

# Audit: ODOT contracts still subject to gamesmanship

Agency has long recognized problem, but done little to fix it

By Nick Budnick  
Capital Bureau

A decade ago, state investigators found that Oregon Department of Transportation contracting had become a cynical sport for one highway construction company — the executives there submitting low bids, then wagering over ways they could subsequently increase project costs to boost profits.

While that case is old history, a new state audit

of ODOT suggests that its contracting system remains vulnerable despite a decade of warnings from the department's own employees of contractor gamesmanship and fraud.

The audit released Monday by Secretary of State Dennis Richardson found that ODOT fails to employ methods to track "unbalanced" bids, meaning those with unrealistic line-item amounts meant to boost profits.

More than 90 percent of



Capital Bureau file photo

**An audit released Monday by the Secretary of State's Office says Department of Transportation contractors often lowball bids to win contracts, then inflate costs through contract change orders.**

all ODOT-run projects completed from 2011 to 2015 included unbalanced bids, and

a quarter of those later featured cost overruns, auditors found.

Significantly, the report echoes the criticisms of a recent \$1 million consultant's review of ODOT meant to address concerns by the Legislature.

The consultant's study noted ODOT's frequent contract overruns and said that compared to other large agencies that contract out construction work, ODOT's contracting was "worst in class."

The new audit comes as state lawmakers weigh whether to approve new fees and taxes on Oregonians,

such as a gas tax hike, which will be spent on hefty road and bridge contracts meant to address a backlog of unmet needs.

The Secretary of State auditors' critique of ODOT bidder gamesmanship did not come as news to Director Matt Garrett, who has run the department for more than a decade.

In fact, the new audit's findings are strikingly similar to those of a 2008 report on unbalanced bidding issued by ODOT's internal auditors — suggesting that the same issues remain.

In 2008, the ODOT au-

ditors said new software to track unbalanced bidding could save millions of dollars for a relatively minor upfront cost.

ODOT's response to the latest audit — which makes a similar recommendation about software — closely echoes the department's response a decade ago.

It questions the audit's methodology, but agrees with the recommendation to closely track line items in the bid through to project completion.

Nick Budnick is a reporter for the Pamplin Media Group's Portland Tribune.

# Oregon Republicans are optimistic about party's prospects

By Claire Withycombe  
Capital Bureau

Apparently buoyed by the victory of President Donald J. Trump and Oregon Secretary of State Dennis Richardson, Oregon Republicans convening in Salem Friday and Saturday were optimistic about opportunities for the GOP in the Beaver State.

Richardson's election secured the party's first statewide elected office since 2002, resulting in something of a victory lap vibe at the annual Dorchester Conference.

While Republicans lead a solid majority of state legislatures, Oregon is one of 12 states where Democrats are in charge in both chambers, compared to 32 states where Republicans have control of both chambers.

Senate Minority Leader Ted Ferrioli, R-John Day, noted in remarks Friday night that one Oregon Senate seat flipped in the last election from Democrat to Republican.

Sen. Alan DeBoer, R-Ashland, won a special election to finish the last two years of the term of the late Sen. Alan Bates, D-Medford, who died in August. DeBoer won the



Capital Bureau/Claire Withycombe

**U.S. Rep. Greg Walden poses for a photo at the Dorchester Conference Saturday with Bud Pierce, executive director of the Oregon League of Minority Voters. Republicans attending the annual political conference were optimistic about the party's chances to expand its fortunes in the Beaver State.**

race by just under 400 votes, according to the Oregon Secretary of State's Office.

Salem physician Bud Pierce, the 2016 Republican gubernatorial candidate who lost to Democratic Gov. Kate Brown, said he was feeling optimistic about the future of the Republican party in Oregon.

Pierce, who is on the

board of directors of Oregon's League of Minority Voters, moderated a panel of speakers, that included Promise King, executive director of the league, about including people of color in state politics and campaigns.

Asked by a reporter whether he sees a conflict between his party's aim to include minority groups and the rhetoric

of President Trump — who has been prone to making gross generalizations about minority groups, including immigrants from Mexico — Pierce said he was waiting to see what action the president takes.

"Let's see if he can give a legal status to 11 million people," Pierce said. Pressed about the likelihood of such

a reversal by the president, Pierce said: "Well see, you know, it was unlikely that Nixon would go to China."

Pierce points to the state's lack of affordable housing as one example of what he calls the "failures" of the Democrats' policies in Oregon that he believes could attract more voters to the right.

The Legislature is debating proposals to ban rent hikes and no-cause evictions, and many Republicans at the conference advocated instead for loosening up the state's land use restrictions to encourage more development and housing supply.

Pierce said he believes Republicans may benefit from the growing number of voters in the state who are not affiliated with any political party.

Many new voters have been registered recently through the state's new automatic voter registration law, which registers voters as unaffiliated unless they designate a political party.

"Can we become the natural place for the unaffiliated voters?" Pierce asked. "Maybe they won't call themselves Republicans, but maybe they'll do it."

State Rep. Greg Barreto, R-Cove, referencing relatively recent political shifts in Michigan and Wisconsin, told conference attendees he believes Oregon could become a red state.

"I think there's a lot of hope in Oregon," Barreto said. "But a lot of these other states, they didn't just change from blue to red accidentally, there was some pain that went on."

Barreto referred to economic woes in those states and continued:

"If we're not careful in Oregon, there's going to be some pain in Oregon, when we talk about PERS, when we talk about Medicaid, when we talk about bills that we can't afford to pay right now, we will feel some pain."

U.S. Rep Greg Walden, R-Hood River, Ore., called on Republicans to stay involved.

"You need to fight back," Walden said, when asked by an attendee if conservative groups were organizing to attend town halls. "If you believe in why we run, if you believe in the policies we're trying to implement, you have to help us fight back, you have to be there shoulder-to-shoulder with us."

# Lawmakers back away from controversial farm property tax bill

Legislation would have effectively raised taxes on farmland, machinery

By Mateusz Perkowski  
Capital Bureau

Intense opposition by Oregon's farmers, ranchers and forestland owners has apparently convinced lawmakers to back away from altering key property tax provisions affecting agriculture and forestry.

Machinery used for agriculture and forestry is ex-

empt from property tax assessments while property dedicated to producing crops, livestock and timber is less heavily taxed than other real estate.

Under the original language of House Bill 2859, the property tax exemption for equipment and the farm use assessment for land would expire in 2024 unless renewed by lawmakers.

The proposal evoked alarm in Oregon's natural resource community, which turned out in full force at a March 1 hearing to argue that creating a "sunset" for these provisions would financially destabilize farming, ranching and forestry.

By the end of the hearing, the overwhelmingly negative testimony against HB 2859 seemed to have the desired effect on members of the House Revenue Committee.

"I'm pretty convinced putting a sunset on these things that are very long-term assets doesn't make any sense," said Rep. Phil Barnhart, D-Eugene, the committee's chair.

At the beginning of the hearing, Barnhart said the bill was drafted in response to an audit from Oregon's Secretary of State's Office, which called for periodic review of existing property tax exemptions and tax credits.

In light of the objections to HB 2859, though, Barnhart

said he thought the sunset provisions related to natural resources should be eliminated from the bill.

The suggestion drew no objections from other committee members, so Barnhart said they would only consider the remaining provisions of HB 2859 related to economic development and other issues.

"I think you should consider all of what I just said means that you win," Barnhart told the audience, to enthusiastic applause.

Farmers, ranchers and forestland owners at the hearing emphasized that natural resource industries were already highly uncertain due to the weather and volatile markets.

Landowners said they shouldn't also have to contend with the possibility their property taxes may rise dramatically every six years, which is the period of sunset review established under HB 2859.

## LEGISLATIVE BRIEFCASE

### Bill would use phone fund to pay for rural broadband

State Rep. E. Werner Reschke, R-Klamath Falls, says he lives "at the end of the internet."

Reschke's district is located in south central Oregon, which has comparatively low use rates when it comes to high-speed internet, according to a 2014 survey conducted by the state's public utility commission.

A bill before the Oregon Legislature would allow a fund currently dedicated to ensuring access to landline phone service in underserved areas to be used to provide access to high-speed internet.

The definition of broadband changes as technology accelerates. These days the Federal Communications Commission's standard for minimum download speeds is 25 megabits per second.

In 2014, Oregon's Public Utility Commission conducted a study on the issue. While 85 percent of people in Portland used broadband, only 67 percent did in eastern Oregon and 69 percent in south central Oregon.

Businesses evaluate internet speeds when choosing locations; some small communities in Eastern Oregon want to encourage economic development by luring young people working in the tech sector elsewhere to work remotely and enjoy the perks of access to outdoor recreation.

The city of John Day even has an internet task force, which is studying ways to bring faster and more affordable internet to the area. Grant County has an average download speed of 10 megabits per second.

I found Dad's remote in the fridge again. ...I'm beginning to get worried.

**IT'S NOT LIKE HIM.**

**WE CAN HELP.**

Call us with questions about aging and Alzheimer's.

**1-855-ORE-ADRC**

**HelpForAlz.org**

**ADRC**  
Aging and Disability Resource Connection  
OF OREGON

OREGON DEPARTMENT OF HUMAN SERVICES PROGRAM

**John Day Taxi**

541-620-4255

Bread of Life

March 11th marks six months since John Day Taxi was born. I had driven taxis in New Jersey and loved doing it. But I was getting half-baked, stale and crusty; I figured I'd better quit the bologna and get cooking so I started my own company.

We weren't sure what to charge to go to Prairie so I put prices on slips of paper and put them in a hat. 7 1/2 was pulled out. That's how that fare was decided. Being the new guy on the block I get the crumbs and I understand that; I'm sandwiched between service and fraternal organizations who like to pick up their own people. The golf course has kids driving their members home from events and the airport loans cars to pilots for coffee can donations so I'm toast there. Even the police take people home from bars at night sometimes; nice, but it slices into my bottom line. Low cost subsidized People Mover gets the bulk of the business if one can fit into their schedule, are going on their route or are leaving town. I took a man to Fossil for \$400 but I didn't like it; my regulars depend on me to get them to work or to appointments; I don't want to burn them; they're not my fares, they're my friends; I'd walk a mile picking up litter for them, I'd be a heel to leave them, not for the whole loaf.

Richie Colbeth/ Owner/Operator

05366