April 28, 2016

Honorable Kate Brown
Office of the Governor
160 State Capitol
900 Court Street NE
Salem, Oregon 97301-4047

Re: Oregon State Hospital – North Campus

Dear Governor Brown,

The Grant Neighborhood Association has obtained a copy of the letter and supporting document sent to you on March 18, 2016 by the North East Salem Community Association (NESCA), one of our fellow neighborhood associations here in the central and northeast Salem area. These instruments regard the sale and redevelopment of the North Campus of the Oregon State Hospital (OSH).

As an inner city neighborhood, we are acutely aware of the value of open space for our citizens, while realizing that, since the central parts of the city were developed long ago, acquiring more park land and open space is nearly impossible. Even most of the inner city school grounds are much smaller than their suburban counterparts, additionally limiting neighborhood open space.

From the sidelines, we have followed the work that NESCA and the City of Salem have undertaken with the Department of Administrative Services. We were excited when the discussions seemed to have arrived at a plan for the development of this portion of the OSH campus, including protection for some of the historic structures, and the reservation of a portion of the valuable open space that the surrounding neighborhood has been able to use for some 125 years.

Now our excitement has turned to concern, based on the information outlined in the NESCA letter. A member of our executive team has spoken with City of Salem staff regarding the status of the project. From that conversation we understand that the funding for demolition was not approved in the last budget cycle at the State. Because of this, and other issues, an appraisal is under way and the prospect of a donation of a portion of the campus property to the City of Salem for park space is in jeopardy.
At the April meeting of the Grant Neighborhood Association we unanimously approved a motion to strongly support the letter and the Proposal for Redevelopment Goals sent to you from NESCA. We encourage, and expect, the State to follow through on its earlier understandings with the Salem community. We also want to see the State consider and adopt, to the greatest degree possible, the Redevelopment Goals that NESCA has drawn up which are designed to protect the neighborhood while supporting a vital reuse of this property.

It would behoove the State to consider, and understand, that redevelopment within an established and stable environment - whether it is on a very small or a very large scale - works best when it is sensitive to the surrounding neighborhood and has the support of that community. We urge you to take whatever actions are necessary to get this project back on the right track and do what is right by your constituents in Salem.

Sincerely,

Jeanne Boatwright
Executive Board Secretary

CC: George Naughton, Acting State Chief Operation Officer and DAS Director
    Senator Peter Courtney
    Representative Brian Clem
    Salem Mayor, Anna Peterson
    Salem City, Manager Steve Powers
    Salem Councilor, Ward I, Chuck Bennett
    Salem City Councilors: Anderson, Nanke, McCoid, Dickey, Benjamin, Bednarz & Lewis
    Ian P. Johnson, Chair NESCA
June 15, 2016

Jeanne Boatwright  
Grant Neighborhood Association  

Dear Ms. Boatwright:

George Naughton, DAS Director and Chief Operating Officer of the State of Oregon, shared with us your interest in the former North Campus of the Oregon State Hospital. I’d like to share with you some background on the property, its current status, and the process going forward.

Background:

In 2012, the Oregon Health Authority vacated the North Campus. This property was transferred into the ownership of the Oregon Department of Administrative Services (DAS).

DAS contracted for an analysis of the property, which was completed by Leland Consulting Group in 2013. The consultant indicated that the buildings on the campus, with the exception of the Dome Building, were functionally obsolete and of zero economic value, and recommended demolition of all buildings except the Dome Building.

The community indicated a desire to find productive uses for both the Dome Building and neighboring Yaquina Hall.

During the 2015 Regular Session, the Oregon State Legislature directed DAS to spend up to $8.3M from its existing capital construction and repair budget to remove hazardous materials (asbestos, lead paint, etc.) from the tunnels and all buildings except for the occupied office space (floors 1-3) in the Dome Building, and to demolish all buildings and tunnels except for the Dome Building and Yaquina Hall. The Legislature’s instruction to DAS is to prepare the property for sale for redevelopment, and use sale proceeds to fund the capital construction and repair projects which have been postponed.

Current Project Status:

DAS has received an appraisal of the property, and is currently awaiting a second appraiser’s review of that appraisal. We expect to receive this second opinion later this month. DAS has recently completed hazardous material testing in the buildings, and plans to begin hazardous materials abatement this summer. If all goes according to schedule, DAS will begin demolition of five (5) buildings this fall (all buildings except the Dome Building and Yaquina Hall). Concurrently with this effort, we have been working with the State Historic Preservation Office, the City of Salem, and NESCA neighborhood association to develop a historic mitigation plan.

DAS expects to begin marketing the developable property (everything except the area south of B Street and west of 25th Street, which includes the Dome Building, Yaquina Hall, and their grounds) for sale later this year. You may have heard that DAS is currently marketing a portion of the developable property to medical office users, or is in negotiations with a buyer. This is not accurate.
DAS was approached in late 2015 by a medical office user seeking 5-7 acres of land in Salem zoned appropriately for their use. If sited in Salem, this use would require a 50,000+ square foot facility and provide approximately 200-250 new jobs. They took an interest in the northwest corner of the North Campus property as it is immediately adjacent to other medical uses and large multistory buildings rather than single-family residences. This user has not made any offer on the property, nor have we solicited one.

The City of Salem, Representative Brian Clem, and the NESCA neighborhood association have expressed interest in acquiring a portion of the North Campus for park use, and DAS has engaged in conversations with them on this matter. The City understands that DAS was not appropriated funds (only given the permission to spend existing funds) for the project. This has resulted in an $8.3 million deficit in the state’s Capital Construction Fund. This is the fund that maintains all of the state’s buildings in Portland, Salem, Eugene, and Pendleton. DAS is focused on a positive outcome for the City and the community while ensuring we have sufficient funds to maintain other taxpayer-owned assets throughout the state. We will continue to explore paths forward with all of the stakeholders mentioned above.

Statutes governing the sale of State property are in ORS (Oregon Revised Statutes) 270, and administrative rules (which give more detail) are in OAR (Oregon Administrative Rules) chapter 125, Division 45, Disposition and Acquisition of Real Property Interests. All are available online at Oregon.gov.

Upcoming Meetings:

We do not have any public meetings scheduled in the near future, but will continue to come to neighborhood and other meetings, both upon request and to give periodic project updates. Please let me know if you have any questions.

Sincerely,

Shannon Ryan, Administrator