

THE ORANGE COUNTY REGISTER

Editorial: New Caltrans slumlord scandal

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Here's a situation that can only happen in government. The California Department of Transportation, Caltrans, used the power of eminent domain to acquire thousands of homes and other properties for roads and freeways that it never built, as a 2006 Orange County Register investigation revealed. Instead of selling off the properties, the agency mostly disregarded them, thus becoming what the Register referred to as the biggest slumlord in the state.

Then, as the Los Angeles Times reported this month, the same agency spent several times the normal market rate to put roofs on some of these ramshackle buildings, and another government agency siphoned off various management fees as part of the overpriced renovations. For instance, the newspaper reported that

Caltrans spent \$103,443 putting a new roof on a modest rental house – and the agency even evicted the renters after they complained about leaks on the costly roof job.

Caltrans spent more than \$171,000 replacing the roof on a dilapidated and vacant property in 2006.

The original story about Caltrans practices was, as a Register reporter put it, "a story about how the nation's largest freeway builder neglected its massive land holdings, creating blight and despair. It was about how Caltrans kept properties off the tax rolls, draining county coffers of tens of millions of dollars in lost revenue. It was a about abuse of power."

The new story is about waste and incompetence. But it's also a story about how government manages things, especially property. Caltrans is at least engaged in arguably legitimate public services – i.e., the construction of transportation systems. Yet we see repeatedly how it operates. The Legislative Analyst's Office reported last year that Caltrans has too many employees, many of whom have virtually nothing to do. Still, the agency and its unions resist the outsourcing of many services to the private sector.

Instead of just bidding out a roof job, the agencies paid for drawings and photographs and endless inspections. Then there are union-wage provisions and various hiring requirements. Every government project is plagued by such waste.

State officials blamed standards for historical homes but the Times reported that they overpaid even for non-historic houses.

The whole fiasco reflects the nature of government and bureaucracy, the result of noncompetitive systems and bureaucrats who have no customers to satisfy. Yet, increasingly, Americans and Californians, in particular, turn to government to manage more areas of our life.

But look at how the government manages its own property. Had the properties remained in private hands, or been sold to the highest bidder once Caltrans realized it didn't need them, it is likely that most of them would have been upgraded and that no one would have paid \$171,000 for a new roof.

The Caltrans roof scandal is just the latest reminder of why private property and competitive markets offer the best solutions and why government management all too often does not work as promised.

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