PRC does not fall within this definition.¹

adjudicative proceedings. . . . "). Neither OPUD nor the PRC offer any authority to assert that the

The APA exemption under RCW 34.05.010(3) does not apply here. *See* RCW 34.05.010(3) (providing exemption for "agency decision[s] regarding (a) contracting or procurement of goods, services, public works"). The PRC's decision to permit OPUD to utilize the design-build process on this Project is an agency decision to allow a public entity to use a certain project delivery system. It is not an agency decision to enter into a contract or procure goods. Also, while the applicant, OPUD, is a public utility district, the PRC's decision to allow design-build is unrelated to public works. The APA applies in this case, and its prescribed adjudicative procedures should have been utilized by the PRC upon Columbiana's Motion to Convert the proceedings. PRC's failure to follow the mandated procedures is a fatal deficiency.

B. Columbiana is entitled to due process.

Columbiana and its members have a property interest protected by procedural due process in this case, but the PRC denied Columbiana its due process rights. The Due Process Clause of the Fourteenth Amendment prohibits the State from depriving "any person of life, liberty, or property, without due process of law." U.S. Const. amend. XIV. "[P]roperty interests protected by procedural due process extend well beyond actual ownership of real estate, chattels, and money." *Bd. of Regents of State Colleges v. Roth*, 408 U.S. 564, 571-72 (1972).

Courts have made clear that a third party, such as Columbiana, challenging an agency action can have a property right giving rise to a due process claims. *Crown Point I LLC v. Intermountain Rural Elec. Ass'n*, 319 F.3d 1211, n.4 (10th Cir. 2003); *see also Shanks v. Dressel*, 540 F.3d 1082 (9th Cir. 2008). That property right arises where an underlying statute contains

OPUD simultaneously argues that the provisions of the APA do not apply, but that the APA provides the standard of review for CPARB. See OPUD's Opposition to Petitioner's Appeal at 4-6, 11. OPUD cannot have it both ways.

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"specific, mandatory, and carefully circumscribed requirements" which constrain the agency's discretion to issue its decisions. Durland v. San Juan Cty., 182 Wn.2d 55, 71-72 (2014) (quoting Foss v. Nat'l Marine Fisheries Serv., 161 F.3d 584, 588 (9th Cir. 1998)). No property right exists where the agency has unfettered discretion to approve or deny applications. *Id.* (internal citation omitted).

Here, Chapter 39.10 RCW provides the PRC with "specific, mandatory, and carefully circumscribed requirements" constraining its ability to approve the use of design-build and conferring due process rights to Columbiana. See e.g. RCW 39.10.280(1), (2) (describing what a public body *must* include in its application to the PRC and what the committee *shall* determine in considering that application). The PRC did not afford Columbiana any of the procedural due process rights to which it is entitled, and thus, its decision should be voided.²

C. Columbiana is entitled to an adjudication.

Satisfying Columbiana's due process rights by requiring an adjudicative hearing would not prejudice OPUD. OPUD cites to its looming July 9, 2017 deadline imposed by the Federal Energy Regulatory Commission ("FERC") as the reason it cannot suffer further delays. An impending deadline is not a justification for non-compliance with the law. OPUD must comply with the statutory requirements of Chapter 39.10 RCW, regardless of any impending deadline. Moreover, OPUD's potential inability to meet the impending deadline is self-inflicted. OPUD has held its FERC license since 2013. See Bates No. 0000002. It has had four years to begin construction and has not done so. The additional delay that would be caused by requiring the

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² "Essential elements of procedural due process include notice and a meaningful opportunity to be heard. A meaningful opportunity to be heard means 'at a meaningful time and in a meaningful manner.'" Morrison v. Dep't of Labor & Indus., 168 Wash. App. 269, 277 P.3d 675 (2012). Columbiana's opportunity to be heard was not meaningful, as it was permitted only to submit public comment. Rather, Columbiana should have been afforded the adjudicative hearing procedures outlined in the APA, as argued in Columbiana's Motion to Convert. See Motion to Convert, Section IV.

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28 29 PRC to conduct an adjudicative hearing as required is inconsequential in comparison to OPUD's own four-year delay.

Columbiana, on the other hand, was prejudiced by the lack of due process before the PRC. Columbiana was permitted to submit comments, but it was not permitted to cross examine the parties present for the PRC. While RCW Chapter 39.10 does not set forth adjudicative procedures, the Supreme Court has recognized that, "the very nature of due process negates any concept of inflexible procedures universally applicable to every imaginable situation." Stanley v. *Illinois*, 405 U.S. 645, 650 (1972). "What procedures due process may require under any given set of circumstances must begin with a determination of the precise nature of the government function involved as well as of the private interest that has been affected by governmental action." Cafeteria & Rest. Workers Union, Local 473 v. McElroy, 367 U.S. 886, 895 (1961). Here, as argued in Columbiana's Motion to Convert, the procedures accompanying an adjudicative process were necessary and appropriate. See Motion to Convert, Section IV.

D. **SEPA** applies to the PRC's decision.

The decision by the PRC to authorize the use of the design-build process is an action requiring review under SEPA under WAC 197-11-704. This decision is the "underlying governmental action" triggering the ability for Columbiana to challenge the SEPA analysis because the PRC's decision starts the ball rolling by allowing OPUD to begin construction. OPUD could not have begun construction on this Project until it received the PRC's approval to use design-build. There cannot be any reasonable dispute that this Project "directly modifies the environment." Additionally, as stated in Columbiana's Opening Brief, this appeal is the first venue in which it is procedurally proper for Columbiana to raise the SEPA issue, as the issue was not ripe until the PRC made its final decision. See Petitioner's Opening Brief at 9, n.1

E. The PRC violated Chapter 39.10 RCW.

OPUD did not establish that it has the required experience under RCW 39.10.280(c) and (d). Consultants Mr. Christensen and Mr. McCreedy do not have design-build experience within the past five years, which while not statutorily required, is problematic. These two consultants' knowledge of the design-build process is stale. Additionally, OPUD's failure to identify the design-build consultant who will assist during the construction phase of the project indicates that OPUD has not assembled a team of consultants with the necessary experience. *See* Petitioner's Opening Brief at 6-7.

Finally, OPUD has not shown that the design-build process will provide a substantial fiscal benefit under RCW 39.10.280(2)(a). Columbiana understands that the merits of this Project as whole are not at issue and points to the fundamental economic flaws of this Project only to show that design-build cannot provide a substantial fiscal benefit on such a project. While this Project is complex and challenging, its cost risks and uncertainty are also significant. See Bates Nos. 00000150 et. seq., 0000530-00000696 (OPUD's budgets 2010-2016). A traditional design-bid-build process would provide increased cost certainty because the final price could be established prior to the selection of the builder. Given this uncertainty, OPUD has not demonstrated that design-build provides a substantial fiscal benefit over design-bid-build.

II. CONCLUSION

The PRC's erroneous decision should be reversed and remanded to be conducted as an adjudicative hearing.

Dated this 2nd day of June, 2017. SMITH & LOWNEY, PLLC

By: <u>s/Alyssa Englebrecht</u>
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CERTIFICATE OF SERVICE

I, Alyssa Englebrecht, declare under penalty of perjury of the laws of the State of Washington, that I am a citizen of the United States and a resident of the State of Washington, that I am over the age of eighteen, that I am not a party to this lawsuit, and that on June 2, 2017, I caused the foregoing Response Brief to be served on the following in the manner indicated:

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DATED this 2nd day of June 2017, in Seattle, Washington.

_s/Alyssa Englebrecht
Alyssa Englebrecht