

**MEETING MINUTES – September 10, 2004 1:30 – 3:30 p.m.**

**MEMBERS PRESENT:**

Bill Neland, Chair  
Tom McMullen, Vice Chair  
Doug Spencer, Providence Health Systems  
Ron Polvi, Northwest Natural Gas  
Denny Nielsen, Salem Hospital Retired  
Edith Yang, A.I.A.

**MEMBERS NOT IN ATTENDANCE:**

Ed Galligan, Port of Portland

**OTHERS PRESENT:**

Bill Foster, DAS Facilities Division  
Shirley Finanger, DAS Facilities Division  
Robert Reitmajer, DAS Facilities  
Maynard Hammer, Department of Human Services  
Linda Riddell, Department of Human Services  
Sharon Domaschofsky, Department of Human Services

Jeannette Holman, Department of State Lands  
Vickie Nokleby, Department of State Lands  
Mark Williams, Oregon Military Department  
Dennis Ruth, Oregon Military Department  
Gary Van Drew, Oregon Military Department  
Dallas Weyand, Legislative Fiscal Office  
Gerald Schmitz, Citizen

**Handouts distributed to all members present:**

- Minutes from August 20, 2004 meeting
- Salem-Keizer Area Project Review – Department of Administrative Services (DAS) Consolidated Data Center Project and Siting Review Application, Narrative attachment, Airport Road Area Plan Policies and site maps.
- Department of State Lands (DSL) Facilities Plan for 2005-2007 biennium w/questions.
- Department of Human Services (DHS) Facilities Plan for 2005-2007 biennium w/questions.
- Department of Human Services PowerPoint presentation handout
- Department of State Lands folder of presentation information
- Oregon Liquor Control Commission (OLCC) 1977 Warehouse Emergency Repair Project Update

**INTRODUCTORY REMARKS:**

Chairman, *Bill Neland* called the meeting to order at 1:30 pm.

**APPROVAL OF MINUTES FOR August 20, 2004 MEETING:**

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

*Denny Nielsen* made a motion to approve the minutes of the August 20, 2004 meeting. The motion was seconded by *Tom McMullen* and passed unanimously. *Bill* asked if any opposition and no one objected.

**SALEM-KEIZER AREA REVIEWS**

**Department of Administrative Services: Presented by Robert Reitmajer**

This is one of three formal visits before CPAB for the Consolidated Data Center. This is the siting review. This is a fast-moving project so this is the Siting Review Application. They plan to bring initial design submittals and later the final design submittals. The contract has been signed with the design-build team, they had a kick off meeting and an all-day work session yesterday. They expect to have a preliminary design report ready for the November CPAB meeting and the Final Design Review in January, 2005. The project will be stage construction. They are looking at developing four packages: 1) Civil 2) Foundation 3) Shell and 4) Electrical, Mechanical, Plumbing and Finishes. They will be starting outside and moving in. The target completion date is early September, 2005. The contractor thinks that they can be complete in late August.

The Siting Review Application was submitted along with a three page summary and site maps.

Location: Approximately five acres of undeveloped land near Salem Airport between the Lottery building and the Print Plant building. The Site abuts Mill Creek on the east and is set back a short distance from Airport Road.

Building will be new construction, approximately 50,000 to 60,000 sq ft. The exact size is a moving target because it has not been decided what old equipment will be moved into the new data center. Some of the equipment will be brought in from existing data centers and some will be purchased. Based on that, they are estimating about 52,000 sq ft.

Available Infrastructure: There is city water from two sides. There is city sewer and communications fiber. There is continuous power (PGE adjacent to the site). Bob displayed a poster of attachment "B" showing the site infrastructure. Being close to Mill Creek, there is a 100 year floodplain on the back quarter of the site on the east edge of the site. The City of Salem requires a Floodplain Development Permit and will require that the finished floor elevation of the building be at least one (1) foot above the Base Flood Elevation. The way they get there is to stay on the high side and also, yesterday, they determined that it would be prudent and safer to stay three (3) feet above the 100 year floodplain. Which is the same design criteria used for other critical facilities.

*Denny Nielsen* asked about the 3 feet above the 100 year floodplain. Where does this put them in the 500 year floodplain?

Response: It is still within the area of the 500 year floodplain. It will be above the 500 year floodplain.

There are no wetlands or other environmental issues.

Local zoning, comprehensive plan and land use standards compliance: The first thing is zoning. The site will be in the Public Service District which allows all Public Administration including Executive, Legislative and General Government. They believe that this Central Computer Facility would be allowed on this site. The application is scheduled with the City of Salem on the 20<sup>th</sup> of September. They have been advised that there are no show stoppers on behalf of the City of Salem. They have hired a consultant as previously shared with the Board.

There are no neighborhood plans for this neighborhood.

Something surprising is that there are some low-risk landslide areas on the property. The areas are rated at 2 and 3 points. The City of Salem does not require special landslide assessment for areas that are rated less than 4 points.

The site is outside the Urban Service Area (USA), which could require an Urban Growth Area development permit. Since the city services extend to the site and the state already has two buildings on this tax lot and they are not changing the use, a UGA development permit would not be required.

They don't need a traffic study because their estimate is 300 to 500 trips per day. A Traffic Study would be required if 1,000 trips or more are generated.

State-owned property within Master Plan Areas: The Airport Road Area Plan was developed in October, 1995. Compliance is outlined in the report. There is nothing in the plan that would exclude the construction of the Data Center on this site. Conceptual things like project proposed for the site should be benefiting from the location or other available site compared to current location. They don't have a current location of a Computer Data Center.

The project should have a low density. They are expecting approximately 100 people on the site with 80 parking spaces. Additional access points should be kept to a minimum. The site is only accessible from Airport Road along Frontage Road which is already in place.

*Bill Neland* asked if this project would generate a lot of in and out traffic. Response: There will be minimal visitors. It will be a secure facility. Major traffic will be employees so they figured one, maybe two in and outs for employees leaving for lunch. They expect a maximum of 400 trips maximum per day.

It's a good site, it's a good match, it's well supported and DAS thinks it is the best site for the State's investment.

*Bill Neland* asked if they have any idea how large the Lottery and Print Plant buildings are in terms of square footage. *Bill Foster* responded that to his recollection, the Lottery building is about 60,000 and the Print Plant building is in the 50,000 sq ft. range. The Lottery building has a warehouse in addition to the office space so it's actually larger than the Print Plant.

*Denny Nielsen* commented that this was an excellent report and they went through a very thorough process.

**Public Comment:**

Gerald Schmitz, a retired state employee, read about the siting of this computer center in the local newspaper. He expressed his concern about locating it by the airport. In his years of history working in data processing, he visited a lot of major Data Centers across the United States and doesn't remember any located by an airport. This actual site is about 2,000 to 3,000 feet from the landing strip and there are approximately 1,000 flights per week coming and going out of that airport. He wanted to express his concern about locating it this near the airport.

*Bill Neland* asked if DAS had looked into that.

*Bob Reitmajer* responded that they don't see the Data Center endangered by the airport any more than other state critical facility that are already in the area. Anderson Readiness Center, ODOT, and the headquarters of the Oregon Military Department. They don't see any dangers.

*Bill Neland* asked if his concern was about what is going on within the building itself. Response from Gerald Schmitz : No, my concern is that within this building, they will be housing most all of the major data in the State and sometimes planes fall down. It makes it a lot easier being closer to the airport instead of further away. That's his only concern. *Denny Nielsen* asked if he had looked into how long it has been since there have been any serious accident near this airport. Response: The only one he could think of was in Sacramento and it was a restaurant. *Denny Nielsen* asked if there were any accidents at the Salem Airport and Gerald Schmitz response was that he did not know of any accidents. *Bill Neland* said that DAS could discuss this issue with the consultant.

*Bill Neland* asked if there are any additional comments and none were heard.

*Bill Neland* asked for a motion.

*Denny Nielsen* made a motion to acknowledge that the material received from DAS meets the planning requirement for initial plan review. The motion was seconded by *Tom McMullen* and unanimously approved.

**FACILITY PLAN PRESENTATIONS**

**Department of State Lands (DSL): Presented by Jeannette Holman and Vickie Nokleby**

A handout was presented to the Board with additional information regarding their agency Master Plan.

**Overview:** DSL is the administrative agency for the State Land Board. They are one of the oldest administrative agencies in the state, created in the last 1800's. At the time Oregon became a state, DSL was given sections 16 and 36 of every township to be used for the benefit of schools. The primary duty of DSL and the State Land Board is to administer those lands and to generate money for the Common School Fund. Around the turn of the century a lot of those lands were lost and DSL is now trying to make up for lost time. Their investment income has gone from \$200M to \$814M last biennium.

*Tom McMullen* asked how the lands were lost. Response: There was a great land fraud in Oregon around the turn of the century in that, DSL lost 75% of their common school land. Some of it was given away for political favors and some was legitimately traded or sold. A number of top officials went to prison. However, a great deal of land was taken out of the ownership of DSL and somebody other than the schools made money from the sale of this land.

In addition to the basic land and fiscal management duties, they also provide services, including:

- Managing Oregon's Removal-Fill law which protects the state's waterways and wetlands from uncontrolled alteration.
- Lead state agency for the inventory, planning and conservation of Oregon's wetlands.

- Trust agent for abandoned funds under the Unclaimed Property Program. This is where money and contents from safety deposit boxes and bank accounts that are not claimed by their true owners', are delivered to DSL after a certain period of time and DSL tries to find the owners. They return about \$5 to 8M biennially to owners.
- Personal representative for people who die in Oregon without wills or known heirs. Under the Constitution those proceeds are to go to the Common School Fund.
- Managing the state-owned mineral rights.
- Managing the South Slough National Estuarine Research Reserve which is a joint partnership with the federal government to do major research on coastal and estuarine issues and to provide education for citizens and schools about estuaries and ocean functioning as well as to do some conservation work to private reserves.
- Managing territorial sea resources up to three miles out.
- Managing fiber optic cable easements in the ocean.

*Bill Neland* asked how the Estuarial Program is working. Response: It's doing extremely well. The South Slough Reserve has become one of the national leaders in estuary research programs. They recently received a major grant from the federal government to start doing even more ocean research, not just the ecological systems but also some of the coastal navigational systems. It seems like two to three times a year they get the opportunity to do even more research. Another aspect with the school system is that they are trying to reach out to more schools state-wide, not just the ones on the coast because obviously those are the ones that can get there. They are also putting on this "Estuary Live" program which is a project with all the estuary reserves throughout the country. It is an internet based program where teachers and students from all over the country can call in to different estuarine reserves and ask questions. This is just one example of what they are doing. Pictures were shown of classrooms where they actually teach classes at the Reserve.

#### **Facility Update:**

In October DSL adopted a Strategic Plan. One of the major changes is that a lot of the DSL's emphasis in the past ten years has been more on regulatory and being a landlord functioning agency and they have now turned more actively toward managing their state lands for the benefit of the Common School Fund. Looking at different possibilities for increasing the revenues coming off of those lands through land leases, industrial development and trying to be partners with the local governments through development throughout the state.

**Space Needs Plan:** No space needs requirements at this time. They have no plans to increase their space for at least the next couple years.

*Bill Neland* asked where DSL is located. Response: They own a building in Salem, across the street from the State Archives building on Summer Street. They occupy the first floor. The second and third floors are rented out to other state agencies. They did a remodel recently which freed up some space for their agency and that's why they can accommodate any additional staff they might be adding in the next biennium.

#### **Energy Conservation:**

They haven't done anything particularly different this biennium but their energy savings continue to go up. They saved 19% this biennium over the 2000 figures. This was accomplished by a number of things including keeping their thermostat set at 68° (DAS told them they could turn them up to 70°). However, they prefer to keep the temperature lower. They remind staff to turn off their computers, close window blinds and they purchased copy machines that are energy efficient. Those little things have added up.

#### **Deferred Maintenance Plan:**

They don't have any deferred maintenance because their building is new enough that they don't need any major maintenance and they have managed to stay on top of it. It is their practice to incorporate major repairs into budget requests and take care of maintenance as it goes. DAS manages the building and gives them a list of what maintenance is needed. Currently they are in the process of completing major services of their HVAC system and this may result in further energy savings. They are also cued up to have the exterior regularly cleaned and sealed and all the cracks filled. Those two projects should be completed this biennium.

### **Project Plans:**

For the next biennium, they have asked for \$610,042 to do six things to the Salem building:

1. Installation of new transformers and disconnects related to their electrical system.
2. Removing and replacing their Roof.
3. Replacing their Boiler.
4. Refurbishing their cooling tower.
5. Replacing carpet on the first floor (2<sup>nd</sup> floor carpet is done).

*Denny Nielsen* asked the age of the building. Response: It was built in 1990 so it is about 14 years old.

A lot of their costs for maintenance are capital costs. Some of their lands are grazing lands where they need to eliminate noxious weeds and other pieces of property have hazardous substances. Those kinds of costs have been increasing and they are addressing those issues in order to increase the value of their investments and assets.

### **Future Plans:**

They have one project underway that is exciting down at the South Slough Reserve. Charleston Merchants Association asked them to look into co-locating a facility. There is a feasibility study currently being done. They are looking at whether the administrative offices for the South Slough Reserve Management Commission can share space with the Charleston Visitors' Information Center. They want it as a way to attract more tourism and get more information out to the public and this would free up more space in the Visitors' Center for more educational purposes as well as giving DSL a higher visibility. They received \$330,000 in federal funds toward construction, pending the outcome of the Feasibility Study, expected to be completed in February, 2005. They are looking at a number of options as well as a number of potential locations for the project.

### **Sustainability:**

Sustainability has always been an issue for DSL because they are in charge of managing the Common School Fund for today's children as well as future generations. That means that when they do something with a piece of property, they look at whether it will take too much money away from today's children or is it of equal benefit for today's children and future generations. They also manage their forests in a way that is sustainable and consistent over time. They put together a sustainability plan and decided to look at other opportunities for use of their trust lands, such as:

- Exploring the possibility of generating revenue from forestland for carbon mitigation;
- Development of a multi-species habitat conservation plan and forest management plan for the Elliott State Forest;
- Exploring opportunities for wind generation and geothermal as alternative energy sources;
- Increased noxious weed treatment and rangeland health assessments;
- Options for increased beneficial use of dredge spoils;
- Investment in brownfield sites for future industrial development or other uses so long as the investment meets the prudent investor standard for the Common School Fund.

*Denny Nielsen* asked who manages their lands and if this function is outsourced. Response: They manage most of the lands. The forest land is managed by the Department of Forestry under a Memorandum of Understanding (MOU). The \$800M investment funds are handled by the Oregon Investment Council.

### **Answers to Questions presented by CPAB:**

1) What are the operational impacts of the name change from Division of State Lands to Department of State Lands?

Response: No, the name change has had no operational impact. It was primarily done because there was a lot of misunderstanding with the public and other entities about the structure of the agency. They had to promise to the Legislative Assembly that they would not use any money to change the name. They have used up all their old stationery. The only thing left to do is change the name on the building. While the cleaning and sealing work is being done, the Division part of the sign will be removed leaving "State Lands" on the building.

2) Are the projects listed in question #15 (future space requirements for the 2005-07 biennium) included in your Capital Construction or Capital Improvement Agency Request budget for 2005-07 biennium?

Response: They have been to the legislature to request approval to spend the \$330,000 federal funds awarded for the Charleston Visitor Center. Due to the uncertainty about the feasibility study, the E-Board asked DSL to return after the study is

completed. The State Lands Building and need for additional staff: Because of some remodeling in a former mail room, the agency anticipates being able to accommodate additional employees. Bend Office: Currently a portion of the leased space is subleased to other agencies. If they add five positions (as proposed for CETAS/ODOT & SPGP and land management) they will need additional space. ODOT is talking about moving out and there is a lot of uncertainty about what is going to be left there so they could probably make due over there, if they get additional staff.

South Slough Bunkhouse: When they send in a grant request/proposals for federal funding, they submit possible uses for the request. The bunkhouse is just one of those. Remodel of the State Lands Building Lobby: This came about because they had a number of security issues recently. The building is very open with several state agencies on three floors. In addition, it is the place where the State Land Board meets every other month and there are some security concerns about that. They are trying to close off the main entry area without destroying the beauty of the building. They are planning to move the reception area so they have one common reception desk in order to monitor people going in and out of the building. They don't know the cost of this remodel so it is not included in their agency budget at this time. Because this remodel is to increase building security, they are exploring the possibility of applying for Homeland Security funds for the project.

3) Describe location and ownership of the Charleston Visitor's Center. Who will own the facility? This project is underway. It is a joint project with the Charleston Merchants Association for the Charleston Visitor's Center. It is related to the relocation of the administrative offices for the South Slough National Estuary Research Reserve.

*Tom McMullen* asked what the basic questions are in the Feasibility Study being done for Charleston. Response: They are looking at whether it is even feasible for administrative offices to be located with the Charleston Merchants Information Center. They are also looking at whether it would be better to have their own offices and whether there is a better location? They have a lab also and they are looking at maybe having the administrative offices there or maybe keep the location totally separate. They are looking at a number of different options as well as a number of different locations within Charleston.

*Tom McMullen* asked if the merchant group is an afterthought or are they a prime mover? Response: They are a prime mover. It is a joint project. *Tom* asked if there is some synergy in being adjacent? Yes, because the job of this association is to promote Charleston and one of the big draws for the city of Charleston is the South Slough Reserve. DSL also does a lot of coastal education for coastal leaders and community members so they work with the community a fair amount doing research. *Tom* commented that this project will include advantages and disadvantages. Response: They are looking at whether it would be better for Charleston Merchants to own the building or lease it or vice versa. They started working on the study in July.

*Bill Neland* asked if there are any additional comments and none were heard.

*Bill Neland* asked for a motion.

A motion was made by *Tom McMullen* to accept the report submitted by the Department of State Lands without exception. The motion was seconded by *Denny Nielsen* and unanimously approved.

During a brief recess, *Bill Neland* called the Board's attention to a memo from Oregon Liquor Control Commission. The memo gives the Board the status of the 1977 Warehouse Emergency Repair Project. The structural repairs will take approximately one month and will be completed by the end of September, 2004.

### **Department of Human Services: Presented by Linda Riddell, Sharon Domaschofsky and Maynard Hammer**

A handout was presented to the Board with information shown in the Power Point presentation.

**Overview:** DHS is the largest state agency with 9,700 employees. Their budget for this biennium was \$9.3 Billion in total funds. It was pointed out that even though they have \$9.3 billion in their budget, 80% of it goes back into the community in services, payments to clients, or through contracting. They service Oregon's most vulnerable residents with financial aid, health services, mental health services, public health services, vocational rehab and housing. Programs also ensure that Oregonians have safe food and water throughout the state. They have six operating Divisions: Administrative Services; Financing; Policy Section; Health Services; Children and Adult Family Service; and Seniors and People with Disabilities. They help families achieve self-sufficiency, protect vulnerable Oregonians who are victims of neglect, help low income Oregonians obtain health care, help seniors and people with disabilities and protect the public health.

### **Funding:**

A chart was shown of the history of funding from 1995 to 2003 how they have come up from \$9.2 billion to \$9.3 billion. Their revenue sources are: Federal Funds, General Funds and Lottery Funds. A listing of client benefits, and institutional services provided by DHS was shown. Factors affecting their budget are general fund declining revenue forecasts, state and national economies' minimal growth, Oregon's high unemployment rate, changing demographics, stretch to capacity of any local government program and community services. The increase in medical costs has a huge impact on their budget.

### **Highlights of the 2003 Legislature's Budget**

Oregon Health Plan was been redesigned to control costs, a tax on Medicaid was created, and increased medical provider reimbursements.

### **Facilities Budget :**

The facilities budget is just under \$80M. 4% of that is spent on personal services, 87% is spent on rent , taxes, fuel, utilities and maintenance. The other 8.6% is office, travel and telecommunications expenses. The largest share is spent on leases.

The changes that DHS faces in the next two biennia are still the slowing economy and increased case load. Increased case loads force them to look for additional facilities space and to expand facilities. Another thing, they are affected by is shifting regional populations. DHS follows the demographics of their client base so right now they are seeing a huge shift from Multnomah County to Washington County which means they have to take a look at how their buildings are set up and maybe take a look at combining services. They are also looking at East Multnomah County.

*Denny Nielsen* asked if they have been able to ascertain why the population is moving. Response: Unknown, it may be because housing is less expensive and has become more affordable in Washington County and East Multnomah County. The clients they serve are receiving child welfare, food stamps and medical assistance. It was concluded that housing is more affordable in the suburbs so the population is migrating.

*Denny Nielsen* asked what is the most notable factor and what are the significant changing demographics. Response: That information was not brought today. *Denny* suggested that the increase in medical costs must be a factor. Response: When the economy stays low and unemployment stays high, more people seek food stamps, medical care. DHS offered to provide that information to the Board, however, *Denny* said that wasn't necessary, it was only a curiosity.

### **Sustainability:**

One of the things they are doing right now is as they remodel facilities or build facilities, they design them for efficiency. They work on reducing construction waste, improve indoor air quality, using non-toxic building materials, eliminate light, and re-use material as much as possible and using locally produced or re-cycled material.

### **Energy Saving Effort:**

Over the last 18 months, in four of their largest buildings (Human Services, Portland State Office Building, Albina Building, and the Pendleton State Office Building) they have averaged over a 20% energy use savings.

*Denny Nielsen* asked if they have re-lamped their facilities. Response: Yes, some of them. They are in the process of taking what they have done in these four buildings; such are turning off lighting, turning off equipment, closing blinds, keeping temperatures the same, and implementing a program where they do the same things in their other buildings. Right now they have 165 buildings throughout the state. They have an opportunity to make a huge impact on energy savings.

*Denny Nielsen* commented that his experience has demonstrated that re-lamping pays for itself in 18 months. *Bill Neland* advised that *Denny* formerly worked for Salem Hospital so that is why he is particularly interested in what DHS is doing.

### **Updates on Current Projects:**

Chemeketa Campus – They have created an SDA administrative office but have not done the extension for the training because they don't know if it will suit their needs for training.

McMinnville Office Lease – Combining staff from other office buildings into one. Completed in the spring of 2004.

Bend Office Lease – Completed in spring of 2004. Closed down small offices and combined staff into one building.

Public Health Lab – This is really a DAS project but there has been a purchase agreement signed and they are finishing a building that has never been occupied. Occupancy is scheduled for the fall of 2006 so they are excited about that.

*Bill Neland* asked if those combinations paid off for them. Response: Yes, closing down leases is always a good thing for them. They just moved into the buildings in March so they have not yet been able to track the savings they have incurred. *Bill* commented that DHS can give the Board an update two years from now.

### **Oregon State Hospital (OSH) also representing Eastern Oregon Psychiatric Center (EOPC) and Eastern Oregon Training Center (EOTC): Presented by Maynard Hammer**

Two organizations have been administratively split. The Training Center falling to the Department of people with Developmental Disabilities (DD), with one Superintendent. and the Psychiatric Center and Oregon State Hospital are still reporting to the office of Development Addiction Services which is a part of Health Services in the Department of Human Services.

Maynard answered the five questions asked by the Board and presented an aerial photograph of the Eastern Oregon campus: Question 1. What issues were you able to address with the \$1.2M budget approved by the Legislature to address the most critical needs of OSP and EOPC? Response: It was actually \$1,163,318 which is an easy amount to remember because it has been the same amount for numerous biennia. This money is appropriated to the Department of Human Services to be allocated between Eastern Oregon and Oregon State Hospital. The administrator of Mental Health Addiction Services did the allocation before the administration split EOTC and OSH. OSH ended up with \$746,000. Of that amount, \$600,000 was allocated to getting some technology on the campus. They now have Horizon working on laying fiber. By the end of this biennium they expect to have the entire campus networked and all the major buildings cabled. The chief information officer for the Department of Human Services has been a great support as has DHS facilities folks. DHS has taken over their PC needs and purchased 300 computers, so they are taking the first step in getting up to date on technology. For those who do not know the campus, they have 1,200 physicians, 148 acres and about 75 buildings. Of those 1,200 physicians, there are about 150 who actually have PC's and can use e-mail. The rest of the campus uses a very old technology, IBM AS400, which is not user friendly and doesn't communicate with the PC's and the systems on the PC's. So any projects they have had over the last few years, HIPPA for example, where they were in partnership with the folks downtown. If they had to get a message out campus-wide, it has to be re-keyed or done in hard copy. It's affected the physicians' ability to do treatment planning and communicate. If they procure for a reference laboratory, it's a six month project to re-write all the screens on the AS 400 if they don't get the current request labs. This technology upgrade has been a long time coming. \$60,000 went into elevator code compliance. That's a drop in the bucket because their 17 elevators are a mess. They are not particularly safe and they are not reliable. This \$60,000 is just basic code compliance. In fact, they are using a DAS contract for elevator maintenance. The contractor doesn't like them because their elevators are old and obsolete and when they go bad. It is very hard to repair them and they want a lot more money but a contract is a contract, so they do the best they can to keep them running. They are looking at over \$1M to do what they need to rehabilitate these 17 elevators. They are moving people around on the campus with all the new transitions and new administration. Some new directions in terms of linking up with Eastern Oregon systems and a lot more involvement in the community systems due to the integration. They have allocated \$70,000 to old Central Mental Health building #33. They have taken over the basement there. They are stacking other boards with other agencies. But they have medical records down in the corner along with what they have in terms of information systems, which is one person out of the Health Information Services area. The \$16,000 remaining will be used to patch or replace a roof somewhere. Eastern Oregon was allocated \$417,000. They have a number of smaller projects. Their deferred maintenance is not as far behind as OSH. Money allocated to them has gone farther. They are a stand alone facility with 60 beds.

*Doug Spencer* asked if the J building was an issue and if it is still there. *Doug* commented that he worked on building #50, 12 years ago and it doesn't sound any better. Response: The J building figures into the budget. The facility is not adequate for current psychiatric treatment. In fact, it's lousy. They are out of building space. They are overcrowded especially in the forensic area. The technology is behind and they are out of buildable space. They do not have enough offices for their physicians. They can put everyone currently employed in the space they have but they are short of nurses and physicians. Their staffing is short so if they had adequate staffing, they wouldn't have any place to put them. The real over reaching conundrum for the OSH is that they need to reduce the number of patients. It means they have to reduce the services and the building it relates to. The short answer is that another piece of the J building has been refurbished.

Question 2. The draft report from the Governor's Mental Health Task Force calls for increased community-based mental health programs. Response: With the change in administration especially within the last year, they have decided to make an effort to do a lot more integration. There is only one answer for the institutional residency of psychiatric patients and that's a great deal more community resources. He was in Housing/Community Services Department, (HCSD) for 13 years and discovered they cannot build their way out of it and with the current resources, they cannot handle the load. The impact of increasing community resources in any intermediate term, if they were able to, is all favorable. They just opened a new ward. They were 60 patients over their budgeted capacity in the forensic ward. Mental Health and Addiction Services was using some of their mandated new ward money to the community in order to try and divert patients there; instead of continuing to put them in ward in the hospital. You cannot bring them on line fast enough. There are a number of reasons for that, it's not all that easy to develop and continue to develop residential treatment facilities. Coming from HCSD, and looking at some other different areas, he's fairly convinced that Mental Health looks at mental health and DD has about 400 all over the state. HCSD has financed a lot of those. There are group homes in various programs from Children's Services to Adult Foster Care. In some cases, there are houses for a bunch of difference programs. For the psychiatric system they need a bunch. One of the things they have done is convert three of their houses on the campus to a community program, financed through the office of the Health Community Services with money that was actually in their budget. They are now operated by Marion County. They spent a couple hundred thousand on those houses and they now house 20 beds in the three houses. The real issue they face is that they are out of buildable capacity. The next thing they would have to do to open another stack of wards in J building #47. That's \$2M just to remodel it for 60 beds. Remodeling the J building incrementally like that is not feasible, doesn't make good sense and it's not good facilities management. To get rid of some of their over-capacity, they went to the quickest place they could go to open a new ward in building #41, which was built in 1883, located right behind the bell tower. They thought it would be easy but it isn't. It's taken five months. The ward wasn't in bad shape but that ward was an insular treatment space for the two wards above it that were operating. They had to find a space for those functions, which didn't exist. They went into building #30, the old building under the bell tower, which they discovered the first three floors were remodeled but they never touched the fourth floor. They finished remodeling the fourth floor and it looks pretty good. If any place of the hospital ever became historical, that would be it, so that's not a wasted investment. They had some engineers come over and look at an external metal staircase which is the exit and entrance for the two wards into that building. They were told they needed another fire exit, if they wanted to occupy the fourth floor. The engineer looked at the staircase and said not only do you have to replace the staircase (no one remembers when it was built), but the walls are load bearing. It is cantilevered. The railings are just welded and the metal stairs are just resting on unreinforced masonry. The entire staircase had to be redone before they could re-open that ward. That's the kind of thing they face any time they go in and build. They don't have unlimited space. However, the patients keep coming in. As of today in the forensic area, they are 40 patients over capacity. There are a number of admissions and a lot of flow through so the number of patients is unstable, because the Psychiatric Security Review Board, (PSRB) really controls the number of patients. PSRB commits patients to the hospital. The cause of the growing case load and where these folks are coming from has not been determined. They can't stop the front door and they can't discharge out the back door until PSRB agrees that those forensic patients can be placed in the community. Due to lack of resources, there is no place to put them. So the upshot is, whatever the future of the hospital, its not going anywhere without more community resources and it probably can't continue doing what it's doing with the patient admissions. The Task Force intends for recommendations to be budget neutral. They have closed wards, the adolescent ward in particular, no matter what kind of problems they had. They consolidated down to one ward with 20 beds. As they have closed wards, they have transferred that money to the office of Mental Health and Addiction Services who can match it with Medicaid and contract with community resources. This is still an issue. The problem you have at the hospital is that there's more backlog out there in acute care hospitals and forensic patients. By some estimation, the adolescent population is such that there are not sufficient resources and they could not close their capacity without causing even more problems in the system. The Mental Health Task Force and other task forces will probably have to deal with this issue at some point. With the recent changes in administration, these issues have had more air time and more interest all the way up to the Governor's Office than in all the eight years he has been involved. They are getting a lot of support but it's hard to change these things quickly. There will be impacts. They have probably 100 patients they could get out the door within a month if they had a place to put them.

*Bill Neland* asked how long ago he served on that Task Force. Response: 1992.

Questions # 3. On the Deferred Maintenance Listing, OSH has \$13.99M for 22 buildings. If the Governor's Task Force increases community based health care programs, will you close down additional buildings? Response: That's a hard one to answer. If the policy decision is that everything has to be budget neutral and we're going to open community resources by using savings from the Hospital, the answer would probably be yes. If you ask the question, are you ready to close down

additional buildings and transfer the money from community resources, the answer would be no because there is such a backlog of patients in acute care hospitals and PSRB. The best option in the world right now is the only capacity option around because there is no place to send these patients. The Task Force, in reviewing what to do with this system, wants to use hospital savings for operating costs. Are we at the point where we don't need that capacity? Because, if we go with a community resource for the OSH patients, they still haven't touched the backlog and they don't have any place to put them. The short answer is that it isn't real clear how they can get their quickly.

Question #4. How is the distribution of sale proceeds from Fairview Training Center and Dammasch State Hospital to be used? Dammasch property was sold, and after paying off the DAS expenses for managing the property for the last three or four years, they deposited \$12.8M. That was a little less than the original sale price because Costa Pacific suddenly cashed out. Nobody really knows why and he's assuming that maybe they began to see that the Fed would raise interest rates and the economy was beginning to heat up. There were statutory trust funds established and they call for 95% of those sale proceeds to be maintained in a trust fund. 5% can be taken and spent for community mental health housing. As the trust fund grows and that interest is distributed, the interest distribution will go 70% to community mental health housing and 30% to institutional housing. It cannot be used for operations. It has to be used for patient treatment areas but it can be used for ancillary services. Unless they have a huge interest increase, the amount of interest on that money is not going to be huge. He even called the treasury to see if they could work with them on investing longer, especially on the corpus. They don't believe they have the statutory authority to do that so it is still being checked out. They are pretty well stuck in the short term of 1.5%. They are not looking to be building a new building from that part of the interest in the near future. Maynard serves on a Housing Advisory Committee, set up and established under administrative rules. They have not yet established what the values and criteria will be for what he would bring forth for institution housing on behalf of Dammasch.

Fairview is a little farther ahead. The statutes set up the same criteria with the exception that there is no institution prolog in there. 95% has to stay in corpus. 5% interest earnings have to be distributed and used for community and disabled housing. The total sale price was \$15,120,000 unless that amount is reduced as a result of early pay off.

*Bill Foster* commented that the buyer is intending to buy out early, however, DAS has not seen it yet.

*Bill Neland* asked if it is the buyer's responsibility to clean up the cottages? Response: Most definitely, and actually they have some plans for dealing with different portions of the site in different ways and they had someone who was interested in the historic buildings. *Bill Neland* commented that they are so loaded with asbestos, they won't burn. Response: This is the buyer's problem at this point.

Fairview's trust fund is further ahead because they already had one public grant program for \$145,000 which was well received and they are preparing a second grant offering of \$150,000. They also have an Advisory Board set up to help guide the policy as well as administrative rules. The eligibility for these grants is a residential person with developmental disability who resides or intends to reside and who is not a licensed site for services with developmental disability, family member, core provider, corporation, public entity etc. It's pretty wide open according to the information he has. It's been well received. While these two grant amounts are not huge, that kind of money is still more than they had before. Most of those statutes allow for pretty wide flexibility for what you can do with the money as long as it is not operations, (ie, buy, build, construct, equip, modify, adapt, all the normal facilities indicators).

Question 5. Besides incorporating the recommendations of the Task Force, what other criteria has been identified for the Master Plan?

The final Task Force report is to be issued in October, 2004. They plan to have the Master Plan completed in 2005. They said two years ago they would have one completed in the 03-05 biennium but they didn't get there. There are a number of things put on the table for the Master Plan. What they are looking for is that they have three campuses that they are now calling the Hospital System. They are trying to integrate those three systems into one system (EOPC, Portland Campus and the Salem Campus). Setting the stage for that, the first thing that should be done is a plethora of studies. The Task Force Report should be done in October. Governor Goldschmidt's study of inpatient services in 1988 was, most people believe, valuable for inpatient services. Governor Kitzhauber formed a Mental Health Realignment Group and while they didn't deal as much with these kinds of issues, they are still a resource. The Mental Health Task Force, which the CPAB chair served on in 1992 dealt with the same issues as they are dealing with now, only they are worse now. It was scary then. Other issues for a Master Planning effort would be input from all the stakeholders such as the state, neighborhood associations, and CPAB. DAS would

have a role to identify all the property as well as identify what kind of facility they would want. A lot of effort has been put into that. They have professional staff, clinical and an expert review panel which give them some input as well as mental health and social services. Costs of clinical treatment were evaluated and recommendations given. All of those things would be on the table and the over-riding goal would be to try to figure out what is the role of the State Hospital to the Mental Health System. They need to do something which has never been defined. They can define what services they can provide as a hospital system but they really can't decide where a hospital should go and what size it should be. Most likely it's smaller and more nimble. It certainly isn't what they have now. They need to look at those things and see how it can be integrated into the community and try to define a role. That's the best use of time and effort. The facility piece would be nice to have, however, without the rest of those things defined, it would be hard to determine what kind of facility they need.

*Denny Nielsen* commented that Maynard hit the nail on the head. There is a collateral impact.

Another issue is developable land. Properties like Dammasch and Fairview would be a good piece of land to develop but like other state properties, their infrastructure is lousy. In many cases its non-existent, its decayed masonry and sewer lines and everything else. A lot of work would have to be done to package that for zoning and figure out what the highest and best use of the land would be. It's not easy to get there. The major effort must start with some kind of funding by the state. As you all know, a Master Plan has no value at all unless someone has a commitment to carrying it out. Two years ago, their Master Plan concept didn't make it to agency request budget. This time it's still in agency request so it's being analyzed for the Governor's recommended budget. Again he believes there has been more attention oriented to these issues, not only them but what do you do with psychiatric patients who really belong somewhere else? Some patients don't really need to be in the hospital for years, however, many have died in the hospital.

The development of a plan for all intents and purposes would be good use of the land.

*Denny Nielsen* commented the Salem Hospital has a property on Center Street and there may be some opportunity for OSH because it is all PH zoned.

There are some issues which Maynard inherited because he stayed put during a three hour meeting with the Department of Corrections. DOC has a massive problem also and the psychiatrists as well as their present Superintendent are at a loss to see the difference between the forensic patients and the patients at the State Hospital. The question is, should there be a joint facility and where the best place to put patients should be.

Question 6. Is the Salem Mental Health Division Campus a proper facility for modern treatment of mental illnesses? Response: The status of the J building is that it houses three wards. The West end has been remodeled.

*Bill Neland* asked if there are any additional comments and none were heard.

*Bill Neland* asked for a motion to accept the reports.

A motion was made by Tom McMullen to accept the reports submitted by the Department of Human Services. The motion was seconded by Doug Spencer and unanimously approved.

**NEXT MEETING DATE: October 15, 2004 from 1:30 pm to 4:00 pm at the Forestry Building.**

**Meeting adjourned at 3:35 pm.**