

Jennifer McGuirk, Multnomah County Auditor



**Multnomah County
Auditor's Office**

Siniva Bennett
Dani Bernstein
Raymond De Silva
Nicole Dewees
Michelle Greene
Mandi Hood
Annamarie McNiel
Kate Milne
Rosalie Roberts
Marc Rose
Sura Sumareh
Cheryl Taylor
Mical Yohannes
Caroline Zavitkovski

Date: November 15, 2024

To: Jessica Vega Pederson, Multnomah County Chair
Sharon Meieran, Commissioner, District 1
Jesse Beason, Commissioner, District 2
Julia Brim-Edwards, Commissioner, District 3
Lori Stegmann, Commissioner, District 4

From: Jennifer McGuirk, Multnomah County Auditor 

RE: County used a state contract to enter into agreements with a vendor, but has not complied with state contract financial terms

Through the Good Government Hotline, the Auditor's Office received a complaint regarding the county's contract with Coraggio Group to review the county's mission, vision, and values and generate revisions to those guiding principles. The complaint alleged that the contract was overpriced and a waste of county resources.

My office did not substantiate the allegation as meeting the definition of waste. Waste does not necessarily involve private use or personal gain, but almost always signifies poor management decisions, practices, or control.

Multnomah County Auditor

501 SE Hawthorne Blvd., Room 601 Portland, OR 97214
multco.us/auditor

Performance Audits

mult.auditor@multco.us
503-988-3320

County Ombudsperson

ombudsperson@multco.us
503-988-1234

Good Government Hotline

mult.auditor@multco.us
888-289-6839

However, I am issuing this memo to the Board to provide transparency about what we found when investigating this report. I am concerned that the county, in developing a cooperative contract, did not abide by the financial terms of the original contract, and that the process may have led to a more expensive project than necessary. A second, similar contract with Coraggio Group has just commenced.

The county established a cooperative contract with Coraggio Group, based off a state contract

In July 2023, the county looked for a consulting firm to review the county's mission, vision, and values and generate revisions to these guiding principles. The county reached out to suppliers through a Request for Information sourcing event. Four suppliers responded to the county's Request for Information sourcing event, and the county selected Coraggio Group to do the work by leveraging a state cooperative agreement.

Coraggio Group had previously established a contract with the State of Oregon, and the county entered into a cooperative contract with Coraggio Group based on that state contract. A cooperative contract is a single contract that can be shared among various contracting agencies, based on certain circumstances as outlined in Oregon public contracting law. An important element of using a cooperative contract is that the contracting agency (the county, in this case) agrees to the original contract's terms. This means that in using the State of Oregon's contract, the county was supposed to comply with the financial terms of the state's contract.

The county did not comply with the financial terms of the state contract

The only financial terms of the state contract were hourly rates. This means that the county's contract with Coraggio Group should have required Coraggio Group to bill the county based on the number of hours it worked on the project, using the predetermined hourly rates. Instead, the

Multnomah County Auditor

501 SE Hawthorne Blvd., Room 601 Portland, OR 97214
multco.us/auditor

Performance Audits

mult.auditor@multco.us
503-988-3320

County Ombudsperson

ombudsperson@multco.us
503-988-1234

Good Government Hotline

mult.auditor@multco.us
888-289-6839

county entered into a \$250,000 fixed-price contract with Coraggio Group, divided into three phases.

Records we reviewed indicated that Coraggio Group's expenses for the project were about \$225,000. While it appears that the county could have saved about \$25,000 had it agreed to an hourly-rate contract with Coraggio, it is not conclusive.

The county has entered into a second contract with Coraggio Group, with similar terms that do not comply with the state contract

In September, the county entered into a second \$250,000 cooperative contract with Coraggio Group, based on the state contract. The purpose of this contract is to develop a countywide strategic plan. While this new contract references the state cooperative contract and rate schedule, it again commits the county to pay Coraggio Group by phase completion, rather than based on hourly rates. For example, the contract states that the county will pay Coraggio Group \$50,000 at the end of phase one of the contract, without reference to the number of hours it will require. These payment terms do not comply with the terms of the state contract, and open the county to the risk that it will overpay for the work being performed.

Multnomah County Auditor

501 SE Hawthorne Blvd., Room 601 Portland, OR 97214
multco.us/auditor

Performance Audits

mult.auditor@multco.us
503-988-3320

County Ombudsperson

ombudsperson@multco.us
503-988-1234

Good Government Hotline

mult.auditor@multco.us
888-289-6839