

**MEETING MINUTES – JUNE 17, 2005 1:37 – 3:30 p.m.**

**MEMBERS PRESENT:**

Bill Neland, Chair  
Tom McMullen, Vice Chair  
Ron Polvi, Northwest Natural  
Peter Fernandez, Public Works Department

**MEMBERS NOT IN ATTENDANCE:**

Ed Galligan, Port of Portland, retired  
Denny Nielsen, Salem Hospital, retired  
Vickie Hardin Woods, City of Salem

**OTHERS PRESENT:**

Bill Foster, DAS Facilities Division  
John Wales, DAS Facilities Division  
Fred Lord, DAS Facilities Division  
Elaine Schacher, DAS Facilities Division

Valerie McBride, DAS Facilities Division  
Maynard Hammer, Oregon State Hospital

**Handouts distributed to all members present:**

- Agenda
- Minutes from May 20, 2005 meeting
- Department of Administrative Services – Leasing Review Process draft forms
- Oregon State Hospital Framework Master Plan Phase I Report

**CALL TO ORDER:**

Chairman, *Bill Neland* called the meeting to order at 1:37 pm.

**Public Testimony.**

No public testimony was requested.

**BOARD ADMINISTRATION**

**1. Approval of the minutes**

*Bill Neland* asked for a motion to approve the minutes of the last meeting.

*Ron Polvi* made a motion to approve the minutes of the May 20, 2005 meeting with correction of one typographical error on page 3 ( the word certificates was misspelled). The motion was seconded by *Tom McMullen* and passed unanimously.

**2. Department of Administrative Services – Leasing Review Process**

*Valerie McBride*, Leasing Manager for the Department of Administrative services presented draft forms of proposed changes to the Agency Lease review process and requested advice from the Board.

DAS is proposing to lower the threshold square footage requirement for agencies to appear before CPAB on major leases from 25,000 sq ft to 10,000 sq ft. Forty three (43) leases will be expiring in the 2005-07 biennium. The total number of these leases will increase the number of CPAB reviews by twelve per biennium.

- A draft Agency Profile was prepared using fictional information so the Board could see what information would be captured.
- A draft listing of an agencies leases which would be expiring in the current biennium and one future biennium showing total rent amounts and a listing of Future Leasing Projects.
- A draft copy of a CPAB Review Questionnaire for a Major Leasing Project over 10,000 square feet.

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*Ron Polvie* asked for a definition of "Triple net lease". *Valerie McBride* responded: The tenant (agency) pays for taxes, utilities and janitorial and landlord pays the exterior maintenance.

*Tom McMullen* asked about the listing of leases expiring in the 2005-07 biennium. He asked if this list included leases that could be terminated because they are up for renewal. *Valerie* responded: Yes. Tom requested that this listing show "up for renewal" instead of "termination date" as this would be more understandable to the Board and would provide statistical information. If a lease is not renewed, it would be an opportunity for the agency to reduce square footage at no cost.

*Bill Neland* commented that perhaps the report could show, for example, 4 of 20 leases are up for renewal.

*Valerie* thanked the Board for this suggestion.

*Tom McMullen* further stated that if there is an opportunity to not renew at the end of the first five year segment, this should be indicated as well.

*Ron Polvi* asked if the numbers in the report are real numbers for ODOT because the rent amount of \$175 for 1,000 sq ft seems a little low for the DMV on Lana Avenue in Salem (Line 63). *Valerie* responded that some of the numbers are real but not all of them. The line mentioned could be storage space or a typo. The report should be considered fictional and used for example purposes only.

*Tom McMullen* asked about question #7 relating to the 20 year need. Referring to past discussions of the Board, he wondered if it is reasonable to consider a shorter term than 20 years when considering ownership vs lease. Maybe a lower threshold would accommodate processing times. *Valerie* responded that this draft is in its preliminary stages so this could certainly be considered. *Bill Foster* commented that the potential for it being cost effective to own rather than lease on a term less than 20 years is unlikely.

*Tom McMullen* asked if more room is needed on question #C, Options and he suggested that question #18 state: "Why would this be the "preferred option" so they are not just comparing the selected option to one other.

*Bill Foster* commented that this will reinforce what the Board is seeing in the Space Needs Plans. The concept is to have a high level review of inventory, what will change and future plans.

*Bill Neland* asked if there is any interagency activity with leases. *Valerie* responded: Yes, DHS, Employment and DOJ have all done interagency leases. *Bill Foster* added that by having the information up front, there is a greater opportunity for co-locations.

*Bill Neland* asked if the Board would see reports from a greater number of agencies. *Bill Foster* responded that there are approximately a dozen agencies that have a significant amount of leases. Those agencies would be the ones brought before the Board early in the biennium. *Bill Neland* further asked if leases go through a common office or does each agency do their own independently. *Valerie* responded that all leases go through DAS and must be approved by DAS.

*Peter Fernandez* asked if the agencies' look for opportunities to Co-locate. *Valerie* responded: Yes, usually two agencies get together on their own to discuss a partnership before bringing it to DAS. *Bill Foster* added that there will be more potential to centralize with these reports.

*Peter Fernandez* asked if there are any opportunities to locate in other government buildings or federal municipalities. *Valerie* responded yes, there are some inter-governmental agreements.

*Bill Neland* thanked Valerie and looks forward to seeing the final documents for review.

### 3. Oregon State Hospital – Feasibility Study Update

*Fred Lord* introduced Maynard Hammer, Deputy Superintendent for Oregon State Hospital

*Maynard Hammer* distributed a document titled " Framework Master Plan Phase I Report" to Board Members in attendance. Copies were mailed to the three members unable to attend.

*Maynard* explained that the document represents Phase 1 of a study done by KMD Architects on the conditions of the facilities at the State Hospital Complex in Salem and the effectiveness of Oregon's mental health system. OHS campus is located on 144 acres with 1,200,000 sq ft of buildings and systems that are dated and have not been well maintained over the years. Some people consider certain buildings having historical significance due to construction ranging from 1883 to 1955. However, they do not comply with current building and energy codes or contemporary design standards for secure psychiatric facilities or seismic requirements. Patient wards are inefficient in layout, lack appropriate program space and do not comply with Oregon's Psychiatric Patient Care Rules and modern treatment codes. The study was approved by the legislature this budget cycle, spearheaded by Senator Peter Courtney. Senator Courtney became "enamored" with the dilapidated "J" building which has approximately 300,000 sq ft and is currently half occupied. The other half is uninhabitable due to deterioration and water damage and is currently a hard hat area. \$120,000 was rebalanced into the current biennial budget for this Phase I study and \$350,000 is still in the Governor's recommended budget to negotiate Phase II. KMD delivered the Phase I study on May 16, 2005. KMD spoke to a number of stakeholders and the steering committee has been established. Funding for a project will be requested in their capital construction bill to keep the momentum going after Phase II. Phase II is expected to get started in August, 2005 and KMD estimates it will take six months to complete. In January, OSH would have \$1 in the budget as a placeholder in the Capital Construction bill so that if the Governor and the legislature wanted the project, they would have the ability to do that. No new project has been proposed at this point. They are still dealing with some of the issues they still face such as what type of facility they want. If they did a facility, what would it be and where would it be located. Everyone on the Board is aware, DHS and DAS have both been in the arena trying to figure out what to do and legislators and the Governor are interested in getting things into the right place knowing that the session is winding down. There are a lot of things going on, Maynard does not have any one particular event to report. They believe that phase II will be funded so they fully intend to proceed with Phase II. Everyone at OSH, including the Governor's office are quite interested in keeping the momentum going after Phase II is done. Basically they are in the administrative process and are planning to move ahead with some finite capital building process. There are a lot of options to consider: This is not an easy task. A thumbnail sketch of where they are and some of the discussions that have taken place include:

- A shared campus with the Department of Corrections for the adult forensic population.
- A separate security hospital for forensic patients (forensic patients are 2/3 of their population).
- Regional health facilities for adult populations.
- Two separate hospitals on the current site.

It has not yet been decided exactly what they need or what size they need. Nothing can move forward until they come to a decision on these things. It is known that the hospital will be replaced and the statewide mental health system will be reconfigured to balance the flow to the state hospital. Maynard is aware that he will need to bring the plans before this Board when some of these decisions have been reached.

*Bill Neland* commented that previously, there was a lot of emphasis on group housing in Mental Health. Did that move forward? *Maynard* responded that the office of mental health services has been securing community resources in record numbers, especially lately, with the overcrowding issues. They are not really what would be called a group home. They are 10 to 15 bed secure facilities. There is talk about group homes. The issue is that they really need different resources at all different levels. Group homes are for the very highest functioning patients, requiring lowest level of care. They have been successful in putting Marion County Homes on the OSH campus. The County runs the program. They really haven't figured out how they can do state-operated group homes perse. Its' probably not off the table. The biggest problem they have right now is how to get the most patient treatment for the least amount of effort. It takes a lot of effort to manage a group home.

*Bill Neland* asked if they still have a child/adolescent population. *Maynard* responded, not now. They closed the adolescent ward. There were two Oregon Youth Authority patients left and the last one was transferred about three weeks ago to the Children's Farm Home in Corvallis. Currently there are no adolescents at OSH. They are now all in other community resources. Bob Nichol has asked them to take the sign down since that population is gone. The sign will be coming down shortly to make sure that population stays closed.

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*Tom McMullen* asked what happens after the funds are in the budget, and the Phase II study is done. *Maynard* responded that this is why the \$1 will be put into the Capital Construction bill he mentioned earlier. \$2 million of Certificates of Participation would be set up in a bond limitation bill. They are betting on time. They are figuring 6 months to complete Master Plan Phase II. Four weeks for the Governor's office and the Department to figure out what makes sense. In the April rebalance, the \$1 placeholder would allow the Emergency Board to approve X amount of increased funding for preliminary planning and design. Right now there is talk of direct appropriation of \$1.6 million versus \$2 million of COP's. It isn't clear, but the issue is that the Emergency Board could approve and increase the funding based on that \$1 capital project approval and the project would have financing to move forward with preliminary planning and design. Again, they don't yet have a project identified.

*Tom McMullen* asked if it's feasible that early in the next calendar year, they could be on a design course. *Maynard* responded; yes, maybe mid-spring or thereafter. April rebalance would take care of the Emergency Board process. They have to go through a procurement process for a design team. If it's financed, they would have to wait for DAS to issue COP's but they could actually get started on a project. What they are looking at is the fact that this would be about the time of the next budget development so while the budget was being developed, there would have to be a lot of policy decisions as to where else this was going to go. Meanwhile they have a planning process on at least one facility that would end up with a preliminary planning and design about this time in 2007. All of this would require a lot of precision. The more precision and accuracy they have will determine how successfully the plan is implemented. They must put enough placeholders in the budget to keep the development moving forward.

*Bill Neland* asked if the building project were authorized, do they have a site, which they own, to construct a facility. *Maynard* responded that they have a site which DHS owns. *Bill Foster* added that this is a good point, because exactly where this belongs is an open question and is another piece of the process and this is also where the Board would get involved. The siting of it would come back to CPAB.

*Peter Fernandez* commented that he sees the three options recommended and he noted that it does not say Salem outright and asked if it was safe to assume it is somewhere on the existing campus. Options 2 and 2 are elsewhere. *Maynard* responded that the short answer to the question is that for a lot reasons, for a facility like this, it makes sense to site on state-owned land. That doesn't necessarily mean the present campus. It could mean a lot of things and there have been a lot of places talked about. One of the major issues facing the hospital is that a hospital must be located where doctors and psychologists can be hired. This is the basis for their hiring experience in Oregon. The locations best sited are plus or minus a few miles from I-5. Once you move off of state land to build a facility, you run into a lot of complications in terms of timing and siting. That doesn't necessarily mean staying in the current location on the Salem Campus. DHS will express preference only. From a hospital standpoint, they will argue for a location where they can hire professional staff. For some of the other populations such as geriatrics, there is a lot of talk about regionalizing this. That talk is ranging from staying on an operational basis to a lot of the ways health care could be provided for-profit or non-profit. The benefit of that is the availability of Federal funds match so long as the facility meets federal standards. The long answer is that they haven't had any discussions on particular sites and the current OSH facilities would not be what they need. DHS has had limited experience with doing construction and contracting. In a number of cases, it just doesn't go so when it gets down to siting, they will probably be working with DAS, CPAB and the City of Salem and legislators to arrive at a solution. Even their present site leads to no easy answers. It is not suitable and does not have sufficient infrastructure for a new facility as the sewer, water and power configuration is inefficient. If they abandon it, there are clean up issues since the state property has not been well maintained for sometime and there are some environmental hazards. There are also potential incompatible prison land uses in our back 40 which would lead to issues in redevelopment. It is located adjacent to the Oregon state Penitentiary Guard towers and next door to the county's new detention center.

*Peter Fernandez* asked how many acres they think they will need. *Maynard* responded that it depends on the actual size. KMD has given examples of a facility in Kansas using a modular design for hospitals that are usually on approximately 4 acres. OSH probably needs for than that but they don't need 144 acres, everyone knows that. They just don't know which part of the 144 acres they would need if they stay on the current site. There is nothing like the current campus layout it and it is horribly inefficient. There is some potential on the existing site but those decisions will have to be made. One other thing is that a lot of their efforts right now involve moving out of the most seismically challenged portion of the "J" building. They have 100 patients who are high functioning forensic population in that facility. Most patients work, some actually work off-grounds

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and they are trying to get them transitioned back into the community. Those are the patients that everyone is interested in finding an alternative for. As they found out during the master planning, when you have a facility the size of the State Hospital, there are no alternate sites that are readily available. This became evident when they needed to relocate 350 patients after the fire in February, 2004. They are looking at some alternatives; for example the sixth floor of their Portland structure is still vacant but it needs some work.

*Bill Neland* asked if he was referring to the building at the Lloyd Center. *Maynard* responded: Yes, three wards are currently occupied but the 6<sup>th</sup> floor is still as it was when it was a medical hospital. They could take over the sixth floor for psychiatric treatment but it needs a lot of work and it would only hold 32 patients. The only other potential site they have on campus is in the 40 building. That needs a lot of retrofit. They haven't had an engineer go through it but KMD looked at it and offered a ballpark estimate of what it would cost to retrofit. They estimated a little over \$6 million. In terms of investment, they are not sure this makes sense. Bob Nikkels' office runs the community program and is busy working with the staff trying to figure out regional facilities around the state with the other populations. There is nothing formal pending financial decisions.

*Bill Neland* asked how the Eastern Oregon State Hospital is doing. *Maynard* responded that they are operating at capacity. The Governor's recommended budget proposed closing one ward. There are a couple empty floors there. Again, there is a lot of time and retrofit necessary. It is a small campus and is 250 miles away from the 41 building patients.

*Peter Fernandez* asked for clarification of the options listed in the Phase 1 report. *Bill Foster* commented that the three options are listed as though as if it will be one of them. In reality, the solution may involve a combination of all three, rather than one choice or another. *Maynard* added that one of the challenges KMD had, was accomplishing the Phase I Study in a very short timeline. They did get a lot of guidance from the Governor's office in making the report specific enough so the policy makers would have some things to actually engage on. KMD didn't have much time to do that so it was difficult to come up with specific options. It very well could be a combination of these.

*Bill Neland* asked if the options are Legislative District specific. *Maynard* responded, no, however the ultimate solution may very well be. It is one of the issues and he doesn't mean to sound critical from a public policy standpoint because that is why the legislature is there. Once you move off state-owned property, then that becomes an issue. That isn't bad but it doesn't help to find a quicker solution for what they need to build. The question of how long it would take if they started today was estimated at 4 years by KMD. That's what stuck in everyone's head. That would be possible if it were started today and they knew what the structure looked like and it was not huge and didn't have any problems with programming or anything like that. Some time has already elapsed so, in *Maynard's* opinion, they won't see anything for 5 or 6 years if they are extraordinarily lucky. It is going to take a lot of planning to do that. Anything that is questioned in the process will prolong the process and it isn't their decision to make.

*Bill Neland* commented that interim solutions are not viable because it uses funds. *Maynard* responded that this is one of the problems as well as the fact that there aren't any interim solutions because all the interim solutions involve places that have been closed down or abandoned. Once you do that, you lose your license. If they go back into an abandoned site and try to license it as a psychiatric facility, then they are right back to a \$6 million retrofit. That is what they are finding in many places. They looked at the Wapato Jail in Multnomah County. It is a very nice jail and has never been occupied, but it is a jail. There are 2<sup>nd</sup> balcony dorms in the middle of the floor. All the restrooms and showers are glassed in. You cannot do that in a psychiatric facility. Privacy is a big issue, as is dignity, and you can't under administrative rules, accreditation and licensing rules and laws do things like that. The jail is seismically sound and it is a very sound structure and everything is integral to the structure. Going in and retrofitting the jail would require massive deconstruction and construction. They talked about that as an alternate site.

*Bill Neland* commented that this is *deja vue* all over again. *Maynard* stated that it is a little further along now and he would appreciate knowing what the Board might expect in the way of updates from him.

*Bill Neland* asked what their next milestone is. *Maynard* responded that the next milestone is the Phase II scope of work negotiation and obtaining \$350,000 funding in order to get KMD started.

*Bill Neland* asked if a report has been submitted. *Maynard* responded that the report presented to the Board is it. There will be a meeting next week to try to agree on siting. From a contracting point of view, KMD has Phase II. From a strict

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contracting standpoint, they treated Phase II real lightly in procurement because they didn't know what kind of guidance they would get from the Legislature and the Governor so they don't really have a scope of work yet. This needs to get done.

*Bill Neland* said that he suspects that DAS will keep their finger on the activities. *Bill Foster* agreed, and on more than one front. If in fact, this ends up with some of the facilities being viewed as no longer being useful to the Department of Human Services, then there's that whole process as well.

*Ron Polvi* asked if OSH was getting enough maintenance money to at least get the roofs fixed. *Maynard* responded actually they have just completed expanding the LAN throughout the campus and finishing up the projects they previously planned. The remainder of the capital improvement money will be used for a couple of roofs and putting some air conditioners in seclusion and restraint (S&R) rooms and medication rooms. The short answer is no, the long answer is that they are managing to keep the water out of the buildings.

*Bill Neland* stated that the Board would leave it up the DAS staff and OSH to decide when the Board updates are needed. *Bill Foster* responded that from a practical standpoint, what we have tried to do is schedule visits with the Board prior to legislative action. So, consequently, if the Phase II report is received around January, and the idea of going to the April Emergency Board is on track, there should probably be some commentary about what that would be prior to that Emergency Board, maybe in March, 2006. *Maynard* commented that perhaps they could have a scope of work presentation. *Bill Foster* stated that what has to happen as soon as this gets a little more solidified is to really lay out what are all the milestones and what has to happen.

*Tom McMullen* commented that his general sense is that the Board doesn't play much of a part in all of this until such time as it has been decided what option is likely to happen and it becomes clear what is going to happen from an administrative review process. The review process doesn't actually begin until these other things are nailed down. *Bill Foster* agreed and continued that the Board's role includes two hats. One is the budget project of the traditional CPAB role and the other is the siting of a specific project which is the CPC kind of role. Both of those will come to bear.

*Bill Neland* commented that the Board has more of a supportive type of role in the traditional CPAB process. This is a problem that is very serious in the state of Oregon and it is something the Board is very interested in. *Maynard* responded that OSH would welcome that role. *Bill* further commented that this was done once before, fifteen years ago. The added benefit of this Board, at this point, is that DHS, as a department is not familiar with the construction area and the requirements for keeping the City of Salem involved and sharing information. *Bill Foster* said that at some point there is going to have to be a discussion about siting and existing infrastructure and all those kinds of things that will have to happen. *Peter Fernandez* commented that there is a whole issue of decommissioning the existing campus. Given that the project is a good five or six years away, they don't want to get too excited just yet. It would only create a problem for DHS and muck up the works. The city of Salem will deal with that at the appropriate time. *Bill Neland* stated that at the same time, the Board doesn't want to stop the momentum. *Maynard* added that his concern is that the project will get so complex that it will get bogged down. *Peter* agreed that the initial focus should be on getting the siting done, then worry about the other pieces. *Bill Foster* commented that some of the discussion is that the likely scenario would probably be a forensic facility first. That's a major expenditure and will be a big facility but it would kick all of this off. *Maynard* commented that they may be out of the picture. It may be determined by the Governor and the legislature. They are still trying to figure out the correct forum. There is an important role for CPAB and the City of Salem to play in this project.

*Bill Neland* thanked *Maynard* for this update and wished him good luck.

*Fred Lord* stated that there are two addition items of business. One of them is a discussion of the next meeting currently scheduled for July 15, 2005 and the second item is a tour of the recently remodeled Commerce Building. Bob Reitmajer is standing by for word to open the building and a state van has been procured to transport Board Members to the building to avoid parking issues at the site. *Ron Polvi* stated that he will not be able to attend because he needs to be in Portland by 5:00 pm.

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## OTHER ISSUES

1. **Legislative Update - Senate Bill 90** - *Bill Foster* advised the Board that Senate Bill 90 has been signed by the Governor and indicated that a few more refinements may need to be done to the Administrative Rules.

### 2. **Next meeting**

*Fred Lord* noted that the next scheduled meeting is July 15<sup>th</sup> and asked if the Board desires to have a July meeting since this is vacation season. *Bill Neland* advised that he has a tentative conflict for July so he may be unable to attend. *Peter Fernandez* added that he will be on vacation in August but he will be available in July. *Bill Foster* commented that right now there may not be enough actively to drive an agenda for July so there may not be a need to have a meeting. *Fred* stated that DAS will do a review to see if there is anything that must be presented in July. If not, there will probably not be a July meeting.

**Next meeting is scheduled for August 19, 2005** 1:30 to 4:00 at the Department of Forestry, Tillamook Conference Room, 2600 State Street, Salem, Oregon unless there is a specific agency need to hear a project plan at an earlier date.

**Meeting adjourned at 2:40 pm and the tour of the Commerce Building, conducted by Bob Reitmajer, commenced.**