



Oregon

Theodore R. Kulongoski, Governor

Department of Human Services

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June 2, 2008



The Honorable Peter Courtney, Co-Chair
The Honorable Jeff Merkley, Co-Chair
State Emergency Board
900 Court St, NE
H-178 State Capitol
Salem, OR 97301-4048

RE: Policy Note Directive for the Oregon State Hospital (OSH) – Policy Note
HB 5031/HB 5006

Dear Co-Chairpersons:

NATURE OF REPORT

The Department of Human Services (DHS) Addictions and Mental Health Division (AMH) was directed by a Policy Note within HB 5031/HB 5006 from the 2007 Legislative Session, to report to the June 2008 State Emergency Board regarding the Oregon State Hospital siting, design and construction for the facility replacement projects in Salem and Junction City (the Project).

AGENCY ACTION

In the attached report the department is presenting information on the history, budget, timelines and major milestones of the Project.

"Assisting People to Become Independent, Healthy and Safe"
An Equal Opportunity Employer

The Honorable Peter Courtney, Co-Chair
The Honorable Jeff Merkley, Co-Chair
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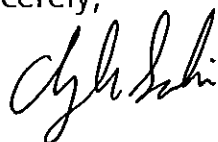
ACTION REQUESTED

The department requests that the State Emergency Board acknowledge receipt of this report.

LEGISLATION AFFECTED

None.

Sincerely,

A handwritten signature in black ink, appearing to read "Clyde Saiki". The signature is written in a cursive, flowing style.

Clyde Saiki,
Deputy Director of Operations

cc: Sheila Baker, Legislative Fiscal Office
John Britton, Legislative Fiscal Office
Eric Moore, BAM, Department of Administrative Services
Bob Nikkel, Department of Human Services

OREGON DEPARTMENT OF HUMAN SERVICES
REPORT TO THE STATE EMERGENCY BOARD
JUNE 2008

OREGON STATE HOSPITAL REPLACEMENT PROJECT

FOURTH REPORT

This is the fourth report to the Ways and Means/E-Board Committee in response to HB 5031/HB 5006 Policy Note Directive for the Oregon State Hospital (OSH) regarding site, design and construction for the facility replacement project in Salem and Junction City. The Oregon Department of Human Services (DHS) presented a prior report to the Ways and Means Committee on February 14, 2008.

INTRODUCTION

The 2007 Oregon State Legislative Assembly directed DHS to provide reports to the Legislature and the Interim Emergency Board on the Oregon State Hospital Replacement Project (the project) related to financing, expenditures and other significant issues. These reports are in addition to the joint reporting required by the policy note of DHS and the Oregon Department of Corrections (DOC) on the Junction City property.

As directed by the October 2007 Interim Ways and Means Committee, DHS will only bring forward budget or timeline changes that are due to new and

extraordinary circumstances and that have the potential to significantly affect the agency's ability to complete the project. The latter part of this update will also address issues and questions raised at the February 2008 Ways and Means Committee meeting. Through this and subsequent reports, DHS will continue to provide information on how the department will develop the best treatment and recovery facilities possible, while working to stay on-time and within the budget of \$458.1 million.

As stated in the December 2007 report to the Interim Ways and Means Committee, it is important to note that the project is one component of ongoing improvements needed across the entire mental health service continuum. The size of the planned replacement facilities in Salem and Junction City assumes a significant investment in community-based services. This includes, but is not limited to, the development of intensive services to allow the timely and successful transition of patients into the community. From July 2007 through May 23, 2008, AMH opened 200 beds of community-based residential services for people being discharged from OSH. This includes 68 beds for which development started in late 2005-07 biennium and 81 adult foster home beds opened by the counties. The remaining 51 placements are supported housing units developed with housing funds. These facilities represent places for individuals with serious mental illness to live and receive treatment. The system is working to develop 486 beds including those funded by caseload growth, policy options packages, and replacement funds from the operation of closed facilities.

In addition, the state has contracted for early psychosis, crisis, acute care, case management, jail diversion, and supported housing and employment services delivered in the community and funded by the 2007 Legislature. Together these services continue to strengthen the community-based system that is crucial to support the new state psychiatric facilities. County mental health programs and private non-profit providers have invested significant time and resources to develop these projects.

Scheduled to open in 2011 in Salem, the 620-patient replacement facility for Oregon State Hospital is now moving from the Program Phase of design to the second phase, Schematic Design.

The construction of the state's replacement psychiatric hospital forms a critical piece for what will be a person-first and person-driven mental health system of care.

PROJECT UPDATE:

Facilities programming

The project has now completed the programming phase of development. (attachment 1 project schedule). In this phase we have evaluated the existing OSH service delivery model and compared it to alternative models that are used in other states and other countries. As a result of this work, we have adopted the centralized system of care model described in the attached executive summary (attachment 2). Consequently, we have a better

understanding of space needs and the concepts related to the configuration of the new facility. Of the three conceptual footprint options provided by architects for the Salem campus, which were each evaluated for functionality, a recommendation was made to use the footprint shown in attachment 3.

OSH staff is completing a review of this program concept and building design. Working directly with the designers, OSH management and front-line employees are identifying and addressing many day-to-day issues that need to be integrated into the design, including the best ways for staff and residents to move through the facility (building flow) and how to improve staff productivity. This schematic design work will lead into conceptual design where function and form come together to create a facility, based on programming, that supports treatment, recovery and long term wellness.

The construction and design experts strongly recommend that the best location for the new facility is the campus area with the existing J building shown in the footprint document, attachment 3. This footprint is being discussed with stakeholders.

DHS will consider how the new facility reflects all input the agency has received from a variety of interests, including patients, their families, advocacy groups, neighbors, community and agency partners, the City of Salem and historians.

PROJECT RISKS & CHALLENGES

DHS' continued goal is to keep the project on time and within budget while designing a state-of-the-art treatment environment. We will work to mitigate the challenges of building in a time of extraordinary escalation of construction costs. These costs are currently driven by unprecedented increases in diesel fuel, steel, pre-cast concrete and other building materials. We will present the most accurate picture of these impacts, which will be more clearly understood when the Guaranteed Maximum Price (GMP) for construction of the Salem facility is established March 2009. To get to a GMP, two separate and independent cost estimates are reconciled within a variance of three percent. These estimates are based on actual buyout (subcontracts) of early work and very detailed line items covering everything from specified large equipment to individual light bulbs. At that point we would also have a cost model applicable to Junction City assuming we are dealing with the same type of structures. These items, coupled with the direction from the Legislature to absorb the cost of furniture, fixtures and equipment (FF&E) and the passage of the solar energy bill will need further consideration in managing the budget. As a part of the project's budget management strategy, the agency is working closely with its construction contractors to investigate all opportunities for savings and will bring forward a detailed plan outlining the approach to address the challenges and opportunities to mitigate costs within the project budget at the September of 2008 hearing before the Emergency Board.

SALEM CAMPUS

In March 2008, the Keeper of the National Register at the National Park Service approved the entire OSH campus as a historic district. DHS anticipated that the nomination would be approved and therefore followed federal requirements throughout all aspects of the project. DHS worked with local historians and community members to agree on an approach to integrating the new facility into the historic district. With the exception of two small, but very significant buildings that will be mothballed, all the buildings that will be kept will become a useful part of the campus. The main opportunity for programming is in the 285,000 square-foot J building, the largest and most significant building on the campus. The recommended footprint has programmed the 110,000 square feet of the J building known as the "Kirkbride U" as part of the treatment space for patients, office space for staff, and administrative support areas.

The OSH campus now has a total of 1.2 million square feet of building space - much of which is unusable. DHS will apply to the City of Salem in June 2008 for demolition permits for the buildings that are not reprogrammable and that stand in the way of the new facility. At the Historic Landmarks Commission on June 26, 2008, the agency will demonstrate plans to mitigate the new facility's impact on the district. These will include renovating and reusing several of the cottages, restoring the historic gardens, and maintaining at least one of the large greenhouses.

JUNCTION CITY CAMPUS, DHS AND DEPARTMENT OF CORRECTIONS (DOC) COORDINATION

DOC and DHS continue to work collaboratively on the Junction City facilities to ensure the agencies maximize all appropriate opportunities for shared efficiencies. This includes but is not limited to:

- Current plans for each facility in terms of size, location and timing.
- Current site and infrastructure design, including efforts to minimize the wetland impacts and use buffer areas, on-site storm water detention and a traffic study to address impacts from both facilities
- Future joint activities and shared facilities that are being considered include a shared central plant based on long term cost effectiveness and operational considerations; a shared wireless/radio system; a shared electrical and natural gas back up systems; shared wells for irrigation water; a shared joint warehouse facility; shared laundry facility or contract for DOC laundry services; and the use of inmate labor for long-term landscape maintenance.

Weekly meetings are held between key DHS and DOC staff along with quarterly leadership updates for both agency directors.

The Behavioral Health Information Program (BHIP) status

Development of the BHIP data system is continuing on plan. Over the course of many months, we have worked to gain a full understanding of how BHIP

should function. We are fine-tuning this work with feedback from hospital staff. In addition, we are coordinating our communication and business transition plans with our BHIP implementation. It is crucial that BHIP can be used and supported by our community partners and DHS is working on a recommendation as part of the 09-11 budget development for funding to work with providers, counties and others.

SUMMARY

During the 2007-2009 biennium, project staff will continue to update the legislature on current and emerging issues (attachment 4 critical dates), DHS intends to provide a budget update related to risks and mitigation opportunities and project schedule updates

ISSUES/QUESTIONS RAISED AT THE FEBRUARY 2008 WAYS AND MEANS BRIEFING

Ways & Means Questions and DHS Responses:

What is the latest status of historic designation? What are the costs of keeping buildings/parts thereof vs. demolition?

Response: We continue to evaluate the buildings on the south campus and will work through the City of Salem Historic Design Review Committee to respect the history of the campus while building a new state facility.

A group of Salem citizens nominated the entire Oregon State Hospital site as a district to the National Register of Historic Places (National Register). The nomination described the historic significance of the site, buildings, and structures. It was submitted to the Oregon State Historic Preservation Office (SHPO). In August 2007, SHPO asked the State Advisory Committee on Historic Preservation (SACHP) to approve the historic district nomination. Approval was given on October 15, 2007, so that the entire site was determined eligible for inclusion in the National Register of Historic Places with a few revisions requested from the nominators. On January 10, 2008, the nomination was sent to the Keeper of the National Register at the National Park Service, who approved the entire OSH campus as a historic district in March 2008.

This listing calls for the state to consider the historic significance of the site as the project proceeds. As noted earlier, DHS will recommend that some buildings on the site be restored as part of the new facility. Others will be recommended for demolition and only a very few will be recommended for mothballing. The contractors and consultants estimate that the restoration of these historical buildings may be up to 1.5 times the cost of new structures, while the costs of mothballing and demolition are a fraction of the cost. Full impacts and mitigation to the budget will be presented to the committee in future reports.

How are we doing in fulfilling minority contracts? Update the status of negotiations with Hoffman. Will Hoffman meet or exceed all state

benchmarks? Please report back on levels of minority participation and with numbers of Oregon companies involved.

Response: The subcontract for beginning construction of the project is expected to begin at the Salem site in early 2009. Hoffman Construction Company and the state will establish project goals to target Minority Business Enterprise/Women Business Enterprise (MBE/WBE), and Emerging Small Business (ESB) firms. The goals will include:

- Strive to ensure that minorities, women, and emerging small businesses have equal access to contracting opportunities;
- Coordinate with the Office of Minority, Women, and Emerging Small Business (OMWESB);
- Develop subcontracted work opportunities for interested OMWESB firms;
- Establish clear contracting procedures; and
- Reduce barriers to OMWESB participation.

Hoffman has proposed the use of a Contractor Subguard bonding program to help cover OMWESB contractors who would otherwise not qualify for bonding on these types of projects. In addition, our project staff and contract management/general contractor will attend workshops that target OMWESB firms and are exploring creative ways to attract these businesses. The first work of the project will be to renovate cottages on-site for use as transitional housing for patients. To get an early start on promoting OMWESB participation, the CM/GC intends to bid these smaller work packages only to OMWESB firms.

We will be looking at other ways to match these businesses with work opportunities and future partnerships with larger contracting firms. The project will maintain data and provide monthly reports to stakeholders, including the Office of Minority, Women, and Emerging Small Business.

Do we have a timeline and plan for demolition? Address the concern that we are not moving fast enough on demolition because of safety/health concerns outlined in CRIPA.

Response: We are early in the process of working with the City of Salem staff in compiling information need for a demolition permit. We expect to go before the Salem Historic Design Review Committee on June 26, 2008 for approval of a demolition plan that maintains certain historical buildings, including the Kirkbride U feature of Building J. See footprint (attachment 3) for more specific views of which buildings are proposed to remain as part of the new campus. The functionality of the new facility is driven by the program design as described in attachment 2. This was developed as part of the hospital's continuous improvement plan. During the new facility construction, OSH will continue to improve treatment methods through the use of a temporary treatment mall on the north side of Center Street.

Follow up on contracting issue---interested not only in more details on status of minority contracting, but also two apprenticeship issues. First, amount of apprenticeship training on the job for projects; and second, number of apprenticeships for women and for minorities.

Response: Our consultants indicate that apprenticeship participation is usually very high with large state building projects. The trades involved in this type of construction are very attractive to apprenticeship programs. The consultants expect an equal representation between union and non-union shops, which should not have an impact on apprenticeship programs because both union and non-union shops are showing nearly equal participation.

Interest in a detailed roadmap for demolition, restoration and how these relate to client safety issues.

Response: Although we are very early in the process, we do have a concept (attachment 3) that will achieve a solution that both respects the history of the campus and promotes a state-of-the-art wellness facility. Great care is being taken by the contractors during construction activities to assure patient and staff safety. We are contracting with an expert company to provide an extensive survey of hazardous materials so that when work begins these can be targeted for early abatement and additional safety precautions.



Centralized System of Care Model

June 2008

The Oregon Department of Human Services has adopted the “neighborhood and “downtown” treatment model concept, within a secure perimeter, for the Oregon State Hospital replacement.

Each patient's treatment will be based on an assessment of individual strengths, needs and preferences with the ultimate goal of restoring patients to their optimal level of functioning and returning them to their home community. All patients will have the opportunity to access at least 20 hours per week of active treatment, as described in the OSH Continuous Improvement Plan.

Treatment, which will be evidence-based to the extent possible, will be provided in a centralized manner where patients and staff will be engaged in treatment and other activities away from the living units for about 10 hours per day, Monday through Friday. For example, patients will leave their living areas between 7:30 a.m. to 5:30 p.m. and access treatment where both patients and staff from other living units will gather. Because they do not have access to bedrooms, TV rooms and other non-treatment rooms and activities during this time, patients are motivated to engage in treatment.

The centralized model enables patients to have equal access to all services provided in the facility. It also provides more opportunities for healthy socialization by allowing patients from different living units to be grouped appropriately. The neighborhood area will serve multiple living units and the downtown area will be available to all patients except those from the admission, behavior and corrections living units. The downtown includes large and small group activity rooms, gymnasium, fitness center, library with required legal materials, nutrition center, classrooms, music room, and art therapy room.


Concentrating active treatment allows all patients and staff to leave their living units together during the day. Everyone going to treatment at the same time provides motivation for all patients to participate in treatment and eliminates the need to split staff between treatment areas and living areas. It also maximizes the number and types of treatment groups available, which in turn provides more opportunity to meet the needs of individualized treatment plans.

Investing and supporting the centralized treatment model greatly improves the lives of Oregonians with mental illness and ensures their timely return to their communities and their successful long term recovery.

Two prevalent models of delivery

- a. Unit Based (Patients live and get treatment services on unit)
 History – Started in 1853 with the Thomas Kirkbride “On the Construction, Organization, and General Arrangements of Hospitals for the Insane”
- b. Centralized Services “Treatment Mall” (Patients live on unit, receive treatment, meals, and work off unit, which normalizes routines)
 - i. Staff and patients leave the unit at the same time and go to the treatment mall
 - ii. Consumer-as-mall participant increases responsibility, choices, and independence
 - iii. Centerpiece of the treatment mall is a series of rehabilitative skill building modules
 - iv. Development of leisure and recreational skills is part of the mall program

MODEL:	BENEFITS:	CHALLENGES:
Unit Based	<ul style="list-style-type: none"> • Logistically easy • Security is enhanced due to physical confinement 	<ul style="list-style-type: none"> • Treatment related: Expansion of treatment modalities and making them individualized is difficult due to restricted space and staffing • Maintenance and clean-up • Duplication of services • Fragmentation of services • Difficult to meet 20 hours of active treatment • Constraint on treatment and rehabilitation due to staffing • Patients who are the most ill receive the fewest rehabilitation services • Disabling dependence on staff is reinforced • Isolation from society is made worse by the wards isolation from the rest of the hospital community • Boredom, dreariness, and lack of expectations, which are characteristics of “ward life,” destroy hope, often indispensable in recovery • Treatment Team must be “all things to all people”
Centralized Services	<ul style="list-style-type: none"> • Delivery of services • Increase access and availability of services • Maximum utilization of staff and their individual skills • Consistency in curriculum development 	<ul style="list-style-type: none"> • Logistical Problems • Scheduling software needed • Electronic record for communication and continuity of care • Security due to increased number of patients and staff in one area

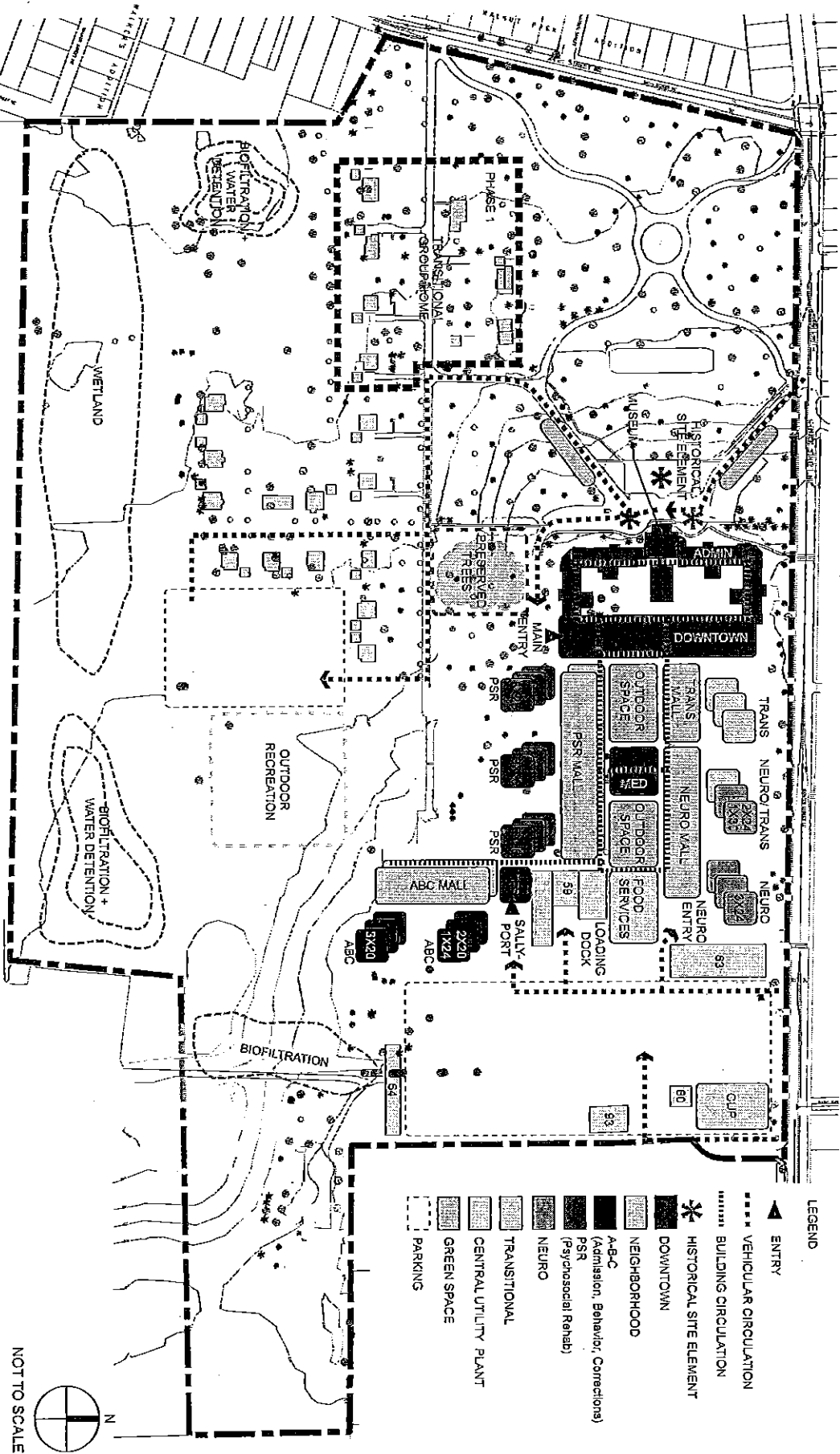
	<ul style="list-style-type: none">• Meets DOJ and Continuous Improvement Plan requirements of a minimum of 20 treatment hours per week, per individual• Increase motivation to participate in treatment• Meets individual needs• Maintenance and clean-up	
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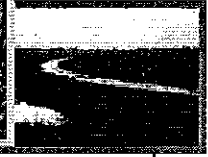
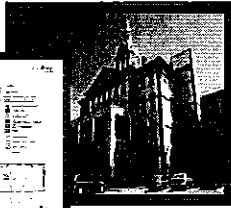
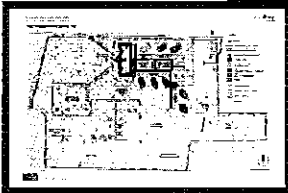
New Hospital Preliminary Site Plan

DRAFT

ATTACHMENT 3

Site Plan





**Department of Human Services
State Hospital Replacement Project
Critical Dates 2008 (Four Month Look-ahead):**

June

- 4th Begin Construction – Bid Package (BP) #1 - New Roofing for Buildings 35 & 50
- 2nd Urban Growth Area Permit process begins
- 11th Issue BP #2 – Expedited Transitional Housing
- 16th *DOC begins design of Junction City prison
- 26th Salem Historic Landmarks Commission hearing for the site demolition plan
- 30th 1% Art Selection Committee Develops Prospectus

July

- 2nd Issue BP #3 – Hazardous Abatement / Demolition
- 21st Begin Construction BP#2 - Expedited Housing
- 21st Design Development Phase Begins (5 month duration)
- 29th Advertise for 1% Art Contracts

August

- 5th Proposal due to expedite Junction City completion 1 year early
- 13th Complete Construction - Bid Package #1 – New Roofing for Buildings 35 & 50
- 15th *DOC issues their CM/GC Request for Proposal
- 29th 1% Art Contracts Awarded

September

- 21st Junction City CM/GC Contract Procurement (pending decision on 1 year early completion)
- 25th Begin Construction BP#3 – Hazardous Abatement / Demolition

** Denotes an activity for Oregon Department of Corrections (ODOC) Junction City prison project*

OSH Project Planning