



TO: Governor

DATE: March 17, 1982

FROM: Gerry Thompson

SUBJECT: OLCC Inquiry (Bob Oliver's report of 3/8/82)

In general, I agree with Bob Oliver's recommendations and his report as written.

1. Administrator's Undercover Observations
Dean Smith's activities were not illegal, his expenses were nominal. The effects are constructive involvement and a better understanding of field activities for the director.
2. Sheraton Inn - Portland Airport Training Session
Criticism should not be launched just because the Sheraton has a more expensive ring to it than the Holiday Inn, Ramada or Silver Creek Falls. Apparently the cost would have been nearly the same at any of the facilities except Silver Creek Falls, which was not available.

I do question the overnight requirement and even question the need to have such training sessions somewhere other than in a state-owned facility. The state has available good meeting facilities but it seems to be a practice within state government to use outside facilities. I question this practice for OLCC as well as other agencies, particularly during tight budgets.

All of this demonstrates, in my estimation, poor management judgment.

3. Hiring of Bruce Lawson
Again, Dean Smith's actions demonstrate poor management judgment.
4. Bernice Johnston - consulting contract
It seems to be a favorite practice of state government to hire outside management consultants. I have to ask "why" when we have expertise within our own Executive Department. However, that is not the issue here. The issue is, once more, poor management judgment. It is also apparent that the commissioners will not take a more active role in personnel, contract letting or agency reorganization.



5. Kah-Nee-Tah Meeting
This is, in my mind, no longer an issue, but the actions of Dean Smith ("feeling pretty good") may be poor personal judgment on Dean's part.
6. Manager, Administrative Services Division
Both Bill Hedlund and Reuben Worster have indicated that Ms. Gregory will be terminating her employment at OLCC. As a matter of fact, Bill Hedlund has advised Dean Smith that Ms. Gregory must leave.
7. Assistant Administrator
Both this item and the above would be indicative of some of the affirmative action inquiries we have received.
8. Assistant Manager, Retail Operations
The supposed "rapid advancement of women" seems to be in conflict with the affirmative action inquiries received.
9. Firing of Bill Farr
I agree with Bob Oliver's recommendation. Personnel actions made within OLCC, at the divisional manager level or higher, must be done only at the direction of the commission.
10. Hearings Division
I would recommend that Bob Oliver immediately explore the legalities, pros and cons of placing the hearings division directly under the commission, rather than under the administrator.
11. Kristi Paresi
No comment
12. Conclusions and Recommendations

I agree with Bob Oliver's conclusions.

- A. Bob Oliver should immediately prepare a letter for your signature to the commission. The letter should be as suggested in the report. This letter should be made available to the press, particularly since Mr. Zaitz is still pursuing matters and is anticipating further articles.
- B. Bob Oliver should immediately prepare a letter, for your signature; to Dean Smith. The letter should be as suggested in the report.

The Executive Department should immediately assign a management analyst.

- C. Bob Oliver and I should immediately meet with Bill Hedlund and Dean Smith to verbally detail the report plus ask for corrective steps.

Further, since Les Zaitz has been told that Dean Smith will be resigning within the next few days, we can confirm his actual intentions.

Comment

The only unresolved matter in mind is, "Has Dean Smith lost his effectiveness?" I say, yes. But then the question remains, will the "old guard" react the same to any new administrator. It's my feeling that the right administrator with clear and proper management judgment may be best for all. I would not, however, want to change the administrator now. It would appear as a reaction to the press.