

## Tiffany Couch

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**From:** Tiffany Couch  
**Sent:** Saturday, November 05, 2011 6:40 PM  
**To:** 'Stuart, Steve'; 'Boldt, Marc'; 'Mielke, Tom'  
**Cc:** 'Leavitt, Tim'; 'Hansen, Bart'; 'Smith, Larry'; 'Jim Irish'; 'bill.ganby@ci.battle-ground.wa.us'; 'ldietzman@ci.cameras.wa.us'; 'jeffh@c-tran.org'  
**Subject:** Message from Steve Stuart and My Response

Steve,

Thank you for your email. I would like to respond to each and every one of your points.

In your first paragraph you indicate that I and others have accused the CRC of manipulating numbers. Can you please reference the date, time, or document that I've personally stated that? I have never accused any organization of manipulating numbers. In terms of the CRC, how can an organization without financial statements "manipulate numbers"?

To imply that I, as a Certified Public Accountant, and Certified Fraud Examiner would manipulate numbers with respect to my analysis of C-Tran is disappointing. I've not done that in this case. Can you please point out, exactly, where you believe I've somehow manipulated the numbers? I've been VERY clear about the intent of my analysis, and how I came up with my calculations. I've sourced each and every number I've used (all which are C-Tran's numbers, by the way). I had my report peer reviewed by no less than 5 other CPA's and/or Public Transportation experts.

To imply that I have manipulated numbers to make them "say what I want people to hear" is simply untrue.

I did not want to point out in public that Jeff Hamm and Diane O'Regan came to my office. When I indicated to my trusted advisors that your top staff persons had offered to come to my office to answer questions that had already been answered via email raised more than a few eyebrows. I did not want to make any implications that their visiting with me somehow implied that they were "controlling" the situation. I did not feel that was the reason they came to see me (had I felt that way, I certainly wouldn't have agreed to be by myself in a room with them); but given the reaction from outside parties about the meeting I realized that one could jump to that conclusion. So, I did not name names.

So, in answer to your first question, I'm quoting C-Tran CEO, Jeff Hamm.

Here's the context of that conversation. Which also answers your second question. In reviewing all documents related to this issue, including: your "Public Transit Ballot Measure" marketing information on your website related to Prop 1; your 2011-2012 Budget; and, your C-Tran 2030 plan – the **only information** that I could find related to the potential budget cuts if Prop 1 didn't pass was related to **current bus service.**

However, your **board approved** budgets and plans had millions of dollars of High Capacity Transit expenditures included in them.

And:

- In no public messaging could I find references from C-Tran staff or board members that indicated that they needed the Proposition 1 funds because they were dedicating over \$11M to High Capacity Transit expenditures in the next 5 years.

- In no public messaging, could I find references that indicated that the depletion of reserve funds would be accelerated because of High Capacity Transit expenditures, thus necessitating additional tax dollars from the citizens of Clark County.
- In no public messaging could I find references to the axing of said High Capacity Transit expenditures should Proposition 1 not pass.
- C-Tran is sitting on \$47 million worth of **unrestricted** cash...yet only burning \$2M worth of cash per year. Where is that in your messaging?

Those FACTS begged the question that any reasonable person would make based on this research. The very same question I posed to Mr. Hamm. Which was, "If Prop 1 doesn't pass, are you telling me that C-Tran is going to cut bus service FIRST before the planned High Capacity Transit expenditures?" Mr. Hamm said to me, "These are board policies, Tiffany. Management of C-Tran can only implement the policies made by the board." To which I replied, (by picking up the Ballot Measure piece from your website) "Well, Jeff, doesn't the public deserve to know that this is the case? It does not say that anywhere on this material". To which he replied that C-Tran has complied with all requirements of the information that needed to be put out to the voters.

If I am wrong, then please tell me - where in any of your marketing materials related to Prop 1 do you indicate that you will forego your **board approved planned budgetary items** for High Capacity Transit related expenditures **before** cuts to regular bus service?

If I'm wrong about this, please say so! Point to your own materials that explicitly point out that I'm wrong. And/or tell me that Jeff Hamm was mistaken in his statements to me.

If I'm right, then all I'm asking is that you, as a board member and public official, inform people of the truth. Just help them make an informed voting decision. Isn't that what anyone who is marking their ballot entitled to?

To answer your questions about my using terminology like "it appears" and "in essence"; yes, that is typical "accounting jargon" that you will find in an expert's report. I would think that you, as a former attorney, would be quite used to that kind of terminology. I work as an expert witness in litigation related cases daily, and these kinds of terms are always used.

Lastly, I'd like to address your last paragraph to me:

*"I'm sure you recognize how the timing of your letter, your recent contracts, employee, public work, and now the links to your work at a political website (along with a political robocall from Senator Benton pointing people to that site to view your work) could lead reasonable people to say "it appears" you are not independently or objectively analyzing this issue, but instead cloaking your politics in your profession. As I said above, dangerous to take the path of relying on appearances, though, so I hopefully await your response."*

Let's talk about the following:

- **Timing of my analysis**
  - Steve, have you ever been a small business owner? Have you ever had to lie awake at night and wonder where your next paycheck was going to come from? I have. And I have been sitting on this information for a long time. And the more I looked at it, the more troublesome it became. But I was afraid. I was afraid of the backlash it would cause me. I was afraid that people would think that David Madore was "behind this". I was afraid to

- receive emails like the one you sent me today. But then...I looked in the mirror. I realized that I was a citizen of the United States of America. I realized that I was a CPA; someone with a DUTY to inform the PUBLIC of items in their best interest. And, yes, I realized that I was a Rotarian. I had an obligation to inform my fellow citizens of the information that I had. To sit on that information would have been in direct violation of everything I stand for.
- If the timing of my analysis was somehow suspicious or inconvenient, then I sincerely apologize. That was not my intention.
  - **My Recent Contracts**
    - What do you refer to? Please be specific. I have numerous contracts for work inside and outside the State of Washington right now; in fact I have a contract right now that will probably take me to Europe.
    - What do you know about my contracts and what you perceive them to say about me as a professional?
    - If you are referring to my contract with David Madore, there is NO RELATIONSHIP as to my work related to the CRC and my analysis of C-Tran.
    - And, let me ask you this. As a former practicing attorney, did you ever take on a client who did and/or said things you had no control over? Did you automatically align yourself with that client's political choices or moral/business choices? I would think not; yet you, as a professional automatically assume that I have.
      - Do you look at Steve Horenstein who has the Biomass Agency as a client and think somehow his capacity for doing a good job was diminished because he took on a controversial client?
    - I was hired to do the CRC work months and months before this political situation truly exploded, before some of these PACs were formed, etc. You, a former practicing attorney, should know that you never know what you're going to get when a client hires you. I did not know Mr. Madore personally (had never met him previously). If you've heard me speak, then you would know that when Mr. Madore hired me, I just figured he was asking for the wrong documents from the CRC and that once we got them I would be able to answer the very basic questions he was asking (i.e. where were our tax dollars spent)? Unfortunately, that most basic and simple question has snowballed into some unbelievable findings. Not because David Madore had a foregone conclusion....but because I, as a CPA and forensic accountant, could not even get financial statements or job cost reports from the CRC. And so, by having to start at square one, I have uncovered significant questionable practices.
  - **Employee**
    - I'm assuming that you are referring to Debbie Peterson, my FORMER employee. I realize that she does a lot of PAC work, but I can assure you she did none of that work on my dime.
    - I hired her simply to do the inventory of the 714 documents the CRC turned over. That work was completed weeks ago; and she no longer works here.
  - **My Public Work**
    - What are you referring to?
    - Are you referring to my volunteer activities for Rotary, Friends of Hospice or the YWCA?
    - Please be specific.
  - **My Work at a Political Website**
    - I have NEVER worked for a PAC, given money to a PAC, or been affiliated with any political website. If my name is out there on one, PLEASE TELL ME so that I can get that remedied.

- I had no idea that Senator Benton's robocall referred to my work. I did not authorize that, and was blown away when you stated this in your email. I will be looking into this immediately.
- Please look into my background. The only political related items I've done since the age of 18 was to be a consistent voter.
- **I'm not Independent or Objective and/or cloaking politics in my profession**
  - Steve, I am a small business owner. I am the sole provider for my family. I have stringent professional and ethical standards to adhere to. I'm licensed to practice Public Accounting in three different states. I just put out a document for all the world to see. For you to think for one minute that I would jeopardize all of that by NOT being independent or objective is a stunning accusation on the part of a public official.

I was not paid to perform this analysis. I was not asked to perform this analysis. I worked on this at night and on the weekends. Do you think that I, as a small business owner, really want or need this stress? Do you think that I could use hours of my time working on my business (i.e. getting paid!) or spending time with my family? Do you think I want to take the chance that somehow the "powers that be" will "blacklist" me because I have a controversial client?

Think about it. Who would wish that upon themselves?

All I'm asking is that each and every person has an opportunity to be an educated voter. If I have the information, as part of my own due diligence in my own voting process, then don't I have a duty to share it?

I do believe this is your job, and the job of every public official. If that's not being done, then someone in my capacity truly only has one choice. And that is the choice that I made.

Best Regards,  
Tiffany

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*"Whenever you see a successful business, someone once made a courageous decision." - Peter Drucker*

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**From:** Stuart, Steve [mailto:Steve.Stuart@clark.wa.gov]

**Sent:** Saturday, November 05, 2011 3:47 PM

**To:** Tiffany Couch; Boldt, Marc; Mielke, Tom

**Cc:** Leavitt, Tim; Hansen, Bart; Smith, Larry; Jim Irish; bill.ganby@ci.battle-ground.wa.us; ldietzman@ci.cameras.wa.us; jeffh@c-tran.org

**Subject:** RE: My Response to C-Tran's Memo dated 11.4.2011

Tiffany,

Thank you for including all of us in your email, so we can be informed of the goings on. I've read your letter, C-Tran's response, and your response to that. I think staff is very appropriately answering the numeric claims you

made, and I'm not an accountant so I won't delve deeply into those. I was, however, a quantitative analyst trained to use statistics in product research, so I do know that there are certainly ways to manipulate numbers to help them say what you want to hear (the main reason I left statistics for law school - ironic. :)). We will follow up to make sure that isn't the case in C-Tran staff's numbers, and I would think it very sad if you were doing that, just before an election that means so much to some of the people most in need in our County. Sad as a Rotarian trying to pass a 4-way test, or as a professional with a strong code of ethics. Ironic, though, considering that exact claim of manipulating numbers has been leveled by you and others against the CRC. Again, not my area of expertise, and I sincerely hope it's not true. Time will tell.

Though accounting jargon may not be my language, I do know law and policy, and have sat on the C-Tran Board since December 2004, so your conclusions in those areas have created a couple of questions for me. I'm hoping you can help me answer them, or that I may be able to provide clarity to you if you are open to it.

You claim in your letter to the Citizens of Clark County that "If Proposition 1 fails to pass, current C-Tran board policy indicates that High Capacity Transit project costs will take higher priority over current levels of bus service; causing bus service to decline or to be eliminated." You back that up with an unidentified quote from C-Tran staff: "When asked whether these initiatives would continue to take place if Proposition 1 fails, the answer was, "these are Policy decisions made by the Board of Directors and these initiatives will move forward." In essence, it appears that current levels of bus service would be reduced or eliminated if Proposition 1 were to fail; because the cost of these High Capacity Transit initiatives would take higher priority."

My first question is, who are you quoting? It would be helpful to understand the author as well as the context.

Second, you are supposedly citing current C-Tran board policy regarding project priority. Would you please cite the Board Policy you are referring to? We do have written policies, and you stated that they are very clear, so I'm sure it would be no problem to cite the meeting where the policy was adopted and where it can be located. If, on the other hand, you are relying on a single quote from staff indicating that they don't make policy decisions, or a budget document that hasn't updated plans for initiatives based on an outcome that has not yet occurred in this initiative, I would like to know that as well.

I, myself, have been looking for the Board Policy you're referencing, and can't find it, so your help would be appreciated. Having participated on the Board for almost 7 years, I don't remember that policy, and in fact remember many discussions with and resolutions from the Board that make sure our existing bus service is the top priority. Since you didn't hear that in person (I don't remember you ever being at a C-Tran Board meeting), you can certainly find that information through our minutes and adopted resolutions if you're interested.

Third, using the phrase "in essence" and "it appears" to preface your conclusion doesn't seem very scientifically verifiable. Do you use those terms in your accounting work elsewhere?

Thank you for your time responding to my questions Tiffany. I'm sure you recognize how the timing of your letter, your recent contracts, employee, public work, and now the links to your work at a political website (along with a political robocall from Senator Benton pointing people to that site to view your work) could lead reasonable people to say "it appears" you are not independently or objectively analyzing this issue, but instead cloaking your politics in your profession. As I said above, dangerous to take the path of relying on appearances, though, so I hopefully await your response.

Best,  
Steve

Clark County Commissioner  
1300 Franklin Street

Vancouver, WA 98660  
[Steve.Stuart@Clark.Wa.Gov](mailto:Steve.Stuart@Clark.Wa.Gov)

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**From:** Tiffany Couch [mailto:TCouch@acuityforensics.com]  
**Sent:** Fri 11/4/2011 4:46 PM  
**To:** Boldt, Marc; Mielke, Tom; Stuart, Steve  
**Cc:** Leavitt, Tim; Stewart, Jeanne; Hansen, Bart; Smith, Larry; Jim Irish; 'bill.ganby@ci.battle-ground.wa.us'; 'ldietzman@ci.camas.wa.us'  
**Subject:** RE: My Response to C-Tran's Memo dated 11.4.2011

Marc,

I have never stated that this was “not public”. I’m not sure where you get this information?

I also never told the public that C-Tran employees have convinced the board of anything. Again, where did you get the information? Rather, I was informed from C-Tran employees that they abide by what the board members and board policies direct them to do. This was directly stated to me, and is exactly what one would expect. Management of any organization must abide by what the board of that organization agrees (or does not agree) to do. Based on C-Tran’s 20 year plan and 2011-2012 budget documents as well as the 2000-2010 CAFRS, board policies are clearly stated. Those policies were confirmed by Mr. Hamm and Ms. O’Regan on Wednesday.

I only wanted to understand whether or not C-Tran could continue to provide “current levels of bus service” and whether or not the Agency would run out of money in 2013 if that same level of service was provided to the public without the Proposition 1 money. That answer is clear. You can! Can you do BOTH the HCT initiatives and maintain bus service levels? No, probably not.

But, don’t the voters deserve to know that C-Tran’s board policy is to PRIORITIZE light rail and bus rapid transit expenditures over current levels of bus service?

Again, I offered to you in two separate emails today an opportunity to meet in person. If you wish for me to walk you through this in more detail, I would be happy to facilitate a meeting. I can be reached over the weekend at 360.601.4151.

Best regards,  
Tiffany

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**From:** Boldt, Marc [mailto:Marc.Boldt@clark.wa.gov]  
**Sent:** Friday, November 04, 2011 3:45 PM  
**To:** Tiffany Couch; Mielke, Tom; Stuart, Steve  
**Cc:** Leavitt, Tim; Stewart, Jeanne; Hansen, Bart; Smith, Larry; Jim Irish; bill.ganby@ci.battle-ground.wa.us;

ldietzman@ci.camas.wa.us

**Subject:** RE: My Response to C-Tran's Memo dated 11.4.2011

Tiffany, this is a very important budget matter between you and C-Tran. You have stated this is not public but you have made it public. You have, in my view, told the public that C-Tran employees have convinced the board to place a measure on the ballot when we have excess cash. I have spent a lot of time this year on our budget numbers as well as the state auditor. I do have more faith in our numbers than yours however I will seek to find answers to the truth and hold either you or C-Tran accountable.

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**From:** Tiffany Couch [mailto:TCouch@acuityforensics.com]

**Sent:** Fri 11/4/2011 2:18 PM

**To:** Tiffany Couch; Boldt, Marc; Mielke, Tom; Stuart, Steve

**Cc:** Leavitt, Tim; Stewart, Jeanne; Hansen, Bart; Smith, Larry; Jim Irish; 'bill.ganby@ci.battle-ground.wa.us'; 'ldietzman@ci.camas.wa.us'

**Subject:** My Response to C-Tran's Memo dated 11.4.2011

Marc,

You asked that I respond to C-Tran's response to my white paper yesterday (see their response attached).

First, the purpose of my analysis was to take the revenue and costs of your regular bus service. I realize that the board has planned for significant expenditures for light rail and bus rapid transit. But you are informing the voters that regular bus service will be reduced and/or eliminated if Prop 1 doesn't pass and that C-Tran would run out of money in less than 2 years. I wanted to know if that was true. What I was told on Wednesday was that your board policy is that the light rail and bus rapid transit costs will go forward even if that means cutting current levels of bus service.

What I see is that you have at least 12 years of unrestricted cash available if you maintained only regular bus service (and did not expend funds for light rail and BRT).

Here are my responses to their bullet points:

- She used nine months of operating expense data for projecting 17 years of expense.
  - Not true.
  - If you look at my analysis on page 4, I do take C-Tran's actual 9 month cash position and extrapolate that into what the full year of "cash burn" might look like.
  - I then double that for 2012, which calculates to approximately 1.8 million dollars of cash burn next year
  - If you look at page 4 of my analysis and then Table 3 on page 5, you will see that C-Tran's actual cash burn for the last 5 years has approximated 1.9 Million dollars.
  - C-Tran's actual operating results for the last 5 years (6 years if you count 2011) support my analysis.
- Her analysis eliminates ALL capital improvements for 17 years.
  - Not True
  - Please look at page 6 of my report under "Proposed Capital Budget"
    - I simply eliminate High Capacity Transit related capital expenditures, not ALL expenditures
  - Please look at Table 4 called "Revised Capital Budget"
    - I list a capital expenditure item there representing capital costs NOT related to High Capacity Transit
  - Please look at Exhibit B

- I leave a restriction for capital assets in the budget
- **By using the ACTUAL CASH BURN RATE** for C-Tran, I'm analyzing the impact on cash as it relates to BOTH operating and capital expenditures. This is clearly seen on their statement of cash flows (which is what I used for the burn rate in the first bullet above). A summary of C-Tran's cash flow statement is on Page 5 of my report.
- Her analysis assumes no changes in revenue sources
  - I'm using C-Tran's own 2011-2012 budget that clearly shows significant (\$10M per year) grant funding
  - C-Tran's 2030 plan also indicates the continuance of grant funding
- Her analysis assumes an average annual increase in expenses of less than one-half of one percent.....
  - True
  - I chose NOT to use C-Tran's **highly aggressive** revenue growth rates as per their 2030 plan. (Which takes Sales Tax Revenue growth of 140.66% over the next 19 years). Had I done that, C-Tran would never run out of cash.
  - Instead, I give them deficit **cash burn** rates of a compounding 5% per year (again, on current bus service levels only)
- She ignores the 90 days cash on hand policy
  - Not True
  - Please see Table 4 on page 7 of my report. It's listed as "Working Capital Reserve"
  - Please see Exhibit B. I leave their working capital intact. I clearly state that in 2021 (the year that I say they run out of **unrestricted** reserves) that they will have to dip into capital reserves.
- Used an incorrect "Total Retail Sales" number in the first year of the 2010-2030 revenue analysis
  - Not True
  - I use **2010 actual retail sales** as per C-Tran's CAFR in my analysis
- 2011-2013 Budget does have 11.3M in HCT Activities:
  - I did find a slight error. I accidentally double counted the CRC Consulting costs in my analysis. I will revise that to be \$11.0M instead of \$11.3M

**Capital Budget (Page 23 of 2011-2012 Budget):**

Tri-Met Ticketing	2,700,000
BRT Analysis	426,125
20 year Planning	6,239,386
<b>Total Per C-Tran's Capital Budget</b>	<b>9,365,511</b>

**C-Tran Operating Budget (Page 20 of 2011-2012 Budget)**

CRC Consulting	200,000
Ballot Measures	960,000
HCT Study	500,000
<b>Total Per C-Tran's Operating Budget</b>	<b>1,660,000</b>

<b>Total</b>	<b>\$ 11,025,511</b>
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- Cash Reserve Policy ignored
  - Again, I have addressed this above. I absolutely used C-Tran's cash reserves policy
  - Sales Tax Revenue Assumptions
    - I used actual Clark County sales tax revenues and then used C-Tran's revenue growth assumptions in my analysis.
      - Using ACTUAL sales tax revenue and their growth figures, you will not get to \$99M in sales tax revenue in 2030.
      - They indicated they would send me their own analysis but I did not receive that.
- Debt Service Payments are in overall budget
  - This was not sent to me.
  - Page 73 of their 2030 plan looks like a budget to me...it spells out cash flows from revenue, cash expenditures for both capital and operating expenses. Why would it omit debt service payments?
- At no time did I state that I was preparing a public document
  - This is true.
  - I did not think I would. I feared that the public press would be so significant that I did not want to bring this onto myself.
  - However, the findings were so significant that I felt it was important to inform the voters.
- Misrepresented the reserve and sales tax base and growth rate.
  - Not true (see above)
  - How did I do this if I used actual numbers and C-Tran's own plan?
- I used too small a sample
  - The last 6 years operating results are not enough?
  - This represents the most accurate pictures of C-Tran's most current level of bus service to the Citizens of Clark County. If you would like me to extend that sample, I can. I would be happy to revise my numbers. Please let me know whether or not you'd like to review that analysis.

Marc,

Again thank you for the opportunity to respond to you. I would be happy to sit down with you and your fellow commissioners to discuss my findings.

All the best,  
Tiffany

***Tiffany R. Couch, CPA/CFP, CFE***  
Principal

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