construction" (Underground Sewer and Water) at a rate of \$51.00 per hour.

Plumber/Pipefitter v. Laborer – Scope of Work/Wage Issues:

This Scope of Work, WAC 296-127-01340 is, first and foremost, intended for use on Utilities Construction. As previously noted, the Golf Course is not a Utility. WA Labor & Industries generally defines Utilities Construction as the construction, alteration, repair or improvement of water mains, sanitary sewer mains, underground storm sewers, and branch lines to buildings.... It does not include irrigation projects and pump houses on golf courses; therefore, the pipe work on the golf course did not qualify under that definition and related wage.

Further, utilization of this Scope of Work for Laborers in Utilities Construction has an additional prohibition. It only provides for the joining of ductile iron pipe "**when the pipe will not be under pressure.**"⁸ *[Emphasis added]* We do believe that, at least some of the pipe installed will be pressurized.

⁸ **WAC 296-127-01340 Laborers in utilities construction. – [in part]**

For the purpose of the Washington state public works law, chapter [39.12](#) RCW, the work for laborers includes, but is not limited to: [in part]

(1) Pipe layer.

• **Joining ductile iron pipe by using screws, bolts, fittings, caulking or any other method for making joints in the industry, when the pipe will not be under pressure.** *[emphasis added]*

The only Scope of Work that provides for the installation of ductile iron pipe that will be under pressure, is WAC 296-127-01364 – Plumbers & Pipefitters. WAC 296-127-01340, which is establishes the Scope of Work for the Plumbers and Pipefitters, specifically includes it.⁹ The difference in the hourly prevailing wage rates for these two scopes is quite substantial. We may consider whether this difference also contributed to Mr. Zander’s lower bid.

Responsible Bidder Criteria and Requirements:

RCW 39.04.350 establishes criteria for a bidder to be considered “responsible” by a contract awarding agency. The legislation was enacted because public agencies were advised by the attorney general’s office that they were, in fact, required to award contracts to the lowest bid that was “**responsive**” to the bid documents, even if they had reason to believe that the contractor would not be able to successfully perform the work.

The legislation allows public agencies to include in their bid documents, criteria that can be evaluated objectively to determine whether the contractor’s bid is not only responsive, but also responsible, as defined by the law. Under RCW 39.04.010(5) – Definitions, a “Responsible Bidder” means a contractor who meets the criteria in RCW 39.04.350. RCW 39.04.350(1) establishes all of the existing statutory requirements associated with this and other statutes that “**a bidder must meet**” prior to being awarded a public works contract.

Section (3) of the statute deals with the addition of Supplemental Criteria to the bid documents. Here, the Awarding Agency can choose whether to add criteria that they wish to consider in determining which bidder should be awarded the contract. There is no statutory requirement that such supplemental criteria be added to the bid documents; therefore, one must assume that, if an Awarding Agency adds these criteria, they are intended to be used as evaluative factors. The law is specific on this such subject. **If the Agency chooses to include supplemental criteria in the bid documents, “the bidder must meet” those criteria.**¹⁰ *[emphasis added]*

Neither Turf Care, nor its alter-ego company, Ocean Shores Golf Course, Inc., met any of the required criteria. Turf Care, in fact, met none of the criteria.

⁹ **WAC 296-127-10364 Plumbers/Pipefitters and Steamfitters – [in part]**

For the purpose of the Washington state public works law, chapter **39.12** RCW, plumbers, pipefitters and steamfitters assemble, install, and maintain piping systems, fixtures and equipment for the transportation of water, steam, gas, air, sewage, oil, fuels, liquids, gases, or similar substances.

The work includes, but is not limited to: [in part]

(1) Piping systems installed in structures (e.g., buildings, industrial plants, etc.).

(a) The handling and moving of any plumbing, pipefitting and steamfitting materials, supplies, and

(2) Distribution lines (e.g., water mains, sewer mains, oil and gas lines, etc.).

(c) Ductile iron pipe: Joining pipes by using any method for making joints in the industry, when the pipe will be under pressure.

¹⁰ (3) **RCW 39.04.350** In addition to the bidder responsibility criteria in subsection (1) of this section, the state or municipality may adopt relevant supplemental criteria for determining bidder responsibility applicable to a particular project which **the bidder must meet**.

If RCW 39.04.350(3)(b) had been utilized, as intended, it would have allowed Curt Zander to request that the Agency modify its supplemental criteria such that his prior projects would qualify, or that these criteria be eliminated in their entirety. But we have no knowledge or documentation demonstrating that he ever did so. Had modifications been made by the City, they would have to have been issued as addenda to the original bid documents that were provided to all bidders. We have no evidence that any such request was made, or any such addendum was issued.¹¹

During her Audit report to the City Council, Assistant Auditor, Kecia Rhodes was asked by a Councilmember Frank Elduen to review the fact that Turf Care did not meet the Responsible Bidder requirements in Section 8 of (Capacity and Experience) of the Bid Documents for work on the Golf Course Irrigation Project. She responded by email [Exhibit #2B] acknowledging that, while this was true, the 2nd Paragraph of Appendix A of the Bid Documents contain a caveat that states: “The City of Ocean Shores will be the sole judge in determining if the prospective contractor meets the minimum experience requirements.” Further, “the City may consider mitigating factors in determining whether the Bidder complies with the requirements of the supplemental criteria.”

She further advised Councilmember Elduen that the City viewed the requirement that a contractor demonstrate the performance of three projects of similar [60%] size and scope during the past five years “as too strict and unreasonably high.” The Auditor identified this “deficiency” as an informality stating that:

Since the lowest responsive (*not responsible*) bid was selected and complied with the terms prescribed by the solicitation for bids as documented by the City, we did not take issue.”

We must then ask whether the other contractors bidding did, in fact, meet these criteria. Were these criteria only too strict for Turf Care, or were they too strict for the other bidding contractors as well? Did any of the bidding contractors meet these criteria?

This conclusion by the Auditor negates the entire purpose of the Responsible Bidder statute. As noted, a contractor that fails to meet the supplemental responsible bidder requirements set forth by the awarding agency, should request a reconsideration of those criteria. Should the Agency then decide that those criteria are “too strict,” the Agency can revise them, in which case, all bidders must be sent the revised criteria prior to the submission of bids. That the City of Ocean Shores did not follow this guidance, demonstrates that neither the contractor, nor the City, takes this statutory requirement seriously. Rather, it places greater weight on its ability to be the sole judge in determining which contractors it hires rather than establishing a level-playing field for all bidding contractors.

If the use of this caveat is held to be an acceptable practice... such that the responsible bidder requirements set forth by any public agency could be completely ignored, then any public agency could, ostensibly, award without consequence, any public works contract to any contractor it wanted, irrespective of the responsible bidder requisites in the bid documents, thus defeating the purpose and intent of the entire bidder responsibility law.

¹¹ **RCW 39.04.350(b)** In a timely manner before the bid submittal deadline, a potential bidder may request that the state or municipality modify the supplemental criteria. The state or municipality must evaluate the information submitted by the potential bidder and respond before the bid submittal deadline. If the evaluation results in a change of the criteria, the state or municipality must issue an addendum to the bidding documents identifying the new criteria.

In this case, the supplemental bidder criteria included a requirement that the bidder demonstrate having successfully completed 3 projects of a “similar size and scope” in the past 5 years. Even, as the Auditor did, looking at projects meeting approximately 60% of the estimated cost within the past five years, As previously noted, Turf Care failed to meet this requirement on even one project.

As hypothesized at the beginning of this paper, it is difficult to imagine, given the evidence, that the City of Ocean Shores ever intended to award this contract to anyone other than Curt Zander, operating as either Turf Care, or OSGC, Inc. despite the efforts made by the city to put this contract out for competitive bid.

City of Ocean Shores Contract Awarding Agency

Government Agencies are the trustees of taxpayer funds. As such, there are specific statutes covering their requirements and responsibilities with respect to expenditures of public funds, including those involving public construction. Thus, accountability for expenditures and adherence to public bidding requirements, such that all interested contractors would have and equal opportunity of benefitting from taxpayer funded public works projects is one of the primary reasons that both the WA State Public Works Act, 39.12 RCW, and related statutes, as well as the federal Davis-Bacon Act, were enacted.

Some Questions that the Auditor Might Have Asked:

1. Financial Accountability:

- According to the Mayor’s November 26, 2019, email, **[Exhibit #12]** no annual financial statements have ever required from the golf course. Her reasoning for this is that the City has no ability to change the terms of the lease without a renegotiation. When the 20-year lease expired in 2020, why did a renegotiation never occur?
- Has Turf Care or OSGC, Inc. ever been required to turn in financial statements.
- Is a 15-year lease (considering inflation) with no clauses covering review and possible renegotiation the best tool for the City to use, and for the taxpayers’ benefit?
- Why does the first right of refusal on renewal of the lease go to the Lessee instead of the Lessor? Should it not be the Lessor’s decision as to whether it wishes to continue the lease and, if so, what those terms should be?
- Why has the City allowed OSGC, Inc. to operate the golf course without turning in annual financial statements? Absent those statements, how does the City evaluate the lease agreement, its expenditures, and potential profits?
- What financial information is there regarding the operation of the golf course, that would normally be subject to public disclosure for taxpayer review?
- Has Turf Care or OSGC, Inc. ever turned in to the City, the receipts required in exchange for the barter agreements that extend the terms of the lease?

2. Bidding, Costs & Contract Requirement

- Were there costs (materials, road crossing, prevailing wages, etc.,) excluded from Turf Care's bid and, if so, would the City be paying those costs? Assuming those costs were added to Turf Care's bid, by how much would his bid have increased?
- Would there likely be change orders involved that would add to the low-bid amount?
- While the City determined that the Responsible Bidder requirements, with respect to comparable projects, were too strict, were there other contractors who bid on the project that did meet the responsible bidder requirements?
- Were all of the companies working on the project registered contractors?

3. Required Forms – Release of Payments:

- Were the required forms filed by Turf Care prior to release of progress payments?
- Were the necessary permits obtained for the Electrical Work that was not performed on the Pump House?
- Were the necessary permits obtained for the Plumbing Work that involved pipe that would be under pressure?

4. Electrical & Plumbing Questions:

- Was the City aware that Electrical and Plumbing Licenses are required for the Electrical and Plumbing Work performed by Curt Zander and his son?
- Did the City check to see whether Turf Care held was a properly licensed and registered Electrical and Plumbing Contractor?
- Was the City aware that Mr. Zander claimed that he was working as the owner/operator of Turf Care– not having listed any employees at all; but that all of his employees were listed under OSGC, Inc., a non-registered contractor?
- Was the City aware that no electrical or plumbing permits were obtained for Turf Care's work?

In Closing

After being asked about this project by one of REBOUND's affiliated members, and taking a random look at some of the basic elements of involved, it seems clear that a more in depth review of the relationship, both professional and contractual, between the City of Ocean Shores and Curt Zander's companies – Turf Care and OSGC, Inc., should be performed. Despite the fact that the lease is now extended to 2025, a full review of how the golf course is run, including its finances, along with recommendations for the City's oversight of its operation and potential share in its profits, should be conducted.

We could have continued to delve into this project to attempt to discover all of the inner workings of the City's relationship with Curt Zander, or how this, and likely other, projects could be performed for so much less than the other estimates. We might have speculated on how much money the City could be receiving through a different leasing arrangements, or the hiring of its own employees, but suffice it to say that we believe that there is a definitive pattern of a lack of compliance and oversight both Mr. Zander and the City of Ocean Shores.

We believe that the City of Ocean Shores should be made to acknowledge its errors and submit to the State Auditor, a plan to which it can be held accountable. Such a plan, and possibly related training, might guarantee that these errors, oversights, and omissions, do not happen again, whether through lease agreements or direct ownership.

The City must also allow full and equal opportunities for competitive bidding on all public works processes, with the best interests of the taxpayers in mind and, in the case of Ocean Shores, someone should be appointed to oversee compliance with applicable statutes.

Finally, as a recommendation to the Auditor, a review of the rental agreement between the City of Ocean and OSGC, Inc., to see whether, as currently drafted, it serves the best interests of the City and the taxpayers. The current rent of \$15,000 per year has not only been bartered, it hasn't changed since the lease was signed in 2005... 16 years ago. This monthly amount, with inflation alone, should be reevaluated should the City decide to lease the Golf Course again.

Conclusion

It is our conclusion, based on the evidence submitted here, that the City receives little or no revenue from the rent or the proceeds and profits generated by the Ocean Shores Golf Course. It would appear that all of the revenue goes to Turf Care, or OSGC, Inc. Based on our analysis of the potential revenue, this could amount to hundreds of thousands of dollars each year, that the City never receives. The lease agreement has been extended, by barter, to 2025; the Auditor might well look into revisions to that agreement and to the costs of the City hiring its own Overseer[s] for the golf course and contracting directly with a Pro and a Snack Shop operator. With this arrangement, or a different lease agreement, the City could easily retain at least a percentage of the remaining proceeds, and place them into a dedicated fund to be used for the maintenance and repair of the golf course.

The management of the Golf Course lease agreement by the City Ocean Shores for compliance with all governing statutes, including the requirement for submission of receipts for rent-barthers and annual financial statements, certainly merits further investigation by the State Auditor. There should also be a recommended review of the long-term relationship between the City and Curt Zander, operating either as Turf Care or OSGC, Inc., especially with respect to its barter arrangements and the lease, and the impact of these on the City's potential revenue.

It is our hypothesis that, for work on the Golf Course, the City performs little or no oversight of the actual work and, with respect to the bidding processes and contract awards, the City's process is subject to some bias. Further, the City could be benefitting from at least a percentage of the revenue generated by the Golf Course, where it has been relinquishing that revenue for quite some time. For all of these reasons, we believe that an Audit of the City, with respect to its management of the Golf Course, is warranted.

Sincerely,



Miriam Israel Moses
Executive Director

cc: Pat McCarthy, WA State Auditor – Hard Copy to Follow.
Kecia Rhodes, Assistant State Auditor

Crystal Dinger, Mayor, City of Ocean Shores
Scott R. Anderson, City Administrator
Nick Bird, Public Works Director, City of Ocean Shores

City Council Members, City of Ocean Shores

Susan Conniry, City Councilmember, City of Ocean Shores
Frank Elduen, City Councilmember, City of Ocean Shores
Jon Martin, City Councilmember, City of Ocean Shores
Eric Noble, City Councilmember, City of Ocean Shores
Robert Peterson, City Councilmember, City of Ocean Shores
Lisa Scott, City Councilmember, City of Ocean Shores
Katheryn Spriggs, City Councilmember, City of Ocean Shores

REBOUND Board of Directors