

Michaela Hammerson, Director
Umpqua Public Transportation District
3076 NE Diamond Lake Blvd.
Roseburg, OR 97470

February 9, 2026

Attn: The Honorable Eric J. Soskin, Inspector General
U.S. Department of Transportation, Office of Inspector General
1200 New Jersey Avenue, SE
Washington, DC 20590

Attn: Ms. Susan Fletcher, Regional Administrator
Federal Transit Administration – Region 10
915 Second Avenue, Suite 3192
Seattle, WA 98174-1002

Re: Formal Request for Federal Investigation – Oversight of UPTD by Oregon DOT and RLS & Associates

Dear Inspector General Soskin and Regional Administrator Fletcher:

I write in my capacity as a member of the Board of Directors of the Umpqua Public Transportation District (UPTD) to formally request a federal investigation and oversight review into the actions of the Oregon Department of Transportation (ODOT) and its contractor, RLS & Associates, in connection with their recent conduct toward our district. This request is made out of deep concern for the integrity of federal transit programs and the proper use of authority by a pass-through entity. Specifically, I respectfully request that the U.S. Department of Transportation Office of Inspector General investigate whether ODOT has misused or exceeded its oversight authority as a federal grant pass-through agency, and I ask FTA Region 10's Office of Program Oversight to review ODOT's compliance enforcement practices, procurement interpretations, and treatment of subrecipients under federal transit grant programs.

Background and Context

UPTD is a rural transit district in Douglas County, Oregon, reliant on FTA Section 5311, 5310, and 5339 grant funds administered by ODOT. In August 2025, following the resignation of UPTD's Chief Executive Officer (CEO) under pressure from a newly elected board member, ODOT commissioned RLS & Associates to conduct what was described as an 'independent' compliance review of UPTD. This review culminated in a report that relied almost exclusively on information provided by individuals with limited historical familiarity – namely, two recently elected board members (Natasha Atkinson and Jeana Beam), ODOT Public Transportation Division staff, and UPTD's new CEO (formerly the finance manager) who had previously lost an internal competition for the top position. The heavy reliance on

these sources, with little consideration of input from longer-serving board members or prior board members, meant the review omitted crucial context about past decisions and the challenges UPTD faced. It is our belief that this approach produced a report that is not only one-sided but also rife with factual and legal inaccuracies that mischaracterize UPTD's compliance record and decision-making.

Inaccuracies and Mischaracterizations in the RLS Compliance Report

The RLS compliance report (dated November 25, 2025) contains numerous findings and conclusions that are demonstrably inaccurate or misapplied. I wish to highlight several of the most concerning issues:

- **Mischaracterization of Withheld Records:** The report labels UPTD “noncompliant” for declining to turn over certain personnel investigation notes to ODOT, implying a violation of 2 CFR Part 200 requirements. In fact, the documents in question were notes from a confidential executive-session personnel investigation. UPTD’s legal counsel advised that withholding these notes was lawful and appropriate (consistent with state law protections for such records), and that they were not “pertinent to the Federal award” within the meaning of 2 CFR Part 200.337. By framing this situation as a 2 CFR 200 violation, the report ignored both the legal context and the federal regulation’s own focus on grant-related records, unfairly damaging UPTD’s compliance reputation.
- **Retroactive Application of Findings:** The report applied new compliance findings retroactively to past contracts and actions, treating them as new violations, even though RLS had issued two prior reports for the pertinent periods, which had been cleared by May of 2025. For example, the review faulted UPTD for contract terms and procurement methods in agreements executed long before any prior compliance warning or finding had been issued. Holding UPTD to a standard of “compliance” that was only articulated after-the-fact is both procedurally unfair and contrary to fundamental principles of notice in oversight. Federal oversight principles require notice and an opportunity to correct; penalizing a subrecipient for actions that were not identified as noncompliant at the time they were taken is procedurally unfair for actions that were not identified as non-compliant at the time they were undertaken. Yet the RLS report repeatedly judged past decisions by standards that were only later imposed, creating the false appearance of willful misconduct where none existed.
- **Misapplication of Procurement Rules:** Perhaps most troubling, the report misapplied federal procurement regulations – specifically 2 CFR 200.320 and former FTA Circular 4220.1F – to situations they were never meant to govern. The report asserted that UPTD violated federal procurement requirements in hiring its former CEO and other staff and in executing certain emergency agreements. However, *personnel employment contracts and purely locally-funded emergency actions are not subject to the federal procurement rules*

for third-party contracts. One cited example involved an \$8,000 consultant contract entered into by a prior General Manager in September of 2024. The Uniform Guidance in 2 CFR 200.320 expressly applies to procurement transactions under a Federal award, i.e. when federal grant funds are used for an acquisition. FTA's own guidance confirms that *only contracts financed by FTA grant funds are subject to FTA procurement requirements.* In UPTD's case, the executive employment contract and an emergency services contract were either entirely locally funded or executed under emergency provisions, and thus not governed by 2 CFR 200.320's competitive bidding mandates. By treating these as procurement violations, the report demonstrated a fundamental misapplication of federal rules. Similarly, the report mistakenly stated that UPTD failed to perform a "responsibility determination" (contractor integrity and suitability check) for the CEO's hiring – misapplying a requirement that by regulation pertains to third-party vendor contracts, *not* the hiring of an agency employee. These errors suggest either a lack of expertise or a biased intent to find fault regardless of the actual regulatory scope.

- **Overstatement of ODOT Pre-approval Authority:** The report repeatedly implies that ODOT must pre-approve **all** UPTD contracts and expenditures, creating the impression that any action not explicitly blessed by ODOT was a compliance violation. While ODOT, as a pass-through entity, does impose certain oversight conditions on subrecipients, there is no federal requirement that every agency contract (especially those using no federal funds) receive prior ODOT approval. This mischaracterization effectively chilled UPTD's ability to manage its own affairs. This is contrary to the spirit of FTA's program, which entrusts local governing boards with operational decisions while expecting general compliance with law and grant conditions – *not* a regime of micromanagement by the state. Additionally, this is contradictory to Oregon state law (ORS 267.130 and ORS 267.200) that gives districts autonomy to make decisions.

ODOT has on multiple occasions attempted to exert influence over UPTD's hiring decisions, including efforts to discourage certain candidates and, most notably, encouraging the District to hire Julie Brown, Executive Director of the Oregon Transit Association (OTA). OTA functions as a lobbying and policy organization that closely coordinates with ODOT, raising concerns about potential conflicts of interest. Encouraging placement of a politically connected lobbyist into local executive leadership intrudes upon statutory authority, creates the appearance of conflicts of interest, and undermines the neutrality expected of a pass-through grant administrator. This behavior undermines the independence of local transit boards and violates the principles of neutrality and noninterference that should govern pass-through grant oversight relationships.

- **Improper Exercise of Regulatory Authority by RLS:**
The 2025 RLS compliance report repeatedly uses prescriptive language—such as the word "must," which appears 78 times—to direct the actions of UPTD's

leadership, staff, and board. This misrepresents its authority and creates a coercive environment. RLS is a private contractor hired by ODOT to perform third-party compliance reviews; it is not a regulatory agency and holds no independent enforcement authority under federal or state law. Its role is limited to providing observations and recommendations—not mandates. By framing its opinions as binding directives, RLS has usurped the function of public oversight bodies and misled recipients into believing that their conclusions carry the force of law. This practice is both misleading and legally unfounded, and it contributes to a coercive dynamic in which districts like UPTD are compelled to comply with unauthorized directives out of fear of retaliation or funding loss. It also raises serious procurement concerns, as RLS continues to serve as ODOT’s sole auditing vendor under a statewide, non-competitive arrangement that lacks transparency and may violate principles of fair contracting and separation of oversight functions.

- **Omission of Emergency Context:**

The report omits critical context regarding a severe staffing and financial emergency UPTD faced during the period in question. At one point, UPTD’s leadership had to make rapid decisions to maintain transit service and address urgent financial shortfalls. Federal regulations expressly recognize that emergency conditions may necessitate expedited actions, normal procedures (like prolonged solicitations) may be waived or expedited in order to protect public welfare. UPTD invoked such emergency provisions in good faith. Yet the RLS report failed to acknowledge that many actions now criticized (e.g. direct appointments or urgent procurements) were taken under emergency conditions with the aim of preserving service to the public. By ignoring this context, the report portrays necessary crisis responses as willful non-compliance, which is misleading and punitive.

- **Disregard of Legal Counsel’s Advice:**

Key decisions by the prior UPTD administration were made based on written advice from UPTD’s legal counsel. For instance, the structure of the CEO’s employment contract, the handling of personnel investigation records, and certain procurement approaches were all vetted by counsel who provided formal opinions that these actions were permissible under applicable laws and regulations. The compliance review not only failed to mention this, but it proceeded to find fault without accounting for the fact that UPTD had sought and followed professional legal guidance. The report’s failure to acknowledge counsel’s advice creates a distorted portrayal of diligence and intent of UPTD’s intentions and diligence; what were conscientious attempts to follow the rules have been misrepresented as knowing violations. In addition, none of those interviewed in the RLS report were privy to these Executive Session discussions and therefore were not a proper source for RLS to derive conclusions.

- **False and Libelous Implications of Fraud and Political Misconduct:**

RLS's compliance report includes inflammatory and unsupported allegations of misconduct by UPTD leadership—including fraud, Hatch Act violations, misuse of public funds, and false claims—without presenting credible evidence or conducting due diligence. In Observation No. 2312 (FM4-2), RLS alleged that the General Manager/CEO engaged in political activity during work hours, misused a district credit card for personal Lyft rides, and hired a senior employee based solely on friendship, ultimately concluding that these actions “represent potential false claims and/or fraud” warranting referral to enforcement authorities. These claims are factually inaccurate and damaging. The assertion that the CEO hired a “friend” is unfounded; the CEO and Operations Manager barely knew each other at the time. RLS also attempted to discredit the CEO's qualifications by describing his experience as “running a coffee shop and being a political consultant,” while omitting that he owned and operated multiple successful small businesses in Portland and had worked with public agencies through his firm, Politogy. RLS's framing was not only dismissive, but misleading. Furthermore, the report implied improper lobbying during a Washington, D.C. trip despite clear public documentation: board minutes from June 16, 2025 show the trip was unanimously approved for the purpose of educating lawmakers about rural transit funding, not political advocacy. This followed a February 24, 2025 resolution adopting federal executive orders to safeguard funding, in a discussion that included ODOT's Jennifer Boardman. RLS cited none of this, choosing instead to rely on vague references to “social media” and “geographical location” as evidence of misconduct and failing to consider that salaried employees do not operate under a fixed or standard work schedule. Under Oregon wage and hour laws, exempt salaried employees are not subject to traditional hourly tracking and compensation rules, and “hours worked” includes only time during which an employee is required to give time to the employer or is unable to effectively use the time for the employee's own purposes. Oregon law specifically provides that travel time outside normal work hours need not be compensated unless the employee is required to drive or perform duties, and exempt employees are not subject to mandated hourly break or rest period requirements. Accordingly, RLS's reliance on vague references to “social media” and “geographical location” as evidence of misconduct fails to account for the legal reality that salaried exempt employees have autonomy in their schedules and are not considered on the clock for all periods of travel. These assertions are factually incorrect and damaging—combined with RLS's ongoing exclusive auditing relationship with ODOT—raises serious concerns about neutrality. The cumulative effect of these reckless accusations, issued by a state-contracted firm with no regulatory authority, constitutes a breach of professional ethics and may amount to libel.

- **ODOT Interference in Local Contracting Decisions:**

On August 23, 2024, ODOT sent a formal letter to UPTD objecting to a proposed consulting contract and warning against the use of either STIF or federal funds to

support it. The contract had not yet been executed, and no funds had been expended. Despite this, ODOT urged UPTD to seek pre-approval before proceeding and described the matter as “time sensitive,” copying multiple ODOT officials including David Campbell. This type of unsolicited intervention—absent any violation or improper expenditure—illustrates a growing pattern of ODOT inserting itself into local administrative functions without regulatory basis. The underlying message was clear: proceed without state endorsement, and risk retaliation or future disallowances. Such preemptive control over routine agency business infringes on UPTD’s statutory authority under ORS 267.130 and reflects a broader effort by ODOT to consolidate decision-making power over subrecipients it is meant to oversee. This context is critical in understanding subsequent efforts by ODOT to influence leadership placement and misrepresent UPTD’s willingness to cooperate with oversight.

- **Inappropriate Political Pressure and False Portrayal of Non-Cooperation:**

ODOT attempted to influence UPTD’s hiring decisions on multiple occasions, most notably by encouraging the district to consider Julie Brown, Executive Director of the Oregon Transit Association (OTA), for an interim executive role. OTA functions as ODOT’s primary lobbying and policy organization, and Ms. Brown is a registered lobbyist who actively promotes ODOT’s legislative priorities. This recommendation occurred while Ms. Brown was simultaneously advocating for a highly controversial statewide transportation package and, according to publicly available video evidence, allegedly pressured public employees during the October 28, 2024 OTA conference to lobby for its passage by warning that failure to do so could jeopardize their employment. UPTD’s August 29, 2024 board minutes confirm that Ms. Brown and another ODOT-endorsed candidate were both presented for consideration at ODOT’s urging. This occurred shortly after ODOT employees Drew Orr and Suzanne Carlson urgently directed UPTD not to enter into a contract with a consultant under consideration to provide a transitional plan for the district following the resignation of all executive staff and nearly half of the board. The appearance of a grantor agency leveraging its oversight authority to influence the placement of a politically active lobbyist into an executive role within a subrecipient district raises serious ethical concerns. Such conduct blurs the line between oversight and coercion, undermines local autonomy guaranteed under ORS 267.130, and erodes public trust in the neutrality of state-administered federal programs. Compounding these concerns, the RLS compliance report falsely asserts that UPTD’s prior leadership “refused outside assistance.” This characterization is demonstrably inaccurate. UPTD management actively engaged with ODOT’s Public Transportation Division and peer agencies, seeking collaboration, guidance, and best practices to improve operations. Documented evidence exists of coordination meetings, outreach efforts, and attempts to partner with ODOT on corrective action planning. These efforts were either disregarded or omitted entirely from the compliance review. The resulting portrayal of UPTD as an uncooperative subrecipient appears designed to retroactively justify punitive findings rather than to reflect the factual record.

- **Deviation from Standard Practices in Dissemination of the RLS Report:**

Further undermining the credibility and purpose of the RLS compliance report is the manner in which it was disseminated and subsequently utilized. The report was provided to members of the media, including the Oregon Journalism Project, and to the Douglas County Clerk before it was transmitted to the UPTD Board of Directors. Both ODOT and UPTD dispute that either agency furnished the report to the media. Nevertheless, the fact that the report entered the public and political sphere prior to being formally presented to the governing body charged with oversight and response represents a significant deviation from standard compliance review practices. Compliance reports are intended to inform corrective action, governance, and program integrity—not to shape public narratives or influence political actors before affected parties have an opportunity to review or respond. These concerns are further compounded by the report’s immediate use in adversarial proceedings. On the same day it was circulating to the media, the RLS compliance report was relied upon by both the Douglas County Clerk and Director Natasha Atkinson in connection with the deposition of former CEO Ben Edtl. This deposition occurred contemporaneously with Ms. Atkinson’s contested election for her seat on the UPTD Board of Directors. The reliance on the RLS report in an adversarial legal proceeding—particularly one overlapping with an unresolved election contest—demonstrates that the report was treated as an authoritative instrument beyond the bounds of internal compliance review. This is especially notable given that Ms. Atkinson was among the individuals interviewed by RLS and contributed to shaping the factual narrative reflected in the report. Taken together, the timing, dissemination, and use of the RLS report before the Board had an opportunity to review or respond further calls into question its objectivity, purpose, and reliability as a neutral oversight product.

- **ODOT’s Enforcement Actions and Financial Harm to UPTD (2024):**

In mid-2024, ODOT directed UPTD to revise historical reimbursement reports in the Oregon Public Transit Information System (OPTIS). These updates were completed by the then-Finance Manager (now CEO), Sheri Bleu, at the explicit instruction of ODOT program staff, including Jennifer Boardman. Soon after, ODOT issued a letter on August 15, 2024, asserting new compliance concerns and demanding repayment of **\$252,990** for three electric vehicle charging stations that had already been reimbursed nearly a year earlier. The chargers were ordered in October 2022 under a time-sensitive opportunity, delivered in 2023, and reimbursed by ODOT in late 2023. The associated capital grant (Project 35395) had been executed in November 2022 and expressly allowed reimbursement for costs incurred as early as January 2022. In UPTD’s September 30, 2024 response to ODOT’s demand for repayment, UPTD detailed that no NEPA documentation was required under the agreement, and no ground disturbance occurred to trigger such requirements under 23 CFR Part 771. The decision to reverse eligibility after the fact—following state-directed edits to OPTIS—created a severe and unnecessary cashflow crisis. UPTD was forced to

consider service cuts and furloughs to manage the sudden \$252,990 liability, and while a payment plan has been established, it continues to strain district resources. ODOT's pattern of micromanagement extended further. On August 23, 2024, it preemptively objected to a proposed consulting contract, urging UPTD not to proceed without state approval—even though no funds had yet been expended. This level of pre-authorization control infringes on UPTD's governance rights under ORS 267.130 and suggests a shift from regulatory oversight to operational interference. The timing and severity of these interventions raise broader concerns that ODOT may be leveraging its grantmaking authority inappropriately, compounding instability in Oregon's federally funded transit programs.

- **Improper Conduct by ODOT Compliance Manager David Campbell:**

ODOT's Compliance Manager David Campbell played a central role in prior RLS reviews and the request for a review in 2025. Mr. Campbell has a troubling history of misconduct involving UPTD. Prior to a 2024 exit interview with RLS, Mr. Campbell coordinated with UPTD's former HR Manager to dig up decades-old court records on then-General Manager Cheryl Cheas and circulated them internally—outside any formal disciplinary or compliance process. Later, after that HR Manager went on leave, Mr. Campbell posed as a community member and left a false voicemail complaint with SDAO legal counsel, accusing the Board of removing elderly attendees from a meeting. In reality, the public was respectfully asked to wait elsewhere during Executive Session to ensure privacy, consistent with standard meeting practices. This deception, coupled with his involvement in the compliance review, raises serious ethical concerns. UPTD alerted ODOT to these concerns asking to sever the relationship with Mr. Campbell, which was ignored by ODOT. His actions appear aimed at discrediting UPTD's leadership at a time when ODOT was actively working to reshape the board, replace executive staff, and assert control over the district. These behaviors warrant independent investigation

Request for Federal Investigation and Oversight Review

As a Director of UPTD's Board, I am committed to compliant, ethical stewardship of the transit funds entrusted to us. I do not lightly reach out to federal authorities. However, given the pattern of events described above, I feel compelled to seek an impartial review at the federal level to ensure that oversight processes are being used to protect (and not unintentionally harm) the public interest. Therefore, I formally request the following actions:

1. **DOT Office of Inspector General Investigation:** I ask the Office of Inspector General to investigate whether ODOT, as the pass-through entity for FTA funds in Oregon, has engaged in misuse or abuse of its federal oversight authority. This investigation should examine the circumstances under which the RLS & Associates compliance review was initiated and conducted, the accuracy and integrity of that review's findings, and whether any ODOT officials influenced or directed the process in a manner aimed at a preconceived outcome. It should also examine

ODOT's decision to demand reimbursement of the charging station funds and other punitive measures – were these actions truly based on objective grant compliance imperatives, or were they deployed tactically (or punitively) against UPTD? In short, I request OIG's help to determine if the federal oversight framework may be being co-opted by state officials to improperly penalize or control a subrecipient beyond the bounds of law or sound grant management. Such misuse, if it occurred, could violate the terms of ODOT's own grant agreements with FTA and undermine the integrity of federal programs. I believe only an independent federal investigation can get to the bottom of these concerns.

2. **FTA Region 10 and Program Oversight Review:** In parallel, I ask FTA Region 10 and the FTA Office of Program Oversight to conduct a formal review of ODOT's oversight practices and interpretations of federal requirements in this case. This should include a review of the disputed compliance findings (with FTA's experts applying the actual federal regulations to the facts) and an evaluation of whether ODOT's enforcement actions have been consistent with FTA policies and guidance. I note, for example, that FTA's State Management Review process provides a mechanism to assess whether a state is carrying out its grantee monitoring duties appropriately. I urge FTA to utilize whatever oversight tools available – whether a special review or a focused technical assistance visit – to ensure that ODOT's practices in UPTD's case align with the intent of federal law. I am particularly concerned about ODOT's pattern of retroactive enforcement and maximal penalties (like immediate large-scale fund claw-backs) for issues that might normally be resolved through technical compliance assistance or minor corrective actions. I am seeking FTA's assurance that subrecipients in Oregon will be treated fairly, that compliance findings will be grounded in correct interpretations of federal rules, and that remedies will be proportionate and aimed at improvement rather than punishment. If FTA's review finds that ODOT exceeded or misapplied its authority, I ask that FTA require ODOT to amend or withdraw the improper findings and cease any unwarranted repayment demands or contract interference. Conversely, if there are indeed legitimate compliance issues at UPTD, I welcome FTA's guidance on how to address them properly – our goal is a clear, fact-based resolution and the restoration of a constructive working relationship with the state.

Conclusion

In summary, the RLS compliance report is based on incomplete information, misinterpretation of applicable law, and omission of critical context. Despite these defects, ODOT has accepted the report wholesale and relied upon it to justify retroactive and punitive enforcement actions against UPTD.

I support rigorous and lawful oversight of public funds. However, when compliance processes are distorted or misused — through flawed audits, retroactive penalties, or unethical conduct — they undermine the public interest and threaten the stability of essential transit services.

I respectfully urge your offices to initiate the investigation and oversight review outlined above. I stand ready to provide full cooperation and documentation in support of this request.

I appreciate your attention to these matters and urge your offices to initiate a thorough investigation and review as outlined above. I stand ready to provide full cooperation and documentation to support this request and am hopeful that your inquiry will lead to reforms that strengthen, rather than destabilize, Oregon's public transportation systems.

Sincerely,

Michaela Hammerson

Director Position 2, Board of Directors
Umpqua Public Transportation District

Cc:

Office of the United States Attorney General
The White House