# Oregon State Psychiatric Hospital Replacement

## Site Recommendations

Developed Jointly by the

Department of Human Services and the

Department of Administrative Services

## Introduction

Oregon has a tremendous opportunity this year to greatly improve the lives of people with mental illness, and their families, through the construction of two new psychiatric hospitals and enhanced community mental health services. An intensive two year planning process, detailed in *Oregon State Hospital, State of Oregon – DHS – Office of Mental Health and Addiction Services, Framework Master Plan – Phase I Report*, May 2005 and *Phase II Report*, February 2006[1] provides a path for making the necessary changes.

The plan requires moving patients out of the state's outdated and structurally unsound hospitals into new facilities conducive to modern treatment and patient recovery. It also requires developing more and better community programs that will keep many people from being hospitalized and provide more appropriate transition programs for those who do require hospitalization. Taking action now to secure construction sites for both hospitals will allow the state to move forward in the manner and on the timeline outlined in the studies cited above.

[1] Phase I and Phase II Master Plan. Addendum #1

This report includes the following:

- A brief review of Oregon's current mental health delivery system,
- A description of the site selection process used by the Department of Administrative Services (DAS) and the Department of Human Services (DHS) to determine recommended locations for two new psychiatric hospitals, and
- Identification of recommended sites for two new psychiatric hospitals in western Oregon forwarded to Governor Kulongoski.

Separate efforts are underway to address the unique needs of central and eastern Oregon. Another separate effort is outlining specific community-based service needs. Both efforts will produce additional reports with recommendations.

## Siting Process

The recommended sites were selected in accordance with procedures and criteria developed by the Joint Interim Committee on Oregon State Hospital Site Selection Criteria[2]. Governor Ted Kulongoski, Senate President Peter Courtney and former House Speaker Karen Minnis formed and named the individuals to the Site Selection Criteria Committee[3]. Committee members were

- Senate President Peter Courtney (D- Salem/Gervais/Woodburn)
- Senator Laurie Monnes-Anderson (D-Gresham)
- Senator David Nelson (R-Pendleton)
- Senator Jackie Winters (R-Salem)
- Representative Jeff Barker (D-Aloha)
- Representative Debbie Boone (D-Cannon Beach)
- Representative Bruce Hanna (R-Roseburg)
- Representative Bob Jenson (R-Pendleton)

Senator Avel Gordly (D-Portland) and then Representative Billy Dalto (R-Salem) were named as alternative Committee members. Department of Human Services Director Bruce Goldberg chaired the Committee and

[2] OSH Land Proposal Review Process. Addendum #2

[3] Governor's Office News Release June 9, 2006 and June 29, 2006. Addendum #3

Department of Administrative Services Director Lindsay Ball also was a named member. The Governor or his designee served as a non-voting member of the Committee.

The Committee met during July and August 2006. They reviewed reports cited in this document and took public testimony. Their work culminated in the development of a process and criteria for review of potential sites for construction of the two new state psychiatric hospitals.

## Oregon's mental health delivery system

The *President's New Freedom Commission on Mental Health* estimated that 7 percent to 9 percent of America's adult population experiences some form of mental illness, making it the nation's leading cause of lifetime disability.

In Oregon, 71,820 adults received community mental health services from July 1, 2005 through June 30, 2006. The Oregon State Hospital system, with campuses in Salem, Portland and Pendleton, is funded to care for 741 people a day. The number of Oregonians needing services is expected to grow as the general population grows and as the number of elderly individuals in the population rapidly increases, resulting in more cases of Alzheimer's disease and other dementias.

Appropriate delivery of mental health services in Oregon has long been a concern of legislators, governors, service providers, consumers and advocates. This concern has led to several Governor-commissioned workgroups and taskforces during the past decade, most recently *A Blueprint for Action, September 2004, by Governor Kulongoski's Mental Health Task Force*[4]. The reports unanimously stipulate that Oregon must develop a comprehensive community-based system of care to provide effective and efficient mental health services to Oregon's growing population. Recent recommendations call for a "recovery model" or

[4] Past Reports. Addendum #4

consumer-driven system that focuses on maintaining a person's stability and functionality. This model conforms to the *President's New Freedom Commission on Mental Health, 2003.*

Such a system provides services and interventions for people with mental illness in their local communities unless their safety or the safety of others can be ensured only in a state hospital. While Oregon has the framework for such a statewide continuum of care, in many communities the services are inadequately funded, inaccessible or simply not available. Despite these limitations, however, far more people with mental illness participate in community-based services than are hospitalized.

The current funding framework for mental health services supports the recovery model with federal, state and local funds. The DHS Addictions and Mental Health Division (AMH) distributes state and federal funds to communities via contractual agreements. Medicaid-managed mental health care funds are distributed according to the number of Medicaid-eligible individuals in the community who are enrolled in managed care. Distribution of non-Medicaid funds is determined, in part, by a population-based formula. Communities then provide or contract for services in accordance with established local needs. Some communities are able to purchase additional services with local funds. These community-based services are sometimes referred to as "front-end" and "back-end" services.

Front-end services are designed to provide treatment and support for people who, with appropriate services, can be stabilized and can continue to live in the community. These services prevent individuals from requiring more restrictive and more expensive services including admission to a state-operated psychiatric hospital.

Back-end services are available to help persons leaving the state hospital maintain their recovered stability and functionality in less restrictive community programs or settings.

This continuum of care[5] ensures smooth and appropriate transitions for all patients throughout the range of their mental health care needs.

## The Oregon State Hospital System

The Oregon State Hospital system, with campuses in Salem, Portland and Pendleton, has a total budgeted capacity of 741 beds.

The hospitals serve a diverse population. Approximately two-thirds of the patients are committed to the hospital from Oregon's criminal courts. Of that group, about 100 are sent by courts to the hospital as "Incompetent to Stand Trial" and are hospitalized for treatment and competency restoration. The other patients have been found "Guilty Except for Insanity" (GEI) by Oregon courts and placed in the hospital under the jurisdiction of the Oregon Psychiatric Security Review Board (PSRB).

The remaining third of the patients are committed by civil court. These patients are split between the adult units and the gero-psychiatric units.

The forensic units generally operate over capacity. When the civil units reach capacity, people who need to be at the state hospital are put on a waiting list and stay in local acute care beds. Lack of state hospital capacity strains Oregon's community hospitals and requires patients to stay in the wrong level of care while waiting for a bed to open in the state hospital system.

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[5] Continuum of Care Flowchart. Addendum #5

Civilly committed individuals may be discharged by the DHS when hospital staff determine that the person is capable of moving to a less restrictive environment in the community.

Those patients committed from criminal courts for competency restoration remain in the hospital until either their competency is restored or, more infrequently, until the hospital determines that their competency will not be restored. When competency restoration has been accomplished the majority are returned to the court of jurisdiction to have their criminal charges adjudicated.

Those adjudicated to the PSRB remain under the Board's jurisdiction for a defined time period analogous to the sentence that they might have received had they not been found GEI. While under its jurisdiction, the PSRB determines whether an individual remains in the hospital or the PSRB may conditionally release the person into a secure and monitored setting in the community.

For at least the last thirty years, Oregon's psychiatric hospitals have been operating with budgetary restrictions and significantly aging facilities that do not meet modern hospital standards. In addition, recognizing the need for improvement especially at the Oregon State Hospital, the state recently settled two legal actions that require significant improvement in care provided to patients[6]. Ongoing concern about the hospitals also prompted the November 2004 Legislative Emergency Board to allocate funds to DHS for an independent examination of the mental health system with a specific focus on the Oregon State Hospital.

Using those funds, DHS contracted with KMD Architects to provide an "overview of the Oregon State Hospital and the effectiveness of Oregon's mental health system". KMD has been designing mental health facilities across the country since 1964. They have designed and

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[6] Legal Action and Corrective Action Plan. Addendum #6

constructed more than 70 mental health projects including some requiring secure environments.

KMD and its subcontracted mental health experts examined conditions at the state hospital, met with over 100 stakeholders and produced two reports: *Oregon State Hospital, State of Oregon –DHS – Office of Mental Health and Addiction Services, Framework Master Plan – Phase I Report*, May 2005 and *Phase II Report*, February 2006.

KMD reviewed their findings and recommendations from both reports with the Interim Committee. The reports outline the needed investments in community-based programs and clarify the role of the state hospital in the overall mental health system of care.

KMD's analysis concluded that existing Oregon State Hospital structures are not conducive to modern treatment methods and supervision. All of the buildings are old, with one structure dating to 1883 and the most recent construction occurring in 1955. While most buildings have been remodeled over the years, none comply with today's construction standards. Some structures contain asbestos and lead; others present immediate seismic and fire risks.

An older part of the "J" Building houses about 100 patients in Wards 41A, 41B and 41C. These three units are considered to be at most risk in the event of a significant earthquake. DHS plans to have those wards vacated by June 2007 when remodeling of the sixth floor of the Portland campus, a leased facility, is complete. In addition, enhanced community placements for some patients also will accommodate the closure of the building.

KMD's reports formed the basis for the state hospital portion of Governor Kulongoski's 2007-2009 Recommended Budget (GRB). That budget makes investments in community-based services and provides funding for initial steps toward construction of new state hospital facilities. The proposed funding enables Oregon to invest in

community-based services and psychiatric hospitals to better develop an appropriate and cost-effective system of care.

## Study Recommendations

KMD recommended several scenarios for providing intensive hospital services for individuals requiring a high level of care and security. All recommendations included construction of new hospital facilities. Senate President Peter Courtney, past House Speaker Karen Minnis and Governor Kulongoski agreed that two new state hospitals and at least two new 16-bed secure residential facilities should be brought on-line during the next five biennia. This decision agreed with the KMD recommendations.

The two recommended hospitals are a 620-bed hospital in the north Willamette Valley and a 360-bed facility south of Linn County and west of the Cascades. These locations align with Oregon's major population centers, which provide the majority of people accessing hospital services.

Following KMD's recommendations, at least two 16-bed facilities are to be located east of the Cascades. These smaller secure facilities will complement the current array of mental health services and thereby provide more readily accessible programs for people in the central and eastern part of the state.

KMD's recommended model for improving mental health treatment throughout the continuum of care – front-end, hospitalization and back-end – not only meets the anticipated growth in need, but does so in a way that enhances a community-based system. This approach strengthens the ability of communities to provide the care and services their residents need, and ensures that all Oregonians have access to a consistent high-quality level of care regardless of where they live.

## Site selection process

Governor Kulongoski, Senate President Courtney, and former House Speaker Minnis established the Joint Committee on Oregon State Hospital Site Selection Criteria and charged the Committee with establishing the process for locating two new state psychiatric hospitals. The Committee examined the KMD recommendations, held public hearings and developed the criterion and process by which two sites would be identified.

The legislatively approved process consisted of three phases:

- Phase 1 was a simple pass/fail based on acreage and location;
- Phase 2 included criteria to evaluate technical site attributes and costs; and
- Phase 3 included criteria related to programmatic needs and support.

Once the criteria and process were identified, the site selection process began with a solicitation of interest by private parties through a DAS "Hot Sheet" announcement[7]. This solicitation resulted in 13 privately owned potential sites being offered. In addition, 5 state-owned sites were identified as potential construction sites. ORS 270.100 requires examination of state-owned property prior to a state agency's acquisition of other land[7]. Prior to the evaluation process, one owner withdrew a site from competition and DAS eliminated two sites during the Phase I evaluation they did not meet the minimum acreage requirements. This left 15 sites to undergo the full site selection process.

## Evaluation criteria

DAS generated data from the affected cities and counties and did a preliminary Geospatial Information System (GIS) review of the sites. DAS also selected and contracted with the Hammes Company to

[7] Hot Sheet and Preference for State-Owned Property. Addendum #7

conduct a more in-depth analysis of each site, including a review of the cost and timing issues for each property. The Hammes Company was selected because they have provided similar services to more than 100 hospitals, healthcare systems and physicians across the country.

With the technical information provided by Hammes and the GIS review, DAS staff, in consultation with DHS staff, reviewed the sites following the Phase 2, "Technical and Cost" Criteria, identified by the Site Selection Criteria Committee:

- Acreage - Gross acreage and build-able acreage
- Acquisition – price or fair market value
- Offsite infrastructure costs – offsite costs such as roads and utilities
- Employee relocation costs, if any
- Onsite infrastructure costs – onsite development costs such as storm water and utilities
- Barriers to closing – such as liens or title problems
- Means for future expansion – space beyond minimum build-able acreage
- Proximity to major transportation – distance to highways and transit
- Water availability – availability of utilities to the site
- Zoning – suitable zoning for a public hospital
- Not in flood plain – outside FEMA 100 year flood plain
- Topography – lack steep or un-build-able slopes
- Suitable geology/soil
- Non-useable area (wetlands) – lack of wetlands, utility easements or similar non-useable area
- Land use/proximity to other land uses – compatible adjoining uses
- Parcel shape – shape that does not inhibit development
- Contiguous – unified site without gaps or barriers

During the Phase 3 evaluation, DHS staff, in consultation with DAS staff, also evaluated each site against the following established Programmatic and Social Criteria:

- Patient access to medical facilities
- Availability of professional staff
- Access to mental health partners
- Availability of local community residential treatment facilities
- Retention of current staff
- Adequate housing and support for workforce
- Fire, police, library, and local services
- Local support of project
- Work opportunities for patients
- Access to medical facilities
- Proximity to patient families
- Family work and support
- Educational facilities for all
- Security
- Ease of transportation – patients
- Public Transit.

Efforts were made by DAS and DHS to collect objective community information and data against which to score each site. For example, the agencies reviewed current housing cost and vacancy data to determine availability of adequate housing for staff. This process provided a balance between urban and rural areas. In more rural locations, rent and purchase costs are lower, but often there is not as great a supply of housing. More urban areas tend to have a greater supply, but higher prices.

Once the evaluation was completed for both the Phase 1 and Phase 2 criteria, the results were used to rank the sites. A perfect score would have been 440, and the evaluated sites ranged between 184 and 356. All sites had both positive and negative attributes.

As noted, of the 18 sites originally submitted for consideration, one was withdrawn by the broker and two were eliminated during the Phase I – pass/fail tests because they didn't meet the size requirements and due to location couldn't be combined with other sites. Subsequently two properties in the north and two in the south were combined to meet the acreage requirements. Thus, in the end, the following 13 potentially suitable sites - four in the north and nine in the south - were evaluated using the technical (Phase 2) and programmatic (Phase 3) criteria established by the Interim Committee.

Northern Site - North Willamette Valley

- Shute Road, Hillsboro
- Reeds Crossing, Hillsboro
- Oregon State Hospital grounds, Salem (state-owned)
- Oregon Department of Corrections (DoC) Turner Rd., Salem (state-owned) and the Deer Park property also in Salem

Southern Site - South of Linn County and west of the Cascades

- Dutch John Heights, Coquille
- Dixonville, Roseburg
- Coker Butte, Medford
- Airport Breeze, Medford
- KOGAP Orchard, Medford
- Ashland/Olson, Ashland
- DoC property, Simpson Gulch, White City/Medford (state-owned)
- Knox/Wicklund property, Springfield
- DoC property, Junction City (state-owned)

## Results

All thirteen sites were evaluated against the legislatively determined criteria. The DAS took the lead for the technical criteria and the DHS took the lead for the program/community criteria. A summary of site scores is presented in Table I below.

TABLE 1
**SITE EVALUATIONS**

| NORTHERN SITES | RANK | TECHNICAL | PROGRAM | COMBINED |
|---|---|---|---|---|
| Oregon State Hospital grounds - Salem | **1** | 184 | 172 | **356** |
| DoC-Turner Rd/Deer Park - Salem | **2** | 165 | 169 | **334** |
| Reeds Crossing - Hillsboro | **3** | 146 | 168 | **314** |
| Shute Road - Hillsboro | **4** | 150 | 159 | **309** |

| SOUTHERN SITES | RANK | TECHNICAL | PROGRAM | COMBINED |
|---|---|---|---|---|
| DoC– Junction City | **1** | 162 | 160 | **322** |
| Coker Butte - Medford | **2** | 185 | 126 | **311** |
| KOGAP Orchard - Medford | **3** | 183 | 119 | **302** |
| Airport Breeze - Medford | **4** | 131 | 138 | **269** |
| Dixonville - Roseburg | **5** | 149 | 118 | **267** |
| Knox/Wicklund - Springfield | **6** | 112 | 147 | **259** |
| Ashland/Olson - Ashland | **7** | 92 | 119 | **211** |
| DoC/Simpson Gulch – White City | **8** | 89 | 120 | **209** |
| Dutch John Heights - Coquille | **9** | 97 | 87 | **184** |

The Oregon State Hospital grounds in Salem and the DoC-Turner Rd/Deer Park site in Salem were the top scoring sites for the northern hospital. The DoC-Junction city property and the Coker Butte site in Medford were the top scoring sites for the southern hospital. Some of the more salient features for each of the top two scoring sites are presented below. Each site had its positive attributes and challenges. Where overall site scores are close it was critical to examine the specific features of each site.

Following each site description is an estimate for construction on the site. Further due diligence studies of the selected site may modify those estimates.

**Northern Site – New 620-bed Hospital:**

1. Current Oregon State Hospital Site
   Positive Attributes
   - DHS already owns the site – no purchase cost to State
   - Correctly zoned for State Hospital
   - Location and transportation and provides patients with best access to jobs and other town activities
   - Longstanding community and neighborhood support
   - Best site for retaining existing staff
   - Site familiarity for staff and patients
   - Optimal opportunity to include surrounding historical considerations for preservation of part of existing hospital structures
   - Optimal opportunity to include at new facility the development of a memorial for cremains of earlier patients who lived and died on the site

   Challenges
   - Demolition costs for hazardous materials, buildings, and tunnels
   - Requires careful staging of demolition and construction to maintain current operations and optimal patient care during construction of new facilities
   - Property divided by Center Street

Oregon State Hospital grounds – Salem Site
construction cost estimates

| | |
|---|---|
| Land Acquisition Cost | $ 0 |
| Design and Construction Cost based on spring, 2009 beginning construction date (includes inflation) | $220,200,000 |
| Site Preparation Costs | $ 12,600,000 |
| Other Anticipated Costs such as demolition, remodeling, abatement | $ 16,700,000 |
| TOTAL | $249,500,000 |

2. Department of Corrections Deer Park Road/Turner Road Site
   Positive attributes
   - Owned by State – no additional purchase cost - debt service would be transferred from DoC to DHS
   - Correctly zoned for State Hospital and within UGB
   - Good access to I-5
   - Land available for expansion

   Challenges
   - Would interrupt DoC planning and operations including use of their rifle range training site
   - Two small cemeteries abutting property constrict development
   - Somewhat rolling terrain increases onsite development costs
   - Utilities not available to property line
   - Requires relocation of Gath Road for optimum site

- Scheduled for future state prison construction which could mean additional cost to state in future siting for new prison facility
- Location and limited public transportation would restrict patients' access to work and other public activities

DoC Turner Rd. / Deer Park – Salem Site
construction cost estimates

| Item | Cost |
|---|---|
| Land Acquisition Cost – 7.2 m. debt transferred to DHS | $ 0 |
| Design and Construction Cost based on spring, 2009 beginning construction date (includes inflation) | $220,200,000 |
| DoC purchase of other property | unknown |
| Site Preparation Costs | $ 24,900,000 |
| Other Anticipated Costs such as demolition of out buildings and clean-up of contaminated rifle range | $ 500,000 |
| TOTAL | $245,600,000 |

**Southern Site – New 360-bed Hospital**:

1. DoC Junction City Site

   Positive Features

   - Owned by State – no additional purchase cost - but debt service would be transferred from the Department of Corrections (DoC) to DHS
   - Within urban growth boundary (UGB)
   - Classic flat 'farmer's field' land with lower onsite development costs.
   - Very strong local support

- Allows ideal partnership with Oregon Health & Science University (OHSU) and the University of Oregon (U of O) for professional staff training and retention
- Highly educated population from which to draw staff and high concentration of professional staff already in area
- Closest to the majority of patient homes and northern overflow
- Proximity to the PSRB hearings

Challenges
- Zoning changes necessary
- Utilities not available to property line
- Site large enough for one prison and one psychiatric hospital, but would require DoC to find alternative site for future expansion

DoC-Junction City Site
construction cost estimates

| Item | Cost |
|---|---|
| Land Acquisition Cost – .7 m. debt transferred to DHS | $ 0 |
| Design and Construction Cost based on spring, 2011 beginning construction date (includes inflation) | $134,300,000 |
| DoC Purchase of Alternate Property | unknown |
| Site Preparation Costs | $ 28,300,000 |
| Other Anticipated Costs such as intersection improvements | $ 500,000 |
| TOTAL | $163,100,000 |

2. Coker Butte-Medford Site
Positive Features
- Classic flat ‘farmer’s field’ site with lower on-site development costs

- Utilities at property line
- Good shape, contiguous, with expansion room available

Challenges

- Outside UGB
- Zoning changes necessary (combined with UGB issue, estimate is that existing land use issues likely to take more than three years to resolve)
- This specific Medford site lacks local political support though community is supportive of other Medford sites that did not score as well
- Location and limited public transportation severely restricts patients' access to jobs and other public activities

Coker Butte – Medford Site
construction cost estimates

| | |
|---|---|
| Land Acquisition Cost | $ 13,700,000 |
| Design and Construction Cost | $134,300,000 |
| Site Preparation Costs | $ 11,100,000 |
| Other Anticipated Costs | $ 0 |
| TOTAL | $159,100,000 |

## Recommendation

DHS and DAS are recommending that the northern hospital be constructed on the grounds of the current Oregon State Hospital in Salem and that the southern hospital be constructed on the DoC Junction City site. Both sites scored the highest, in their respective geographic areas, on the criteria developed by the Interim Committee. In general, the analysis of those criteria focused on three essential areas: 1) the ability of the site to meet patient needs and support high quality patient care and treatment; 2) opportunities for recruitment and retention of

appropriate staff; and 3) cost to the state. Additional information about the analysis underlying the scores for the recommended sites is provided below.

## North Site – Current Oregon State Hospital Property

Patient Needs

The current state hospital grounds are ideally suited to meet the needs of patients, particularly with respect to the development of a continuum of care to ensure smooth and appropriate transitions for hospital patients as they work toward recovery and, ultimately, transitioning out of hospital-level care and back to their home communities. For example, public transportation is good and patients are able to walk to jobs and other community activities. Relationships with patients' employers, neighbors and local hospitals (used for emergencies and other serious medical patient needs) can be maintained. The larger Salem community is accustomed to having a large psychiatric hospital on this site and is generally supportive of the hospital.

Staff Recruitment and Retention

Certainly this site is the best for retaining existing staff. They will not have to move, disrupt their families' other employment and educational situations or make different transportation arrangements as they continue their work on this property. New partnerships with OHSU at the current campus have already expanded staff recruitment possibilities. In addition, staff recruitment and retention will improve by increasing staff-to-patient ratios in the new hospital and by getting both patients and staff out of the old deteriorating buildings and into new facilities that better support their work.

Costs

The land is flat and utilities are readily available. Carefully staged demolition and preservation of existing buildings on the site add to the costs of construction. Some, if not all of the demolition and preservation costs would occur even if a new hospital is not built on the grounds.

Certainly these improvements enhance the overall long-term value of the property for the state.

Additional costs are associated with providing ongoing care and services to the patients while a new hospital is under construction on the site.

Unique Features

The historical nature of this site provides a unique opportunity to create a memorial for the unclaimed cremains of patients who previously lived and died at the hospital. Developing such a memorial will provide a necessary and respectful final resting-place for these unknown individuals.

The site also presents unique construction challenges including removal of old buildings and the provision of continued services to patients during construction. There are, however, thoughtful ways to meet the challenges. The most feasible plan calls for building the new facility entirely on the south side of Center Street. A few remaining patients in the "J" building and administrative staff in a separate building would be moved temporarily to the north side of Center Street to allow demolition of some existing structures to make way for the new hospital.

Demolition will be complex because essential services, such as food and heat, are provided by facilities on the south side of Center and delivered through tunnels. DHS will have to manage "work-arounds" for these services until they can be supported by new construction.

Estimated costs associated with the unique challenges associated with construction on this site have been calculated into the estimated costs portrayed earlier in this report. Both agencies agree that despite the challenges unique to building a new hospital on the existing Oregon State Hospital grounds will, in the long-term, best meet needs of patients and staff.

## Southern Site – Department of Corrections Junction City

Patient Needs

Construction of a new psychiatric hospital on this site is the best option for patients who will be served in this facility. There is adequate public transportation to nearby urban areas that provide a wide variety of community activities and opportunities.

At least half of the patients will come from the surrounding counties[8]. A hospital on this site can also easily provide beds for the eventual overflow of patients from the northern counties.

Staff Recruitment and Retention

Several factors make this site the best in terms of potential for recruitment and retention of staff:

1) The existing concentration of professional staff in this area offers the state the opportunity not only to recruit qualified health professionals but also enhance the state's ability to retain staff once recruited because of education and training opportunities in the community. In addition, during the evaluation of the site, the state had preliminary conversations with OHSU and the U of O about the potential for partnerships with those institutions focused on staff development for the new state hospital campus. OHSU is expanding its medical training into Corvallis and Eugene. A nearby state hospital will provide excellent opportunities for hands-on training for doctors and nurses. OHSU and the DHS are already partnering to better address Oregon's shortage of doctors and nurses to work with people with mental illness. The opportunities presented by co-locating in Lane County cannot be overstated. The Oregon State Hospital system and Oregon's community mental health system would benefit from such a partnership.

[8] 2006 OSH Average Daily Population. Addendum #8

There are similar opportunities for collaboration between the U of O and their psychology students. Both partnerships will help recruit and retain professional staff required by the psychiatric hospital.

Finally, because of the proximity to Eugene, the Junction City site provides a multitude of school and work opportunities for staff family members.

Cost

Currently, the Department of Corrections owns this large parcel of land meaning that in the short term, there are no acquisition costs to the state for building on this site.

The DoC's plan calls for construction of a minimum and a medium security prison in the near future with repeat construction of similar facilities some decades in the future. The DoC has expressed willingness to forgo their long-range expansion on this site in order to accommodate a separate state psychiatric hospital on the property. This may pose a future cost to the state if the DoC must purchase an alternate property expansion that is planned in the next two decades.

It is possible that site preparation and construction efficiencies could be found if construction for both agencies proceeded reasonably close together. Because basic utilities are not currently available on-site all opportunities to share or reduce costs should be pursued.

Unique Features

The opportunities presented by co-locating in Lane County cannot be overstated. OHSU and the DHS are already partnering to better address Oregon's shortage doctors and nurses to work with people with mental illness. Close physical proximity of the medical training program and the psychiatric hospital will support the existing partnership which would, in turn, benefit the Oregon State Hospital system as well as Oregon's community mental health system.

## Next steps

Following approval of the two sites, DAS and DHS will begin a "due diligence" process to ensure the evaluation process did not miss some critical factor that would adversely impact project success or budget. Construction of the northern 620-bed facility is scheduled to begin in the spring of 2009 with completion in the fall of 2011. Design and construction of the southern 360-bed facility is planned to begin in 2011 with completion in 2013[9].

If current population forecasts hold steady and the planned front-end and back-end mental health community services are brought on-line, simultaneous hospital construction should not be necessary. There should, however be an overlap in construction on the northern site and planning and preparation for the southern site.

Site preparation, architectural planning and construction will be funded by Certificates of Participation (CoP). The GRB for 2007-09 contains limitations that will allow for preparation of both sites as well as architectural planning for both sites and beginning construction for the northern 620-bed facility.

Project continuation during the 2009-11 biennium will require the sale of additional CoPs for construction for the northern 620-bed facility, architectural planning, and beginning construction of the southern 320 bed facility. The DHS will also require debt service on the earlier CoPs and additional general funds for staffing the northern facility during the quarter of the biennium.

CoP debt service will continue during the 2011-13 biennium and into future biennia. General fund for staffing the northern facility will

[9] Project Timeline. Addendum #9

continue with additional general funds needed for staffing the southern facility during the last quarter of the 2011-13 bienium[10].

## Conclusion

The recommendations in this report provide the state with an historic opportunity to improve the quality of services in Oregon's state psychiatric hospitals. Both the Oregon State Hospital grounds in Salem and the DoC-Junction City site would allow the state to construct two new larger state hospital facilities near the majority of patients' home communities and in locations that will offer the greatest opportunities for patients to transition from hospital-level care to independence in those communities. Both sites also have the greatest potential for staff development and retention. Finally, evaluations to date indicate that construction costs on each site and operational costs for each hospital are cost effective investments for the state. Perhaps equally significant, selection of these sites also would allow the state to move forward with this project within the timeframe set out in this report, a timeframe designed to advance the transformation of state psychiatric hospital-level care in Oregon as quickly as is reasonable.

Ultimately, the success of a new Oregon State Hospital system is dependent not just on following through with the recommendations in this report, but also on maintaining a parallel focus on the enhancement of front and back end mental health services to support the mental health needs of Oregonians in their home communities. The opportunity to do both stands before us, and state agencies stand ready to assist the Governor and the Legislature to that end.

[10] Projected Budget. Addendum #10