Dear Ms. Ryan,

I write for Salem Weekly where we are working on a story about 2016 developments on the 47-acre North Campus property.

Your name was given to me by Ian Johnson, Land Use Chair of NESCA, as the appropriate person to contact for DAS's perspective on this important piece of land. The goal of the story is to educate the readers as to what has occurred in the last year and what the future might hold for this property.

My **deadline for this story is this Friday, November 4** - but your *early* participation will make it possible for me to speak with others, perhaps to widen the conversation.

If you are the incorrect contact for me to have at DAS, please let me know who the appropriate person to speak with is.

- How much does it cost DAS yearly to have the 47-acres unsold?

- How much attention can DAS afford to pay to the '9 points' created by NESCA and affirmed in the legislature? Do those points influence DAS's actions at all?

- Regarding the conditional sales agreement between the City of Salem and DAS to purchase Yaquina Hall; what exactly made the City of Salem a preferable buyer to the 14 investors declined on October 14?

- In his October 14 letter to Caldwell Banker investors, Darrin Brightman said DAS would proceed with demolition of all buildings north of 25th and postpone marketing until early 2017. What changed in a matter of a few weeks?

- DAS's hope and vision for the future of this property.

- **Anything** else?

Thank you for your time, Ms. Ryan!

Sincerely,

Helen Caswell  
Salem Weekly  
Salem, OR
Good Evening, Ms. Caswell,

Per my voicemail below are my answers to your questions. Again, I apologize for my tardiness in getting back to you.

We forwarded all of the proposals we’ve received to date for this property to the Statesman Journal yesterday and would be happy to send to them to you as well. If that would be useful for you or if any information below if unclear, please let us know.

If I can be of further assistance please don’t hesitate to reach out.

Best,

Shannon Ryan
Administrator | Enterprise Asset Management
Department of Administrative Services | State of Oregon
1225 Ferry St, SE, U100 | Salem, OR 97301-4281
503.428.3362 | c |

Dear Ms. Ryan,

I write for Salem Weekly where we are working on a story about 2016 developments on the 47-acre North Campus property.

Your name was given to me by Ian Johnson, Land Use Chair of NESCA, as the appropriate person to contact for DAS's perspective on this important piece of land. The goal of the story is to educate the readers as to what has occurred in the last year and what the future might hold for this property.

My deadline for this story is this Friday, November 4 - but your early participation will make it possible for me to speak with others, perhaps to widen the conversation.

If you are the incorrect contact for me to have at DAS, please let me know who the appropriate person to speak with is.

- How much does it cost DAS yearly to have the 47-acres unsold?
DAS’ carrying costs for the property, in its moth-balled state, have been $540,000-$580,000 per year since it took over the property in late 2012. This figure includes electricity, water (for the fire suppression systems), heat (enough to keep pipes from freezing), fire monitoring, landscaping, State Risk (insurance) costs and security. Once the buildings are demolished, that figure will be reduced to just the landscaping and insurance line items, roughly $80,000 per year.

- How much attention can DAS afford to pay to the '9 points' created by NESCA and affirmed in the legislature? Do those points influence DAS's actions at all?

DAS is very focused on a community-based outcome and has been from the beginning. Our over-arching goal is to optimally position this 47-acre parcel to become a seamless, contributing asset into the fabric of the community. We look to all the stakeholders to help us guide how we dispose of this property. To that end, we regularly have, and will continue to meet with the neighborhood associations to keep the dialogue open. Some of the “9 points”, outlined several years ago, we can control as a selling land owner, other’s we cannot. We are fully committed to continue to collaborate with our City, community and legislative partners to get to the most possible wins for all vested interests.

- Regarding the conditional sales agreement between the City of Salem and DAS to purchase Yaquina Hall; what exactly made the City of Salem a preferable buyer to the 14 investors declined on October 14?

On a macro level, DAS’ focus for this property is to optimally position it, through the disposition, to become a holistic and indelible asset for the community. With that said, we are in lock-step with our stakeholders at the City around what that means for Salem at large.

Roughly a year ago we entered into serious conversation with the Salem Housing Authority regarding Yaquina Hall to potentially serve a portion of the much-needed housing demand in Salem. In spite of late-breaking options for our entire 47-acre asset via the proposal you reference, we chose to adhere to the spirit of our discussions with the City of Salem and finalize those negotiations for exclusively Yaquina Hall, already well underway. At this point, we have no reason to believe that transaction won’t consummate.

- In his October 14 letter to Caldwell Banker investors, Darrin Brightman said DAS would proceed with demolition of all buildings north of 25th and postpone marketing until early 2017. What changed in a matter of a few weeks?

To be clear, all buildings, except for the Dome and Yaquina Hall are set for demolition, as has been the plan since approved by the Legislature’s 2015-2017 Capital Projects Fund expenditure bill.

In the event it is helpful, a little around the backstory is as follows: DAS posted a Request for Qualified Proposals in late 2013, preceding the above-mentioned long
session, to test the market for “as-is” purchasers. After receiving only one proposal, which was not viable, we plotted the path forward that we felt would best position this property to be a developable, community asset. That strategy, from the beginning, contemplated aggressive marketing in the demolition phase, given the feedback of nearly no interest from the real estate industry for a property that was not in “site-ready” condition.

In 2016, as the above project and scope were moving forward, we received an unsolicited “as is” offer. Motivated by this offer’s interest, we deviated from our marketing plan and re-visited the real estate market to test the “as is” product’s viability once more, thusly issuing our second formal Request for Proposals. (I need to point out that in order for us to accept any offer, statutorily, we must offer to the industry at large) That effort yielded two (2) proposals; one, the resubmission of the previous unsolicited offer and another that contemplated a demolished, site-ready property. Given the former was not viable, we continued on with the abatement/demolition project as planned. To clarify, DAS has not suspended any part of the hazard abatement or demolition construction schedule to date.

The end result is that scope, strategy and schedule have aggregately remain unchanged.

- DAS's hope and vision for the future of this property.
As stated above, DAS’ goal and vision for this property is to position it to become a holistic and indelible asset to the community. That notion, as defined by the community, legislative and city stakeholders, will serve as our guiding principle(s) as we move into the final stages of putting this property onto the tax roll for the first time via private ownership.

- Anything else?
DAS has reached out to and is in partnership with the State Historic Preservation Office and the Oregon State Hospital to memorialize the North Campus’ role in the latter’s history via a contribution to the existing museum on the South Campus as well as a mobile exhibit that will be curated by the State Hospital and travel throughout the state for years to come.

Thank you for your time, Ms. Ryan!

Sincerely,

Helen Caswell
Salem Weekly
Salem, OR
Dear Ms. Ryan and Mr. Brightman,

Thank you very much for your former help on our story (which is *finally* slated to go to print) on the history and future of Salem's 47-acre "North Campus."

Now that demolition has begun (and I am working on a **deadline of Saturday, December 3**) our final questions have to do with the statements made by community organizers, neighbors and members of the neighborhood association.

These folks say that demolishing so many buildings (more than 350,000 square feet of completed value,) and cutting so many mature trees, many of them healthy - when no buyer has even appeared, much less requested these actions - will cost the state and taxpayers more than $3.5 million in value.

Our understanding is that DAS feels that the property has more appeal to potential buyers when it is cleared of buildings and trees, per your comment to me earlier about the allure you feel a "site ready" property might have.

1) Can DAS justify this position, possibly by citing studies or other research that shows cleared land has more value than properties with older structures?

2) How does DAS respond to the assertion that demolishing buildings and cutting trees will cost state and taxpayers more than $3.5 million in value?

3) On whose recommendation did Mr. Brightman (the applicant named on the Administrative Decision documents) elect to cut the 35 healthy trees because of their proximity to buildings slated to be demolished?

4) Mr. Brightman, could you justify your conviction (as stated in the Administrative Decision documents) that replacing these historic, mature trees by replacing them with young trees will result in equal value to the 47-acre property and the community?

5) Although your email to use stated your commitment to the neighbor's "9 points," is DAS really reasonably able to accommodate the wishes of neighbors on a property of this size and importance?

6) How many of the 9 Points do you feel DAS has been able to meet?

Thank you very much, and, please do feel welcome to add any other comment that you feel might help our readers understand DAS's position.
Sincerely,

Helen Caswell
Salem Weekly
Salem, OR
Good Afternoon, Ms. Caswell,

Thank you for your email and your attention to detail on this project. I have answers to your specific questions below. I’ve also attached a fact sheet that we distributed at the November 15 NEN and NESCA meetings; a copy of the 2016 RFP; and the two responses to the 2016 RFP which we provided to you in October.

I hope the below answers and attachments answer your questions completely.

**Question 1: Can DAS justify [the position that the land is worth more without the buildings], possibly by citing studies or other research that shows cleared land has more value than properties with older structures?**

Properties with older buildings hold widely varying degrees of rehabilitated economic viability. Well thought-out redevelopment strategies incorporate myriad principles of real estate and economic development that produce the desired net return on investment for the developer. While there is not one magic formula to that end, all indicators from both our perspective as well as those of the industry partners we’ve enlisted to date, point to the fact the buildings on the North Campus are not economically viable for rehabilitation. In this particular instance especially, we are keenly attuned to the need for an end result that is a seamless, contributing development for the City and its citizens.

I refer you to our website, [http://northcampus.oregon.gov](http://northcampus.oregon.gov). Here you will find:

- The 2013 study by Leland Consulting Group, which indicated that the buildings, excepting the Dome Building, were functionally obsolete and without economic value: [http://www.oregon.gov/das/Facilities/Documents/OshncLelandStudy.pdf](http://www.oregon.gov/das/Facilities/Documents/OshncLelandStudy.pdf)
- The 2016 appraisal by Powell Valuation, which indicated a total site value of the 47 acres, with Dome Building and Yaquina Hall intact but the remainder cleared of structures, of $13,660,000 - $14,490,000: [http://www.oregon.gov/das/Facilities/Documents/Oshnc_Appraisal2016.pdf](http://www.oregon.gov/das/Facilities/Documents/Oshnc_Appraisal2016.pdf)
- The 2016 review of the Powell Valuation appraisal, conducted by Appraisal & Consulting Group, LLC, which concurred with the Powell Valuation appraisal: [http://www.oregon.gov/das/Facilities/Documents/Oshnc_AppraisalReview.pdf](http://www.oregon.gov/das/Facilities/Documents/Oshnc_AppraisalReview.pdf)

We have previously forwarded to you the offers received during our 2013 RFPQ and 2016 RFP.
In 2016, two offers were received. The one from Chusal, LLC, which was provided to you last month, was not buildable given the regulatory constraints of the site and was financially not viable. Further, it required as part of the offer the Dome Building (not currently for sale and appraised on its own at $4-5M) and Yaquina Hall (in process of sale to the Salem Housing Authority). Once these were removed from the deal, the offer was significantly below the total already expended on preparation for hazardous material abatement and demolition.

The offer from Mountain West, also provided to you last month, required the buildings and tunnels east of 25th Street to be removed as a condition of closing.

**Question 2:** How does DAS respond to the assertion that demolishing buildings and cutting trees will cost state and taxpayers more than $3.5 million in value?

I am unaware of said assertion nor the basis of the same. If you have information that could clarify the statement, I am happy to address it. To clarify our position, we have not received a buildable and economically viable proposal for the site with the buildings intact to date; despite two marketing efforts which were advertised regionally and nationally. In addition to my statement above, we have received candid feedback from developers who did not propose, that the buildings contained too many unknowns and risks, and that they were not interested in taking on those risks. While not a driver in the decision, these remarks affirm our own analysis, the appraisal, the review appraisal and the 2013 assessment by Leland Consulting Group.

**Question 3:** On whose recommendation did Mr. Brightman (the applicant named on the Administrative Decision documents) elect to cut the 35 healthy trees because of their proximity to buildings slated to be demolished?

Demolition design was completed by Harper Houf Peterson Righellis, a civil and structural engineering firm based in Portland, Oregon. DAS does not have in-house experts in demolition design and relies upon these professionals to determine what is safe and necessary in the process of demolishing buildings. Per the engineers, the trees identified must be removed to accommodate a safe demolition process as well as general safety post-demolition. All trees on the site were surveyed by a licensed arborist from Morgan Holen & Associates, identified, measured, located with GPS, and assessed for health. This survey informed the demolition design, and is available on our website: [http://www.oregon.gov/das/Facilities/Documents/Oshnc_TreeData_2016.pdf](http://www.oregon.gov/das/Facilities/Documents/Oshnc_TreeData_2016.pdf)

Trees near buildings that are to be retained have also been called out by the arborist, along with specific measures to ensure that they are protected. These measures were included in the demolition contract.

**Question 4:** Mr. Brightman, could you justify your conviction (as stated in the Administrative Decision documents) that replacing these historic, mature trees by replacing them with young trees will result in equal value to the 47-acre property and the community?
No assertion specified in your question was made by Mr. Brightman, DAS nor in the Administrative Decision documents. If you disagree, please highlight the reference and I am happy to address it.

DAS remains committed to complying with City of Salem codes throughout this project. Regarding the Historic Design Review Approval related to the removal and replacement of the trees, DAS has exceeded the required 1 for 1 tree replacement by planting two Oregon White Oak trees for each tree removed. Any specific questions relating to approval criteria, the findings, or the Decision itself should be directed to the City of Salem Planning Division.

Any determination regarding the appropriate mitigation for the overall redevelopment of the North Campus site has been made by the Oregon State Historic Preservation Office, who can be contacted directly regarding this project.

**Question 5 and 6:** Although your email to us stated your commitment to the neighbor’s "9 points," is DAS really reasonably able to accommodate the wishes of neighbors on a property of this size and importance? How many of the 9 Points do you feel DAS has been able to meet?

In addition to the below response to each point, I’m attaching our 2016 Request for Proposals for your information. I would also like to note that DAS has agreed to include a representative from both NESCA and NEN on the review of the 2017 RFP responses, in addition to City of Salem staff.

**Point 1: Provide a 3-5 acre park (public or private).**

Our September 2016 RFP recommended a minimum of 5 acres of public (not private) park. Our 2017 RFP will instead require a minimum 5 acre public park on the North Campus.

**Point 2: Retain the street trees around the entire North Campus site with an adequate lawn to ensure their health.**

The black walnuts bordering the property are regulated by the City of Salem and are also part of the historic landscape, regulated by the Historic Landmarks Commission. Those which had to be removed thus far due to disease have been replaced with Oregon White Oaks.

**Point 3: Do not widen D and Park Streets and 23rd north of D, and minimize the impacts of through traffic.**

Street improvements are governed by the City of Salem Transportation System Plan. The 2016 RFP specifically called out the character of D Street and strongly discouraged adding driveways to that street. This will be repeated in the 2017 RFP.

**Point 4: Scale development from less dense one- and two-story buildings along Park and D Streets to taller and higher density development toward Center and 23rd Streets.**
The 2016 RFP requested that proposers consider the context of surrounding development, as will the 2017 RFP. The specifics (height requirements, etc.) will be determined by the City of Salem and neighbors during the rezoning process.

**Point 5: Create compatible successful development.**
The 2013 Leland study and the 2016 appraisal both recommend a mix of residential, office, and commercial uses. Individual proposers will propose their own choices, and the final mix will be determined by the City of Salem and neighbors during the rezoning process.

**Point 6: Provide adequate utilities and services to the site and surrounding neighborhood.**
Specific development details such as undergrounding of utilities will be determined by the City of Salem and neighbors during the rezoning process. Sizing of utilities such as sanitary sewer will be determined by the City of Salem based upon the proposed development.

**Point 7: Encourage green building.**
DAS anticipates that market forces will drive the development toward energy efficient design. Combining a mix of uses on the transit-adjacent site will decrease reliance on single-occupant vehicles and encourage increased walkability for users of the new development and the surrounding neighborhood. These all provide points toward LEED-ND (Neighborhood Development) certification, should the buyer choose to pursue it.

**Point 8: Preserve the Historic Dome Building and associated west grounds.**
The Dome Building is a local Historic Landmark and is part of the Oregon State Hospital National Historic District. DAS is presently retaining ownership of the Dome Building and grounds.

**Point 9: Provide opportunities for neighborhood-based non-profits to locate on the site.**
DAS contemplates no restrictions on the property that would prevent a developer from providing space for non-profit organizations.

I hope the above answers your questions. Please contact me if you have further questions or concerns.

Best,

**Shannon Ryan**
Administrator | Enterprise Asset Management
Department of Administrative Services | State of Oregon
1225 Ferry St, SE, U100 | Salem, OR 97301-4281
Dear Kristen,

We hope you are doing very well indeed in this very busy season.

I am writing on behalf of Salem Weekly where we are working on a story on the history and future of the 47-acre North Campus of the former State Hospital. I was given a deadline of **Saturday, December 3**.

We've earlier received excellent help from DAS, whose job it is to shepherd the property forward, but did hope for a comment from the Governor on this remarkable piece of land.

We note there seems to be a high number of neighbors, NA members and other community observers who are taking the current demolition of many buildings and the cutting of 35 healthy trees - very badly. I believe you have heard rumors of this; they feel unheard, they feel the state isn't showing that it especially cares about Salem's well being, they feel DAS just finds the unique property, filled with potential - an albatross.

Questions for the Governor:

1) Does the Governor's office feel that DAS has handled the process well - that it made organized and vibrant outreaches, that it created opportunities and that it attempted to express vision? If not, what were the factors that prevented the best work be accomplished?

2) Does the Governor's office feel that neighbor's concerns were actually "heard" by DAS in a meaningful way? For example, how many of the neighbor's 9 points - endorsed by members of the legislature - does the Governor feel DAS has met as it demolishes buildings and cuts down trees? (Or does the Governor feel that DAS needs to answer elsewhere than to taxpayers?)

3) How does the Governor's office put into perspective allegations that the destruction of the buildings and trees may cost the state and taxpayers up to $10 million?

Thank you, Kristen. I'm sorry for the short turn around, but we look forward to hearing from you!

Sincerely,

Helen Caswell
Salem Weekly