

## **Ethics Complaint**

8/27/18

**To:** The International City Managers Association  
Att: Martha Perego

**From:** Ron Peltier, Bainbridge Island City Council member elected in 2015  
11186 Valley Heights Circle NE  
Bainbridge Island, WA 98110 206 842-3601

**Subject:** ICMA Code of Ethics Complaint regarding Bainbridge Island City Manager, Doug Schulze.

To the ICMA,

I'm a current member of the Bainbridge Island City Council, elected in 2015. Our city manager Doug Schulze was hired in 2012. On August 3rd Mr. Schulze resigned from our city to accept the city manager position in Banning, California. On August 8, 2018 the Kitsap Sun newspaper published an interview in which Mr. Schulze was critical of our city council and of me, in particular. I believe that Mr. Schulze's comments, and the circumstances leading up to his resignation violate the ICMA Code of Ethics. I'm asking you to review this official complaint, carry out whatever process you deem appropriate, and make a determination.

I understand that ethics complaints to the ICMA are required to include documentation. For now, that documentation is in the form of my comments and Mr. Schulze's newspaper interview. I wish to be on the record filing this complaint.

### **Complaint:**

***Tenet 1** Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.*

I believe that Mr. Schulze violated Tenet 1 by failing to communicate professionally and appropriately with the city council regarding various city council actions and decisions he felt were not in the best interests of the City, choosing instead to communicate those concerns in a newspaper interview after he had resigned. I believe it was his responsibility to share his concerns as part of a constructive dialogue with the council as a whole rather than to express them as a parting shot before leaving for his new position in Banning, California.

***Tenet 5** Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.*

***Tenet 6** Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.*

I believe that Mr. Schulze violated Tenet 5 & 6 by criticizing decisions by the city council in his August 8<sup>th</sup> Kitsap Sun interview. In the interview, particularly in his references to a controversial bridge project, Mr. Schulze describes council members as “volunteers” who should rely on the City’s professionals to make important decisions.

***Tenet 7** Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.*

I believe that Mr. Schulze violated Tenet 7 by taking sides in a highly politicized city council decision, cancellation of the STO Bridge Project, which had been the leading issue in the 2017 election, and by reserving his harshest criticism for one council member who was identified with strong political opposition to the project.

***Tenet 10** Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.*

I believe that Mr. Schulze violated Tent 7 by failing to initiate a constructive dialogue with the city council for the purpose of resolving what he regarded as encroachment on his professional responsibilities, choosing instead to publicly call out and criticize one member of the city council after his resignation, someone who he claims had interfered with and made his job as city manager difficult. Mr. Schulze, in the newspaper interview, indicated it was one of the reasons for his departure.

## **RECENT EVENTS LEADING UP TO DOUG SCHULZE’S RESIGNATION**

### **New contract for Chief of Police**

In May of this year the City Council approved a new contract for Police Chief Matt Hamner, giving him a raise about \$26k to \$170k per year, approximately the same as Mr. Schulze. With benefits, severance pay and deferred compensation the Chief’s new contract now makes him more highly compensated than Mr. Schulze.

The negotiations for the Chief’s new contract were unusual (he was at the end of a term contract). CM Schulze negotiated an approximately \$14k raise for the Chief, and assured the City Council that the Chief would accept that amount and stay on Bainbridge Island. The Chief, who had interviewed for a job in Boulder, Colorado, and became a finalist there, subsequently indicated the approximately \$158k per year offered was not enough to keep him with the City of Bainbridge Island. Only after a member of the city council contacted the Chief to negotiate additional compensation was a contract for \$170k per year approved by the city council and later accepted by Chief Hamner.

Chief Hamner is probably the most popular public official on Bainbridge Island and highly regarded by the public and **all** the members of the city council. Interest in Chief Hamner by another city, and the very real possibility that he would be leaving, was a key factor motivating the city council to offer him a generous new contract.

### **Doug Schulze emails announcing his possible departure**

On June 15, about three weeks after the Chief received his new contract, our city council received the first in a series of four emails from city manager Schulze regarding his possible departure from the City of Bainbridge Island. The first message simply informed us that he had accepted an interview elsewhere, with no mention of where. Here is the sequence and dates of the messages:

- 1) June 15<sup>th</sup>, informing us he had accepted an interview with another city;
- 2) June 29<sup>th</sup>, reporting that he was one of three finalist for the city manager position in Banning California;
- 3) July 16<sup>th</sup>, letting us know the Banning city council had offered him the CM job there contingent upon negotiating a contract;
- 4) August 8<sup>th</sup>, his notice and letter of resignation from his position as city manager for the City of Bainbridge Island

During the span of time over which these emails were sent to the city council, between June 15<sup>th</sup> and August 8<sup>th</sup>, there was only one meeting at which the city manager and the majority of city council were present and during which the subject of Mr. Schulze possibly taking another CM job was mentioned. It was not, however, a substantive discussion. Some council members met with Mr. Schulze individually but the council as a whole never discussed with Mr. Schulze why he had accepted an interview elsewhere, and might be leaving the City of Bainbridge Island.

I am not aware of any effort by city council members to facilitate negotiating a new contract Mr. Schulze during this time period, as had been done for the police chief. Moreover, it was my distinct impression that a majority of the city council was not in favor of negotiating a new contract for Mr. Schulze.

### **Kitsap Sun Interview, August 8, 2018**

On August 8<sup>th</sup> an interview was published in the Kitsap Sun, just a few days after Mr. Schulze had submitted his resignation letter. It appeared under a couple of headlines including, "***Bainbridge's City Manager Has Had Enough***". In the article Mr. Schulze is critical of the city council, as a whole, and particularly critical of me, calling me as a "bully". Here is a link to view the article online:

<https://www.kitsapsun.com/story/news/local/communities/bainbridge-islander/2018/08/08/bainbridge-city-manager-leaving-new-job-california/935942002/>

### **BACKGROUND INFORMATION PER SUN INTERVIEW**

### **Sound to Olympics Pedestrian Bridge**

Referred to in the interview, the “STO” Bridge was a highly controversial project that became the major campaign issue during the 2017 elections for three city council positions. Prior to the election 3 out of 7 members of our city council had voted against the bridge project, contributing to its controversial status and helping to make it a campaign issue. Out of 6 candidates who filed, four came out against the STO bridge project during the course of the campaign. All three open seats were subsequently won by candidates who opposed the bridge project, all of them winning by a wide margin. The bridge issue was widely recognized as a key factor in the election.

When the three new members took their seats in early 2018 there were a number of votes leading up to the project being cancelled and removed from the Capital Improvements Plan. The votes were close with two returning council members actually changing their previous positions and voting for the bridge.

### **FALLOUT FROM SUN INTERVIEW**

#### **Divisiveness on city council**

Mr. Schulze’s comments in the Sun interview have contributed to a considerable amount tension on the city council, particularly between me and other council members. This has in turn resulted in the community taking sides.

#### **Has exacerbated existing tensions in the community**

Mr. Schulze’s comments in the newspaper interview, along with his wife Lisa’s comments on FaceBook, have been divisive and inflammatory. Encouraged by the Schulze’s comments, a citizen came up during the public comment period at our August 14<sup>th</sup> city council meeting to launch a personal attack on me personally. The individual is bitterly opposed to the City’s current building moratorium, which I proposed and was approved by the city council in January, got up to make serious accusations of ethical misconduct regarding my behavior as a member of the city council. The comments included accusations that I had recently instructed city advisory committees to tighten development regulations and that I had used the City’s Design Review Board to arbitrarily impose conditions on the commenter’s development project and on others. The comments specifically cited above were mean-spirited and completely untrue. I have no authority to do these things and did none of them. I believe that such an open and blatant attack would not likely have occurred if not for the city manager’s newspaper comments, as the speaker referenced the city manager’s newspaper interview comments and used the false accusations above as examples of me being a “bully”.

Adding to the acrimony, Mr. Schulze’s wife, Lisa Schulze has been a frequent FaceBook poster ever since the Schulze’s first arrived on the Island in 2012, and she has been in the habit of commenting regularly on City related issues. Her most recent FaceBook posts have repeated the City Manager’s claim that I’m a “bully” multiple times. The person who attacked me at the August 8<sup>th</sup> meeting is one of Lisa Schulze’s frequent FaceBook “friends”.

## **FINAL STATEMENTS**

### **The real reason why Mr. Schulze resigned**

I want to be clear that I don't believe for a second that Mr. Schulze resigned from the City of Bainbridge Island for the reasons stated in the newspaper article. His frustrations are real but they are not what ultimately led him to accept and interview with the City of Banning, California, eventually deciding to accept a job offer there. First of all, the city manager's negative assessment of the city council in the newspaper interview doesn't jibe with the actual positive and collaborative interactions between Mr. Schulze and city council members that occurred over the two months leading up to his resignation and interview. Those positive interactions contradict Mr. Schulze's contention that he was fed up with a council going in the wrong direction and adding items willy-nilly to the city's already "ridiculously long work plan". Examples include:

### **"For the Love of Bainbridge" Event**

In early June of 2018 I attended a special event Doug arranged called "For the Love of Bainbridge". It was about special things in communities referred to as "Love Notes". About half the people who signed up to attend actually showed up. I was one of only two council members who attended and participated in what was an interactive event. Doug's wife, Lisa, thanked me for participating and I told her I came to support Doug's event. About 6 weeks later, right after the city manager's resignation and newspaper interview, she would be attacking me on FaceBook, repeatedly referring to me as a "bully". I don't know what happened between early June and early August to warrant going from being welcomed and thanked and then to being vilified. The Schulzes have not been specific about their general complaint that I'm a "bully" but they have worked in tandem for almost a month to blame their departure on me.

### **Saving the Large Tree at Miller and Arrow Point Roads**

Soon after the "For the Love of Bainbridge" event the city manager collaborated with me and two other council members to find a solution for saving a large Douglas fir tree that was scheduled to be cut down to make way for a bike path. We actually met at the tree with city manager Schulze and public works staff to identify a way to save it while still being able to construct the bike path. Council concern for the tree had certainly been an inconvenience to Doug and our public works staff, but the extra work and creative collaboration seemed like one of those "Love Notes" from the *For the Love of Bainbridge* event that Doug had put on the week before. The collaboration between council members and city manager Schulze resulted in the City saving the tree and resulted in many appreciative citizens.

### **The Landmark Tree Ordinance**

Capping off about a month of very positive interactions between the city manager and the city council was the development of a new Landmark Tree Ordinance. Doug, who basically wrote the entire ordinance, asked both the mayor me for input, which we provided. I publicly complimented his efforts, including at the city council meeting in early July where we approved the ordinance. It felt at the time as if city manager Schulze was starting to embrace the environmentalist leanings of the city council.

## **Frustrations**

There were definite frustrations for city manager Schulze. Those included the aforementioned cancellation of the STO bridge project, the imposition of a building moratorium and our new critical areas ordinance, which created significant protections for native vegetation. Over the past three years I personally challenged the city manager over code enforcement issues and requests for information. However annoying that might have been, it doesn't seem reasonable to conclude that this was the cause of his resignation. Had Mr. Schulze gotten his new desired new contract (just like Chief Hamner), I believe we wouldn't be hearing about his frustrations with the city council, that were so publicly aired in the newspaper interview, or about my supposed role in his resignation.

### **Why not just be “up front”**

If the city manager's reasons for leaving were really those stated in the interview why not just say so right up front, back in June, when he first notified the city council he had accepted an interview elsewhere? Instead, he just hung the Banning, California interview out there and waited to see what the city council's reaction would be. As it turned out, the city council was content to just let the city manager's job interview process in Banning play out. And why work so hard to show he was in tune with the environmentalist leanings of the city council right around the time he first notified us about the interview? It was very odd and seemed extremely unprofessional.

Either the city manager or our council elected mayor should have initiated a dialogue between the city manager and the council as a whole to talk openly about the city manager's frustrations and his desire for a new contract. That fact that this didn't happen only reinforces my belief that a majority of the city council was not interested in giving the city manager a new contract and eventually city manager Schulze realized that fact. There's a saying here: “everyone at city hall knows how to count to four”.

### **The IMCA Code calls for a positive and proactive city manager**

Taking Mr. Schulze's newspaper comments at face value, along with the circumstances leading up to them, I believe his actions clearly violate the ICMA Code of Ethics. Mr. Schulze's had ample opportunity to initiate discussions with the city council regarding the concerns he expressed in the newspaper interview. All he had to do was request a meeting to initiate a constructive dialogue. Instead he chose to wait until after he was leaving our city to criticize us in a very public way, resulting in divisiveness and increased tensions in the community over already simmering issues, including the recently cancelled bridge project, the ongoing building moratorium, our new critical areas ordinance, and the Landmark Tree Ordinance that he wrote but has now distanced himself from. Everything the city council is doing is now subject to increased criticism, even initiatives in which council members closely collaborated with the city manager. Here's an example:

### **Landmark Tree Ordinance**

What was in reality a positive collaboration between the city manager and the city council has now become the object of public criticism and is seen as validation of the city manager's criticism of the city council. Since the city manager's interview in the Sun on

8/8/18 he doesn't acknowledge that he wrote the Landmark Tree Ordinance, evidenced by denial of his true role at our August 14 city council meeting.

In late May Doug engaged in an email exchange with citizens concerned about the pending removal of a large Madrone tree on a recently approved sub division property. He showed an interest in addressing something that had eluded our ad hoc tree committee over the span of a couple of years: mandatory protections for special trees. It was suggested by the Mayor, in an email, that Doug work on a new ordinance to protect special trees like the big Madrone. City manager Schulze was only too happy to oblige.

Over the next few weeks the city manager worked on drafts of what would eventually become the Landmark Tree Ordinance. It imposed very strong protections for large significant trees, with a \$25K fine for illegal removal. I supported the draft and complimented Doug. It felt like a very genuine and positive collaboration that he'd taken the lead on. After the city council approved the ordinance, however, it was subsequently met with considerable criticism from the public. One citizen commented to me shortly after it was approved, "You've just gone too far this time". When Doug's comments came out in the newspaper about a city council going in a direction that he wasn't comfortable with, and adding more and more items to the City's work plan, the Landmark Tree Ordinance was looked at as an example of those excesses: a city council out of control, not listening to the experts, and continuously adding things to an already "ridiculously long work plan".

### **The ICMA Code of Ethics is important to our city**

I don't believe that all of this taken together is representative of how a city manager should perform his job; regardless of whether or not they are on their way out the door; and whether or not they agree with the decisions and direction of the city council. A city manager's job should include guidance for constructive dialogue, being open and trying to bring people together, as opposed to dividing them and choosing sides. Had Mr. Schulze expressed his concerns in a timely and appropriate manner, there could have been improvement in the overall working relationship between the city manager and city council. I would have been happy to engage in meaningful dialogue between Doug and **the city council as a whole** to help address a range of issues.

The city manager's obligation to follow and respect the ICMA Code of ethics is written into his contract, and is included in our city's Governance Manual. We are new to the city manager form of government and the tenets of the ICMA Code of Ethics played a major role in our community's decision to make that transition. Regardless of what you decide, your determination on this matter will help us better understand what is expected of city managers by the ICMA and will serve as a valuable reference for our city going forward.

Respectfully Submitted,  
Ron Peltier  
Bainbridge Island City Council

