



State of Washington

PUBLIC DISCLOSURE COMMISSION

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Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdcc.wa.gov

November 20, 2020

Delivered electronically to Nola Coston

Subject: Complaint filed against Newcastle Watchdogs, PDC Case 77362

Ms. Coston:

Below is a copy of an electronic letter sent to Allen Dauterman concerning the complaint he filed with the Public Disclosure Commission (PDC) against Newcastle Watchdogs.

As noted in the letter addressed to Mr. Dauterman, the PDC will not be conducting a more formal investigation into these allegations or taking any enforcement action concerning this matter.

The PDC has dismissed the complaint filed against Newcastle Watchdogs in accordance with RCW 42.17A.755(1). If you have questions, you may contact Kurt Young by e-mail at pdcc@pdcc.wa.gov.

Sincerely,

Endorsed by,

/s

Electronically Signed Kurt Young
Compliance Officer

/s

Electronically Signed BG Sandahl, Deputy Director
For Peter Lavalley, PDC Executive Director



Public Disclosure Commission
Shining Light on Washington Politics Since 1972



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November 20, 2020

Delivered electronically to Allen Dauterman

Subject: Complaints filed against Newcastle Watchdogs, PDC Case 77362

Mr. Dauterman:

The Public Disclosure Commission (PDC) has completed its review of the complaint you filed on September 18, 2020 against Newcastle Watchdogs. Your complaint alleged that Newcastle Watchdogs violated RCW 42.17A.205, .235, and .240 by failing to register and report as a political committee with the PDC in support of Referendum 2, a local ballot measure on the November 3, 2020 general election ballot concerning a utility tax in the City of Newcastle.

PDC staff reviewed the complaint, allegations and exhibits; the applicable statutes and rules for registering as a political committee; and the responses received from Nola Coston on behalf of Newcastle Watchdogs (NW). Based on staff's review we found the following

- Ms. Coston stated that she and Bill Erxleben co-founded NW in 2016, as a “volunteer group of concerned citizens, who came together because of a deep concern about mismanagement of city funds, deficit budgets, and a vote on a proposed new 4% utility tax. We exchanged email addresses for communication purposes, and that was the beginning of the NW email list.” NW is not a regularly scheduled publication, there are no subscribers or members, and she and Mr. Erxleben randomly distribute information by email as issues and/or needs arise.
- Ms. Coston stated the NW organization charter lists the description as being “*organized to restore financial discipline and good governance in the City of Newcastle. The content of our messaging is predominantly on the direction and decisions in city hall, especially concerning revenue and expenses. Wasteful spending, rising taxes, budget cuts, and fiscal policy and procedures are repeating themes of our communication.*” She stated that NW “position papers” date back to 2016, are in the public domain through social media, and share information about the history of the City of Newcastle.
- Ms. Coston stated that since June 2, 2020, “our position papers have focused on the City's budget deficit, PDC RCW violations by the City Manager, and the money behind a well-funded Newcastle PAC supporting the utility tax.” She stated that NW's most recent position paper is entitled “FAQ's Not Found on Newcastle City's Website” which was distributed on October 23, 2020. She stated NW is a group of Newcastle residents who spend and use their own personal funds and resources to promote NW.

- Ms. Coston stated a local resident created a NW Facebook page where people can subscribe to our email list, and in 2020 a resident assisted her in setting up an email service with MailChimp for \$55 a month, which expires at the end of each month. She stated other citizens have also assisted in helping pay for the monthly email service to continue and added that is the only ongoing NW expense. She stated after the City of Newcastle's June 2, 2020 passage of the utility tax, citizens circulated petitions and collected 1,138 signatures to force a referendum, and that NW communicated with residents and provided links to residents concerning registering to vote, voting and how to track their ballot.
- Ms. Coston stated that NW informed citizens how to obtain a copy of the referendum petition, the city ordinance, and *"informed citizens how to gather signatures in compliance with city requirements. Then, we informed citizens that 1665 signatures were submitted to city hall and later, we informed citizens that King County Elections placed Referendum 2 on the ballot."* She stated that the complaint filed with the PDC included "copies of fliers printed by citizens, distributed by citizens, and email communications distributed free via Gmail and social media."
- Ms. Coston stated those activities were not undertaken by NW, that NW did not make expenditures or pool any monies with any individuals to assist in any of those activities and added NW "did not print nor distribute any petitions concerning Referendum 2." She stated NW did not incur any expenses for the petitions, and that *"As a private citizen, expressing free speech rights, I collected a few signatures, but not many, for I was busy monitoring city council meetings and answering questions from citizens."* She stated concerning the Glen Morgan/We the Governed digital publication entitled "Is the City of Newcastle on an Unsustainable Financial Path" that it was an issues-oriented publication which did not mention any candidates or ballot propositions.
- Ms. Coston stated Mr. Morgan was not part of NW or any political committee, and that his services were donated by him and not paid by NW. She stated the information uploaded by Mr. Morgan for free was to a public domain on YouTube, and the YouTube video *"was later referenced by an internet link as a source of public information in some of Mr. Griffin's campaign materials."*
- Staff reviewed the August 31, 2020, publication produced and narrated by Mr. Morgan which began by stating "Newcastle Citizens are concerned about the City of Newcastle's tax increase proposals and unsustainable spending", and discussed he had been born and raised in Newcastle on a 20-acre parcel/farm. The publication discussed that Newcastle residents were *"fortunate to have concerned and engaged citizens like Nola and Bill and others who are willing to dig, attend meetings and expose the truth."* It stated, *"citizens who don't profit from government grants or paid government employment must band together to the watchdogs of local government."*
- The publication went on to state the following: ***"In Newcastle today, the bloat of bureaucracy is ascendant, and (as always) they want to raise taxes to cover their unsustainable expansion. A city like Newcastle has only one viable sustainable option – keep taxes low by restraining the bloat of bureaucracy. Don't hire more central planners, stop hiring consultants for every whim and fancy the City Manager cooks up, and reduce the paid staff to the bare minimum."*** Mr. Morgan stated that the City of Newcastle contracts with the City of Bellevue for fire and police services, and the City of Mercer Island for district court services, and added that there was *"no need for a large paid staff, yet the bureaucracy from the City Manager to the feeding frenzy of consultants are always pushing for more hires, more plans, and more escalating costs."* While critical of the City of Newcastle and its elected officials, the information did not support or oppose any candidates.

- Ms. Coston attached a document entitled “FAQ’s Not Found on Newcastle City’s Website” which she indicated was NW most recent position paper, and staff’s review found the document did not state, reference or infer that recipients should either vote yes or no on Referendum 2. The FAQ began with the question of “Are Newcastle property taxes high, and then compared the property taxes on a \$700,000 home in Newcastle with that of Bellevue, Renton and Issaquah, which staff noted was not a fair or balanced comparison. The FAQ went on to discuss the City Newcastle’s taxes, the utility tax, and that the Newcastle Golf Club is the city’s largest employer, and whether or not the Golf Club was paying “...its fair share of taxes.”
- The FAQ also discussed the salary of the Newcastle City Manager and compared his salary with that of the Renton City Administrator, the Bellevue City Manager, and Governor Inslee. The FAQ did mention that the “Friends for Newcastle PAC” were supporting the utility tax and that the committee about 30 people, that included four of the councilmembers who voted for the utility tax. The FAQ stated one of their political advertisements stated, “that the opposition to the utility tax was from a small group of anti-tax activists” and questioned whether or not that was true. The FAQ discussed the city’s 2021 budget, and that if the utility tax is defeated “the preliminary plan is the deplete the general fund reserve to cover the deficit rather than make any cuts.”
- The FAQ stated the City of Newcastle should not enact any new taxes prior to calendar year 2022, and can be accomplished without laying off any employee or enacting furloughs, by freezing hiring at the 2020 level and the COLA’s for the City Manager and Communications Coordinator, and leaving positions unfilled for now, including deferring the planned addition of a traffic officer.

No evidence was found that NW solicited or accepted contributions in order to make expenditures in support of any candidate or ballot proposition, including Referendum 2 and thus did not meet the definition of a political committee in accordance with RCW 42.17A or WAC 390. Staff’s review of the 2020 FAQ sponsored by Newcastle Watchdog and the publication “Is the City of Newcastle on an Unsustainable Financial Path” by Mr. Morgan found that the content did not indicate opposition or a “No Vote” for Referendum 2.

The NW position papers previously posted or distributed by Newcastle Watchdog while critical of some of the City of Newcastle policies, elected officials, and budgetary decisions, those papers did not directly appear to support or oppose any candidate or ballot proposition. Based on this information, PDC staff found no evidence that would constitute a material violation that would require conducting a more formal investigation into the complaint or pursuing any enforcement action in this instance.

Based on this information, the PDC finds has dismissed the complaint in accordance with RCW 42.17A.755(1). If you have questions, you may contact me at (360) 664-8854, toll-free at 1-877-601-2828, or by e-mail at kurt.young@pdc.wa.gov.

Sincerely,

Endorsed by:

s/ _____
Kurt Young, Compliance Officer

s/ _____
BG Sandahl, Deputy Director for
Peter Lavalley, Executive Director

cc: Newcastle Watchdogs