

SUPREME COURT OF OREGON

Coats v. State, 334 Or. 587

54 P.3d 610 (2002) · No. SC S48298 · Decided September 26, 2002

SUMMARY

The Supreme Court of Oregon held that a circuit court had jurisdiction to adjudicate the parties’ breach-of-contract claims but lacked jurisdiction to review the validity of administrative rules incorporated into the contract. Because the validity of the rules was not necessary to resolve the contract dispute, the court concluded that the exception recognized in Hay v. Department of Transportation did not apply. The court vacated the Court of Appeals’ decision and remanded for consideration of whether the incorporated rule, construed as a contract term, excluded the quarry workers and truck drivers from prevailing-wage requirements.

CASE DETAILS

COURT	Supreme Court of Oregon
WRITING FOR THE COURT	Balmer, J.; Carson, Chief Justice; Gillette, Justice; Durham, Justice; Leeson, Justice; Riggs, Justice; Balmer, Justice
JURISDICTION	Oregon
DECIDED	September 26, 2002
DOCKET	SC S48298
DISPOSITION	vacated
PROCEDURAL POSTURE	The State petitioned for review of a Court of Appeals decision affirming summary judgment for Coats in a breach-of-contract action involving prevailing-wage requirements incorporated into a public-works contract.
STANDARD OF REVIEW	Subject-matter jurisdiction may be considered at any stage of a proceeding, including by the court on its own motion. The Supreme Court reviewed the jurisdictional issue and remanded for appellate review of the contract interpretation underlying summary judgment.
PRECEDENTIAL VALUE	Published Oregon Supreme Court opinion; precedential.
PARTIES	State of Oregon acting by and through its Department of Transportation and by and through its Bureau of Labor and Industries v. R. L. Coats

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QUESTIONS PRESENTED

1. Whether a circuit court had subject-matter jurisdiction to review the validity of BOLI rules incorporated into a public-works contract.
2. Whether the validity of those rules was placed at issue in a separate breach-of-contract action under the exception recognized in *Hay v. Department of Transportation*.
3. Whether the circuit court had jurisdiction over the parties' remaining contractual dispute and whether the quarry qualified under the contractual exception for a permanent, previously established facility.

HOLDINGS

1. The circuit court lacked jurisdiction to review the validity of BOLI's rules, either facially or as applied to Coats, because the Oregon Administrative Procedure Act did not authorize circuit-court review in the circumstances presented and the *Hay* exception did not apply.
2. The circuit court had jurisdiction to adjudicate the parties' breach-of-contract claims even though it lacked jurisdiction over the rule challenge.

KEY QUOTATIONS

"We conclude that, although the circuit court in this case had jurisdiction to consider plaintiff's claims that defendant breached the parties' contract, it lacked jurisdiction over plaintiff's rule challenges." (611)

"The validity of BOLI's rules, therefore, is not relevant to, or "at issue" in, plaintiff's breach of contract action." (616)

"The decision of the Court of Appeals is vacated, and the case is remanded to the Court of Appeals for further proceedings." (617)

FACTUAL BACKGROUND

Coats contracted with ODOT to pave part of State Highway 20, and the contract incorporated BOLI prevailing-wage rules. After bids opened, Coats established a hard-rock quarry approximately ten miles from the project and used it to supply aggregate, but did not pay prevailing wages to quarry workers or truck drivers. BOLI warned that it might place Coats on a list barring him from bidding on future public-works projects. ODOT later withheld contract payments, leading Coats to assert both a rule challenge and a breach-of-contract claim.

PROCEDURAL HISTORY

Coats filed a declaratory action challenging the validity of BOLI rules and later amended his complaint to allege that ODOT breached the contract by withholding payments. The circuit court granted Coats summary judgment, concluding that his quarry was part of a permanent, previously established facility and therefore outside the prevailing-wage requirement. The Court of Appeals affirmed on a different ground, holding that BOLI's application of its rules was implausible. The Oregon Supreme Court vacated that decision because the circuit court lacked jurisdiction to review the rule challenge and remanded for consideration of the contract-interpretation issue.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The Court of Appeals must consider the contract-interpretation issue—whether the quarry qualified as a permanent, previously established facility under the incorporated BOLI rule—and resolve the contractual dispute without reviewing the validity of BOLI's rules.

CASES CITED

- Coats v. ODOT, 170 Or. App. 32, 11 P.3d 258 (2000)
- Alto v. State Fire Marshal, 319 Or. 382, 876 P.2d 774 (1994)
- Hay v. Dep't of Transportation, 301 Or. 129, 719 P.2d 860 (1986)
- City of Lake Oswego v. Mylander, 301 Or. 178, 721 P.2d 433 (1986)
- Dippold v. Cathlamet Timber Co., 98 Or. 183, 193 P. 909 (1920)
- Vulcan Arbor Hill Corp. v. Reich, 81 F.3d 1110 (D.C. Cir. 1996)
- Woodside Village v. Sec'y of U.S. Dep't of Labor, 611 F.2d 312 (9th Cir. 1980)