June 15, 2016

Margaret Stephens
Salem, OR 97301

Dear Ms. Stephens:

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
Activity ID: 103285

INCOMING

received by    CRMAadmin
received date  3/20/2016
in type        EML
assigned staff  Leith.Parson
interest code   DAS
reference #     CRMAadmin
owner           CRMAadmin
file location   CRMAadmin

Message

Parks in city neighborhoods are vital to residents' well being -- this is why I am writing you urge that DAS NOT sell the 3-5 acre portion of the North Campus of Oregon State Hospital which the City of Salem needs for a park to a private entity. Please instruct DAS to continue working with the City of Salem, so Salem's residents can have this very much needed green space/park in NE Salem.

OUTGOING

   group code  Email
   out type    Form
   response type
   letter code
   due date    4/29/2016
   response date
   closed date

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