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THE OBSERVER

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Good day to our valued subscriber Steve Larson of La Grande

EO Media Group to purchase The Observer

By Kathleen McLaughlin
WesCom News Service

Two Oregon media companies want to buy most of Western Communications' community newspapers for a combined price of more than \$1.1 million, according to motions filed Tuesday in bankruptcy court.

The East Oregonian Company,

known as EO Media Group, would pay \$775,000 for The Observer in La Grande and the Baker City Herald. Country Media Inc., which owns newspapers on the Oregon Coast and in Montana and North Dakota, would pay \$350,000 for the Del Norte TriPLICATE in Crescent City, California, and the Curry Coastal Pilot in Brookings.

The proposed buyers have requested hearings on June 27 in U.S. Bankruptcy Court in Portland, according to motions filed Tuesday. Closings would occur days after the court orders the sales.

Competing bids may be submitted no later than June 21.

"Both of them are really good fits," Western Communications

Chairwoman Betsy McCool said of the proposed buyers. "I wish them all luck. I'm hoping they'll serve their community and employees well. I have no doubt they will."

Saddled with debt from its Bend headquarters building, Western Communications filed in January for Chapter 11 bankruptcy protec-

tion. Last month the company filed a reorganization plan that consists of selling all its assets, including The Bulletin, a newspaper that began in 1903 and was previously run by McCool's late father, Robert Chandler.

The company's real estate is being marketed separately. Neither
See Sale / Page 5A

Students worried about Fourth Street safety

By Dick Mason
The Observer

La Grande Middle School students believe steps need to be taken to make the portion of Fourth Street running past the front of their school safer, according to a survey of LMS students completed in late May.

The survey indicated that students feel their school warrants precautions taken at some other schools in Union County.

"Students want to have flashing warning lights like they do at Island City (Elementary School)," said eighth-grader Kacie Caldwell.

Caldwell helped conduct the survey along with the other students in Melinda Becker-Bisenius' first period advisory class.

The survey indicated that students feel relatively safe crossing Fourth Street but also revealed that a quarter of LMS students have had at least one close call involving a motor vehicle in the vicinity of their school.

Leah Harris, also a student in Becker-Bisenius' class, said this may be due to drivers who are in a hurry to get places.

"People get impatient," Harris said.

Harris and her classmates created a six-question survey that was distributed to all LMS

See Safety / Page 5A

MINDING HIS BUSINESS?

Malheur Enterprise releases details of three-month investigation into Greg Smith's business dealings

By Les Zaitz, Pat Caldwell and Kristine de Leon
Malheur Enterprise

Greg Smith is a juggler. In La Grande, he holds a full-time job directing Eastern Oregon University's Small Business Development Center.

A hundred miles away in Boardman, he has a second full-time job, serving as executive director of a consortium redeveloping the Army's sprawling Umatilla Chemical Depot.

At the same time, he directs separate economic development programs in Harney, Malheur and Baker counties, each paying Gregory Smith and Company thousands of dollars every month for the service.

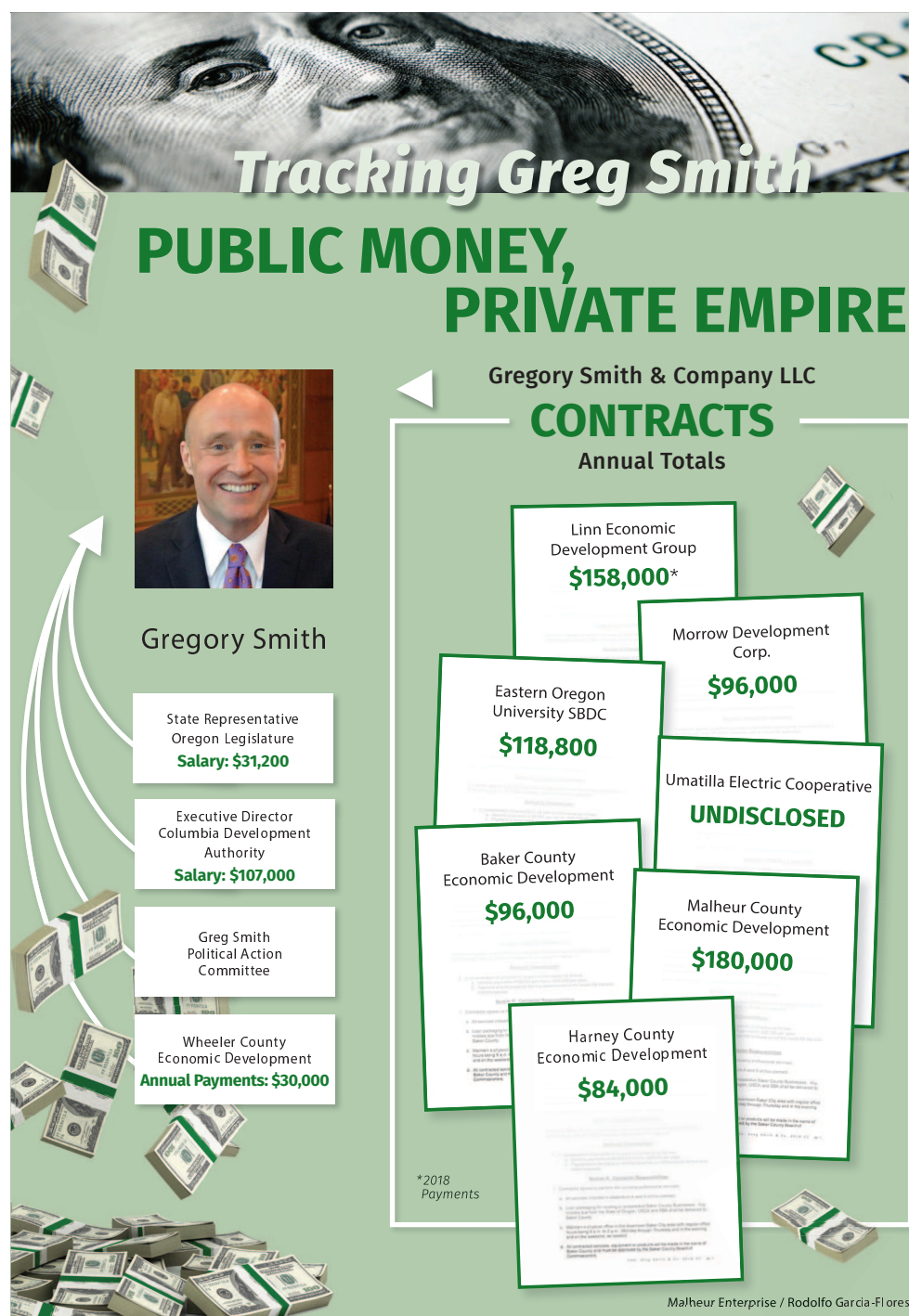
In Salem, the state representative from Heppner sits on nine legislative committees, with leadership roles in three. He earns \$31,200 a year and dips into political contributions for expenses and to compensate his wife and his company's employees.

He uses his influence in the Legislature — he is dean of the House — to benefit those who retain him, pushing through millions of dollars in state allocations.

"Greg Smith is the busiest guy I've ever known," said Don Russell, a Morrow County Commissioner who also oversees one of Smith's full-time jobs.

A three-month investigation by the Malheur Enterprise untangled his public service and his private contracts through government documents and interviews, revealing an empire funded by public money. Smith didn't respond to repeated interview requests or five pages of written questions.

He formed his company in December 2000 as he prepared to take his seat as a legislator. Since then, he has stacked one government contract atop another — Wheeler County in 2004, Eastern Oregon University in 2008, Baker County in 2011, Malheur County in



2013 and Harney County in 2017.

He has contracts with Morrow Development Corp. in Heppner, Umatilla Electric Cooperative in Hermiston, and the Linn Economic Development Group in Albany.

Along the way, he has amassed in his own name or that of his company an estimated \$1.7 million in real estate. That includes commercial buildings in Heppner, La Grande and Hermiston, a \$340,000 resort home at Sunriver, a \$422,500 beachfront condominium in Seaside, and a \$160,000 condominium in Provo, Utah.

His company's interests repeatedly take him to officials at state agencies, from transportation to state parks to economic development. He does so, email records show, in the name of his company's clients. But as a legislator, Smith can influence every state agency budget in his role as

a vice chair of the Legislature's budget-writing committee.

His public and private hats come off and on at his will.

In 2017, the Legislature appropriated \$26 million to fund a new rail shipping center in Malheur County and \$25 million for a rail project in Millersburg, near Albany. Smith held a vote on the committee that engineered that funding.

After the appropriation, he switched to his business role to win for his company the contract to make the Millersburg project a reality. In Malheur County, officials added more money to his company's existing contract for work on their rail project.

Smith has made no secret of his dual roles and on occasion seeks guidance from state ethics officials. In February, he asked the Oregon Government Ethics Commission about the "appropriateness" of his com-

pany's contract to manage a state-funded rail project.

"Nothing appears to indicate that you were awarded this private business opportunity as a result of being a member of the Oregon Legislative Assembly," wrote Ron Bersin, the ethics commission executive director. "You must be mindful of any conflicts that may arise."

Smith is co-chair of the legislative committee with primary responsibility for the commission's budget.

Baker County officials wonder how Smith can serve so many masters at once.

"How are you able to be a representative and a contractor? To me it is entirely problematic," Mark Bennett, a Baker County Commissioner, said last week. "Nobody has ever given me an answer that I felt really resolves the question in my mind. I believe it would test any of us, were we in the same position."

Fred Warner, former county commissioner and now city manager in Baker City, said the county recently renewed its contract with Smith — with reservation.

"There was a lot of discussion about Malheur, Harney County, and all the different places he is representing and how do we know that we are getting represented like the others," Warner said.

Les Ruark, a Gilliam County ranch hand and an active watcher of government, urged Smith in an email last month to give up his legislative duty or his business interest.

"The two endeavors just plain should not be as closely mingled (to put it politely) as they quite likely end up being — your effort to claim or substantiate differently notwithstanding," Ruark wrote.

He said he got no response.

College ties

Smith's blending of public and private duty is evident in La Grande, where his ties to Eastern Oregon University run deep. That's where he got his bachelor's and master's degrees and is a trustee on the university foundation board.

Since 2008, the university has contracted with Smith and Company to run its campus center for helping local businesses. The contract doesn't specify the compensation, an unusual omission for government work.

University officials couldn't explain.

"It's not in there because it's not in there," said Chris Burford, the university's general counsel.

Documents obtained through the state public records law reveal the university is paying Smith and Company \$118,800 a year. In 2017, Smith personally got \$65,000 of that, with another \$38,000 paid to part-time staffers, according to university records.

But Smith provides more than business consulting services for the university.

He uses his legislative role to get state money for the school, according to his own press releases.

In 2016, he said that through his "hard work" he legislated \$300,000 in state
See Smith / Page 2A

INDEX

Business.....1B Horoscope.....5B Sports.....6A
Classified.....4B Lottery.....2A Wonderword...3B
Comics.....3B Obituaries.....3A
Crossword.....5B Opinion.....4A
Dear Abby...10B Record.....3A

WEATHER

Full forecast on the back of B section

Tonight
49 LOW
Partly cloudy

Thursday
58/41
A.p.m. t-storm

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FRIDAY

ATVS ON COUNTY ROADS

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