



Eagle file photo

**Fifth-graders from Humbolt Elementary School observe an Oregon Department of Fish and Wildlife biologist spray a mark on a chinook salmon at a science station in 2014. The agency, which has a biennial budget of about \$370 million, is looking for more money for conservation programs, maintenance and outreach.**

## Task force eyes tax hikes for fish and wildlife funding

By Claire Withycombe  
Capital Bureau

A task force convened to find ways to raise revenue for the Oregon Department of Fish and Wildlife Monday will recommend two tax increases to add \$86 million to the department's budget.

The next challenge will be selling them to the Oregon Legislature.

The agency, which has a biennial budget of about \$370 million, is looking for more money for conservation programs, maintenance and outreach. It gets about a third of its revenue from hunting and fishing license fees, and the remainder from state and federal sources.

After evaluating dozens of options to raise revenue, the task force recommends an income tax surcharge and a surcharge on beverages at the wholesale level.

Task force members acknowledged Monday that the roughly \$86 million ask every biennium will be politically challenging.

The state faces a \$1.7 billion shortfall going into the next biennium, according to the Governor's Office.

Oregon Gov. Kate Brown is expected to release her balanced budget Thursday.

The tax force's recommendations will come in a legislative session that will likely be characterized by attempts to both cut costs and raise funds across the board.

Much of the discussion at Monday's meeting revolved around gaining traction for the additional ask — both in terms of support from members of the legislature and from the state's hunting, fishing, outdoor recreation and

conservation communities.

Many at Monday's meeting pointed to the success of Measure 99 — which passed at the ballot box earlier this month to allocate state lottery funding for outdoor education — as an example of an initiative that leveraged the support of those Oregonians who value outdoor recreation such as cycling or hiking, but don't hunt or fish.

Oregon State Rep. Ken Helm, a nonvoting member of the task force, advised the task force to meet with all members of the Legislature and to gain the support not only of conservation groups, but also of Oregon businesses.

Task force members also met with Rep. Phil Barnhart, D-Eugene, and Rep. Brad Witt, D-Clatskanie, last week.

Barnhart is chairman of the House Interim Revenue Committee, while Witt is chairman of the House Interim Committee on Agriculture and Natural Resources.

According to task force members, Barnhart and Witt discouraged them from emphasizing either tax and instead were advised to "lead with" the mission of ODFW and what it plans to do with the additional money.

That money, according to task force recommendations, is to be allocated toward additional conservation activities, improved hunting and fishing opportunities, increasing outreach and education efforts, and the cost of needed maintenance to department infrastructure that has been put off in prior budget years.

The largest chunk of the approximately \$86 million target — about \$46.7 million — would be dedicated to conservation efforts.

# Brown plans bill to maximize state investment returns

By Claire Withycombe  
Capital Bureau

SALEM — Oregon Gov. Kate Brown plans to advance a bill in the upcoming legislative session aimed at maximizing returns on the state's investments, according to her office.

The Oregon State Treasury oversees the state's investments, although it outsources some investment work to outside firms. It appears Brown would bring some of that work back to Salem to reduce costs.

Kristen Grainger, a spokeswoman for the governor, said in an email Tuesday that the treasury "needs to be resourced adequately to expand the amount of funds they manage internally."

In previous legislative sessions, Treasurer Ted Wheeler — who will be replaced by state Rep. Tobias Read, D-Beaverton, come January — introduced similar legislation aimed at reducing the cost of investing by bringing more outsourced functions in-house.

The gist of both proposals is that reducing costs could increase the state's net returns.

Wheeler's effort, referred to as the



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**Gov. Kate Brown's office says she will propose legislation to maximize state investment returns, including reducing costs by ending the outsourcing of some investment management.**

Investment Modernization Act, stalled out several times after meeting opposition from lawmakers on both sides of the aisle who voiced trepidation about the proposal.

Read, in an interview Tuesday, said that he would support the Governor's

Office in its efforts and emphasized communication with the public and the Oregon Legislature about the state's investing.

"...I expect we will be supportive and helpful to the extent that we are asked, but I'm also cognizant of the fact that Treasurer Wheeler and the Treasury have made specific efforts a number of times," Read said.

Reducing investment costs might be one small way to address the \$22 billion unfunded liability facing the state's public employee retirement system.

PERS is managed independently and has its own board, but the Oregon Public Employees Retirement Fund is managed by the treasurer, under the direction of the Oregon Investment Council, according to the treasury. The investment council is required by state law to get the highest possible return on its investments.

In 2015, the Oregon Supreme Court struck down most of the legislature's recent PERS reform efforts. A bipartisan legislative work group is now looking at other ways to address the PERS issue.

The governor is expected to release her balanced budget Dec. 1.

## Audit plan excludes examinations of conflicts of interest

By Paris Achen  
Capital Bureau

A \$1 million management audit of the Oregon Department of Transportation may not address how well the agency avoids conflicts of interest in awarding project contracts.

Gov. Kate Brown ordered the audit at the request of state legislators who want to ensure ODOT is operating effectively before they approve costly transportation funding next year.

That legislation — one of Brown's priorities as governor — could hike gas taxes and fees on drivers and funnel hundreds of millions of dollars in additional funding to the agency. Among lawmakers' concerns were instances when ODOT hired or kept contractors who appeared to have conflicts of interest.

While state officials who designed the scope of work for the audit included a question about how conflicts are identified, they did not ask for an assessment of how much weight ODOT employees give conflicts in the process of recommending contractors to the Oregon Transportation Commission, which officially hires the contractors.

It's unclear whether the omission was an oversight or was discussed and then rejected, said Bret West, acting chief administrative officer at the Department of Administrative Services. West, who has overseen the ODOT audit for the state since May, said he was not involved in shaping the original work plan for the audit.

Other questions in the work plan dealing with communication processes



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**Lawmakers have raised concerns about how ODOT handles conflicts of interests.**

and transparency may help to reveal whether there are problems with conflicts of interest, West said.

In September, the state awarded a nearly \$1 million contract to New York-based McKinsey & Company to conduct the audit.

Before McKinsey won the contract, state officials had hired John L. Craig, a former ODOT contractor, to perform the audit. Ironically, the state later revoked Craig's contract after revelations about his close ties with ODOT and an unearthed email showing he had sought to replace the agency's director, Matt Garrett.

Addressing the weight

ODOT gives conflicts in hiring contractors should have been part of the plan, said Mike Hollern, a member of an oversight committee that helped shape the audit's scope of work.

"In one of the early drafts,

there was some discussion, and I think some of the concerns from some of the legislators perhaps had to do with conflicts of interest being a seriously-investigated, dealt-with issue," said Hollern, who also is a former state transportation commissioner.

In another example of conflicts at ODOT, an agency trucking official Gregg Dal Ponte took a job with a firm that sells products to the industry he regulates, according to a report in June by the Portland Tribune.

Dal Ponte headed the agency's motor carrier division while working for a New Zealand corporation called ERoad. ODOT officials insisted the arrangement complied with state ethics law, but the practice has raised questions about the agency's credibility, the Portland Tribune reported.

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