



Oregon

Kate Brown, Governor

Department of Administrative Services

Enterprise Asset Management

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MEMORANDUM

To: City of Salem Mayor and Council

From: Shannon Ryan, Administrator

Date: June 2, 2016

Subject: Oregon State Hospital North Campus – Historic Mitigation

Process Alternatives for Historic Clearance Review and Mitigation

At the outset, DAS was given the option of the City of Salem's historic design review and mitigation process or the State Historic Preservation Office (SHPO) historic clearance review and mitigation process. While DAS enjoys a positive working relationship with the City of Salem, DAS elected to work through the State Historic Preservation Office's process due to the increased flexibility their process offers. Over the last few months, DAS staff have worked closely with City of Salem staff and the State Historic Preservation Office to determine the best ways to mitigate the demolition of five mid-century buildings within the Oregon State Hospital National Historic District. A draft Memorandum of Agreement describing actions designed to mitigate for the specific impact has been developed and presented to the public.

Public Outreach- Overview of Input

At a public meeting held on April 21, 2016, neighbors and interested citizens had an opportunity to review and comment on the proposed mitigation plan and MOA. Overall the response to the proposed mitigation plan has been positive. Interested parties were pleased with the proposed projects, but were interested in whether or not any original historic material would be salvaged. On May 19, 2016, the proposed mitigation plan was presented to the Salem Historic Landmarks Commission for their review and comment. Overall their response was positive as well. They had just one recommendation (Attachment 2), which was to ensure that adequate funding was set aside for the completion of mitigation.

DAS Response to Public Input- Final MOA

Salvage

In response to concerns expressed at the April 21, 2016 meeting, DAS and the SHPO have added a section on salvage. Specifically, several pallets of bricks will be salvaged to be reused as part of the historic interpretation within the park, once the property is redeveloped.

Adequate Mitigation Funding

The HLC expressed concerns that there would be adequate funding to complete the mitigation work. Their recommendation states that “*..the overall DAS budget for the proposed mitigation be either .1% of the estimated market value of the historic resource, or as proposed in the mitigation plan, whichever is higher.*” To clarify, DAS is spending approximately \$80,000 on mitigation which significantly exceeds the .1% (\$7,300-minimum spending requirement noted by the HLC), thereby easily meeting the HLC’s recommendation.

Specifically, the appraised value of the 30.74 acres made available for redevelopment through the demolition of the buildings is \$7.3M. This value is used, as the buildings have no economic value. The mitigation required under the City of Salem process comes to \$7,300.

The attached Memorandum of Agreement (Attachment 1) is the outcome of this process. The final draft Memorandum of Agreement provides the highest quality documentation and a range of educational and interpretive opportunities. Artifacts are being donated from the buildings for museum display, and documentation and oral histories will be made available via a website. Bricks from the buildings are preserved for use in a future City park and interpretive display. The estimated total cost for mitigation will come to approximately \$80,000. The total mitigation is 1.1% of the \$7.3M appraised land value.

Council Support & Involvement

DAS appreciates the City of Salem’s ongoing support and involvement throughout this process. It is notable that the redevelopment of the North Campus has been included as one of City Council’s 2015-17 goals (Strong Neighborhoods). We look forward to your support of the proposed mitigation plan and MOA.

**MEMORANDUM OF AGREEMENT
BETWEEN THE
OREGON DEPARTMENT OF ADMINISTRATIVE SERVICES,
AND THE
OREGON STATE HISTORIC PRESERVATION OFFICER
REGARDING THE
DEMOLITION OF PROPERTY ON THE
NORTH CAMPUS OF THE OREGON STATE HOSPITAL
SALEM, MARION COUNTY, OREGON**

WHEREAS, Oregon Department of Administrative Services (DAS) proposes to demolish a portion of the Oregon State Hospital mental health facility, comprising five buildings (Breitenbush Hall, McKenzie Hall, Eola Hall, Recreation Center, and Santiam Hall), associated subterranean tunnels, and infrastructure, embracing an area bounded by Center Street NE on the south, D Street NE on the north, Park Ave. NE on the east, and 25th Street NE on the west (project), and transfer the cleared land into private ownership; and

WHEREAS, the project area is entirely within the Oregon State Hospital Historic District, which is listed in the National Register of Historic Places, and that the five buildings, subterranean tunnels and infrastructure all contribute to the Oregon State Hospital Historic District; and

WHEREAS, the City of Salem adopted SRC 230.018 in order to provide public agencies responsible for historic property a streamlined and alternative historic review process with the Oregon SHPO; and

WHEREAS, the proposed demolition constitutes a Level Three, Major Adverse Effect on the historic resources as set forth in SRC 230.018;

WHEREAS, DAS consulted with the Oregon State Historic Preservation Office (SHPO) in accordance with Oregon Revised Statute (ORS) 358.653 to address effects of the undertaking on historic properties; and

WHEREAS, DAS determined, and the SHPO concurred, that the proposed project will result in an adverse effect to the historic Oregon State Hospital Historic District;

NOW, THEREFORE, DAS and the SHPO agree that the undertaking shall be implemented in accordance with the following stipulations in order to resolve the adverse effect of the project on historic properties.

STIPULATIONS

DAS shall ensure that the following measures are carried out:

- I.** Historic American Building Survey Documentation
 - A.** The North Campus of the Oregon State Hospital, including all extant buildings as of May 1, 2016, will be documented for donation to the Historic American Building Survey (HABS) by a qualified professional meeting NPS Standards (36 CFR Part 61). Qualified

professional will work directly with National Park Service HABS staff to determine the level of documentation and other process details. Documentation will include a detailed narrative on the historic development and physical design of the resources (subject to the limitations of access and availability related to hazardous conditions), a mixture of high-resolution digital and film-based photographs, including digital color images of the entire Oregon State Hospital North Campus in sufficient quantity to accurately document its character and between thirty (30) and sixty (60), four inch by five inch black and white negatives and an equal number of eight inch by ten inch black and white prints of the Oregon State Hospital North Campus buildings, tunnels, and infrastructure, all prepared in compliance with HABS standards. Associated buildings on the North Campus, but outside of the project area (comprising the Dome Building and Yaquina Hall), will be documented and photographed only to the extent that they are placed within the context of the overall North Campus, and do not require interior documentation. Additional materials, including available historic images, as-built and historic plans, and other materials as appropriate, will be included to support the documentation. No new blueprints or plans will be created as part of this project.

- B. DAS will submit draft documentation to Oregon SHPO for review and approval. DAS will ensure that any required modifications or revisions requested are accomplished in a timely manner, and the revised draft documentation submitted to SHPO for review and approval. Once SHPO has reviewed and accepted the final documentation, it will be duplicated in either digital or hardcopy as preferred and supplied to National Park Service, SHPO, University of Oregon Architecture and Allied Arts Library, Salem Public Library, Willamette Heritage Center, Oregon State Hospital Museum of Mental Health, and the Oregon Historical Society. Proof of submittal of the NPS-approved HABS documentation to each of the above repositories will be provided to SHPO and complete this stipulation.

II. North Campus Website

- A. DAS will add information about the North Campus to the Oregon State Hospital Museum of Mental Health's existing website (oshmuseum.org) or create a new website to do the same in consultation with that Museum; the best configuration will be jointly identified by DAS and the Oregon State Hospital Museum of Mental Health, either within the Museum's existing website, or as a separate, linked website. DAS will fund the website development to accomplish this to a maximum cost of \$5,000, and will contribute written content about the buildings. The Museum's photo and video collection of the North Campus will be incorporated.
- B. DAS and the Oregon State Hospital Museum of Mental Health will jointly establish protocols for website maintenance, including how and by which party the website will be maintained.
- C. DAS will install live webcams (up to five) in key locations around the demolition zones that will be available to access online in real-time. In addition, the demolition process will be

recorded, and a time-lapse film created of the demolition process. Both the live webcams, and ultimately, the time-lapse film, will be made available on the Oregon State Hospital Museum of Mental Health website.

III. Mobile Museum Display

- A. DAS will fund the design and creation of a mobile display that can be featured in public places throughout the state, the schedule, delivery and locations managed by the Museum. DAS will contribute a maximum of \$2,500 toward the mobile display's design and construction. Design and content of the mobile display will be determined jointly by DAS, Oregon State Hospital Museum of Mental Health, and SHPO.

IV. Museum Display and Funding

- A. A number of artifacts identified by Museum staff have been removed from the buildings, and are in the possession of the Oregon State Hospital Museum of Mental Health. These items are now owned by the museum and shall be rotated and displayed along with the museum's existing collection, as the museum sees fit over time. To facilitate conservation of the above items, and provide support for the Museum, DAS will contribute \$7,500 to The Oregon State Hospital Museum of Mental Health general fund.

V. Oral History Collection

- A. DAS will fund the collection of oral histories and experience stories from current or former employees, patients, administrators, lawmakers, and neighborhood residents relating to the Oregon State Hospital. These oral histories will be recorded and transcribed, and copies made available to the Oregon State Hospital Museum of Mental Health, Oregon Historical Society, and Willamette Heritage Center.
- B. Existing, previously collected oral histories will be obtained from the Museum of Mental Health, and incorporated into the collection at the Museum of Mental Health. Where only audio or video recordings exist, these will be transcribed as well.

VI. Interpretive Display

- A. DAS will fund the design and construction of an interpretive display through an allocation of \$15,000 to the developer of the North Campus property (outlined in the purchase and sale agreement), to be owned and maintained by the City of Salem and sited in a publicly-accessible and appropriate location on the grounds of the North Campus within the Oregon State Hospital Historic District. Location, design and content of this interpretive display will be approved by the City of Salem, in consultation with DAS and SHPO.

VII. Salvage

- A. Existing historic street lamps, currently remaining within the project area, will be recovered and stored by DAS for future restoration/rehabilitation and relocation by the developer in a historically appropriate location within high-integrity areas of the Oregon State Hospital Historic District and outlined in the purchase and sale agreement. Previously recovered,

matching historic street lamps will be restored/rehabilitated for similar use. If no historically appropriate location can be identified within high-integrity areas of the historic district, the lamps may be installed in a yet-to-be identified or designed public park within the Historic District, where they will be interpreted for the public. Costs of restoration and/or rehabilitation will be borne by DAS.

- B. DAS will recover and store a total of four pallets of bricks (comprising approximately 500 cleaned bricks, each) from the buildings to be demolished. These shall include two pallets of bricks from Breitenbush Hall, and one pallet each from Santiam Hall and McKenzie Hall. These bricks shall be reserved for use in an exterior interpretive display or commemoration on the North Campus of the Oregon State Hospital Historic District to be installed and constructed by the developer as outlined in the purchase and sale agreement (see Stipulation VI, above).

VIII. Review/Reporting and Deadlines for Completion

Prior to application to the City of Salem for demolition permits for the North Campus buildings described in this document, DAS shall demonstrate to the Oregon SHPO that the mitigation has been completed OR that funding has been secured to complete the mitigation work. If DAS cannot complete the work, or distribute the funding to the appropriate parties responsible for completion of the mitigation work prior to application for the demolition permits, DAS must demonstrate that this funding has been secured.

For any mitigation work not completed prior to application for the demolition permits, DAS shall provide the Oregon SHPO semi-annual reports on the status of the proposed mitigation work as well as an opportunity to comment on the completeness of the mitigation specified in the Stipulations described in this document prior to final submission. Should DAS require any mitigation be completed by a third party (e.g. the Oregon Hospital Museum and/or the future developer of the North Campus), DAS shall ensure that the third party provides semi-annual reports and an opportunity to comment on the completeness of the mitigation prior to final submission to the Oregon SHPO. After final submission of the final report summarizing all work undertaken to satisfy the stipulations, the Oregon SHPO shall have 30 days to notify DAS and any associated third parties that the project mitigation is complete and the Stipulations of this document have been satisfied.

IX. DURATION

This MOA will expire if its terms are not carried out within five (5) years from the date of its execution. Prior to such time, DAS may consult with the other signatories to reconsider the terms of the MOA and amend it in accordance with Stipulation IX, below.

X. AMENDMENTS

This MOA may be amended when such an amendment is agreed to in writing by all signatories. The amendment will be effective on the date of the final signature on the amended MOA.

XI. TERMINATION

If any signatory to this MOA determines that its terms will not or cannot be carried out, that party shall immediately consult with the other parties in writing to attempt to develop an amendment pursuant to Section X, above. If within thirty (30) days (or another time period agreed to by all signatories) an

amendment cannot be reached, any signatory may terminate the MOA upon written notification of the other signatories. If the MOA is terminated without amendment, the adverse effects will be considered unresolved until a new MOA is executed.

XII. EXECUTION

Execution of this MOA by DAS and SHPO and implementation of its terms are evidence that DAS has taken into account the effects of this undertaking on historic properties in accordance with ORS 358.653.

SIGNATORIES:

Department of Administrative Services

_____ Date: _____
Shannon Ryan, Administrator, Enterprise Asset Management

Oregon State Historic Preservation Office

_____ Date: _____
Christine Curran, Deputy State Historic Preservation Officer

ACKNOWLEDGED BY:

City of Salem

_____ Date: _____
Steven D. Powers, City Manager
City of Salem

HCR 16-01 North Campus- Proposed Mitigation

HLC Recommendation- Mitigation

At the Salem Historic Landmarks Commission meeting on May 19, 2016, after a review of the proposed mitigation plan by staff for HCR 16-01, and additional oral comments by DAS, the Salem Historic Landmarks Commission RECOMMENDS that the City Council accept the proposed mitigation plan and MOA with the following RECOMMENDATION to DAS and the SHPO:

Total Funding for Mitigation.

MOTION:

The HLC recommends that the overall DAS budget for the proposed mitigation be either 0.1% of the estimated market value of the historic resource, or as proposed in the mitigation plan, whichever is higher.

Discussion: The HLC is concerned that there is not an adequate amount of funding set aside to ensure that the proposed mitigation is completed. The loss of five buildings within this District is significant, and while the proposed projects are laudable, it is only with adequate and secure funding that they will be effectively completed and maintained for the benefit of the community. The HLC discussed similar demolition projects with required mitigation (i.e. most recently the Howard Hall demolition), and noted that the mitigation for the demolition of that single building exceeded \$2 million dollars. In this case, the mitigation budget appears to reach between \$30,000 and \$40,000 for the loss of five buildings. The HLC looked for guidance in SRC 230.082(b)(2)(C) to establish a measurable monetary standard for this level of mitigation for the demolition of a historic resource. This code section states in part: “..The public agency shall donate 0.1% of the estimated market value of the historic resource to the City’s Historic Preservation Trust Fund.” The HLC utilized the .1% as a benchmark to determine whether adequate funding has been set aside for the proposed mitigation.

Moved by Commissioner Carmichael, Seconded by Commissioner Timbrook

VOTE: YES (6) Commissioners Carmichael, Hendrie, Morris, Sund, Timbrook and Kaser
NO (0) Absent (2) Commissioners Holton, Larson