

DEPARTMENT OF HUMAN SERVICES
Oregon State Hospital Replacement Project
Due Diligence Report
Executive Summary

August 28, 2007

Legislative authorization: By funding the Oregon State Hospital Replacement Project, the 2007 Oregon Legislative Assembly expressed its support for construction of two new state-operated psychiatric treatment facilities – a 620-bed facility in the northern Willamette Valley and a 360-bed facility south of Linn County – to replace the aging 632-bed Oregon State Hospital in Salem and its 68-bed Portland facility.

Total cost for both facilities is approximately \$450 million. Funds are provided through the sale of certificates of participation (similar to bonds). Included are funds for the Behavioral Health Integration Project (B-HIP), a new data system for use in the Oregon State Hospital to manage pharmacy, laboratory, food service, medical services and admit, discharge and transfer to community programs.

Using legislatively mandated selection criteria, the state has recommended that the 620-bed facility be constructed on the grounds of the existing OSH site in Salem and the 360-bed facility on state-owned property in Junction City. The Salem facility is scheduled to open in 2011 and the Junction City facility in 2013.

Due diligence: The Oregon Department of Human Services contracted with the Hammes Company, an outside consultant, to conduct an in-depth due diligence review of the Salem site (the subject of this report). The purpose of the review is to ensure that the site is appropriate for the planned facility.

The due diligence review included environmental studies, soil testing, structural analysis of current buildings, and preliminary historical and cultural reviews.

OSH occupies 144 acres on the north and south sides of Center Street N.E. in Salem, one and one-half miles east of the Capitol Mall; 41 acres are located on the north side of the street and 103 acres on the south side of the street. This report focuses on the south side of Center Street N.E.

Findings: The Hammes Company presented the findings of the due diligence process in a report delivered to DHS July 31, 2007. DHS has reviewed the report and developed this executive summary to communicate findings and issues raised in the report.

While the Hammes Company report indicates that no “show-stoppers” have been identified that would preclude the use of the Salem site for the OSH replacement project, the report identifies issues that will need further evaluation and consideration to avoid impacting the design, timing and /or cost of the project at the Salem site. The identified issues include groundwater monitoring wells, wetlands, utility easements, existing trees, potential archeological finds and structures that either are or could be listed as historical buildings.

The information in this report is intended to bring forth any issues with the site that will need to be addressed before construction can begin on the proposed 620-bed psychiatric treatment facility. However, it has not yet been determined which, if any, of these issues will require action. In all cases, DHS is committed to working with the local community and stakeholder groups, and within local, state and federal guidelines, to address these issues in an open and appropriate manner.

The issues identified in the report and the steps DHS would take to address them follow.

Groundwater monitoring wells: Two monitoring wells located on the site are part of a long-term groundwater cleanup project by the Oregon Department of Corrections. These wells, along with others located off-site, continually monitor the levels of contaminants in the groundwater around the Oregon State Penitentiary. The wells are located in areas that should not interfere with the new hospital, but DHS would cooperate with the Department of Corrections to allow them to relocate these wells should that be needed.

Wetlands: Several wetland-type plants were found in lower areas of the site, which may constitute a determination through the Department of State Lands that the areas would be considered protected wetlands. The plants were discovered in close proximity to the Oregon State Penitentiary where a wetland area could be enhanced to provide buffering between the two facilities.

Easements: Existing utility company easements may require relocation of certain utility lines to other areas of the site. When utility services are relocated, utility companies typically will notify affected customers if short-term outages would occur. DHS will cooperate with the various utility companies to minimize any impacts to the local community.

Plant and animal species: No rare, threatened or endangered plants or animals were found during the survey. However, several Oregon white oaks qualifying as "Significant Trees" were identified on the site. Trees fall into this category when they are in the mid-range of their life expectancy and represent a type of tree indigenous to the local area. The new campus will comply with the City of Salem's tree conservation standards, which require the developer to replace trees with new ones up to a 3:1 ratio. DHS is committed to maintaining a green park-like setting in the landscaping plans for the new facility. DHS will work with contractors to minimize the effects of the new construction on the birds and animals on the campus.

Possible archeological finds: The State Historic Preservation Office considers the Salem area a "High Probability Area," an area likely to contain cultural and historical artifacts. OSH has been at its location for well over 100 years, and much of the site has never been examined for artifacts beneath the soil. The site will be surveyed by expert archeologists and samples taken to see if there is a potential to recover any data that would add to the understanding of the history in the area. If artifacts are found, they will be placed in inventory at the designated state colleges that use the information as part of their study programs.

Historical buildings: Both the OSH Dome Building, currently occupied by the Oregon Department of Corrections, on the north side of Center Street N.E. and the OSH J Building on the south side of Center Street N.E. are listed with the City of Salem's Historic Landmark Commission. The Salem Historical Society is working to have the entire OSH campus listed on the National Registry of Historic Places. DHS is committed to following applicable processes for addressing such listings should that prove necessary.

Additional considerations: In addition to the potential challenges identified by the Hammes Company, DHS also recognizes the additional challenge of constructing a new facility on the OSH grounds while maintaining

appropriate services to patients. At a minimum, patients and staff impacted by the design must be relocated away from construction activities. This would require modification of existing campus buildings and/or use of temporary modular hospital structures.

Next steps: CH2MHill, Inc., an international engineering and construction firm founded in Corvallis, Oregon, has been hired as a project management consultant to assist DHS in managing the project. A design firm is scheduled to be hired in September 2007 to start early on design options for the site and to continue with site studies. A construction contractor will be selected this fall to start work projects in preparation for the construction of the new campus beginning around May 2009. These professional contracted firms will assist DHS in the design of a new psychiatric treatment facility and advise the agency on the associated risks and challenges resulting from the specific facility design and footprint.

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