

INFORMAL

DATE SUBMITTED 1-23-89

(For Clerk's Use)

Meeting Date 1/31/89  
Agenda No. #1 am

REQUEST FOR PLACEMENT ON THE AGENDA

Subject: Informal Briefing

Informal Only\* 1-30-89 A.M. (Date) Formal Only \_\_\_\_\_ (Date)

DEPARTMENT Justice Services DIVISION Administration & Planning

CONTACT John Angell/David Bogucki TELEPHONE 248-3701

\*NAME(s) OF PERSON MAKING PRESENTATION TO BOARD John Angell/David Bogucki

BRIEF SUMMARY Should include other alternatives explored, if applicable, and clear statement of rationale for the action requested.

Briefing on the status and options for the integrated criminal justice information system.

(IF ADDITIONAL SPACE IS NEEDED, PLEASE USE REVERSE SIDE)

ACTION REQUESTED:

INFORMATION ONLY  PRELIMINARY APPROVAL  POLICY DIRECTION  APPROVAL

INDICATE THE ESTIMATED TIME NEEDED ON AGENDA 20 minutes

IMPACT: none

PERSONNEL

FISCAL/BUDGETARY

- General Fund

Other \_\_\_\_\_

SIGNATURES:

DEPARTMENT HEAD, ELECTED OFFICIAL, or COUNTY COMMISSIONER: John Angell

BUDGET / PERSONNEL \_\_\_\_\_

COUNTY COUNSEL (Ordinances, Resolutions, Agreements, Contracts) \_\_\_\_\_

OTHER \_\_\_\_\_  
(Purchasing, Facilities Management, etc.)

NOTE: If requesting unanimous consent, state situation requiring emergency action on back.

BOARD OF COUNTY COMMISSIONERS  
1989 JAN 24 PM 4:34  
MULTNOMAH COUNTY OREGON

# INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM

## PROGRESS REPORT

JANUARY 31, 1989

### BACKGROUND

In February 1988 the plan for development of an integrated criminal justice information system was presented to the Board of Commissioners. This plan proposed a comprehensive approach to system development, requiring between \$1.1 and \$1.7 million and a two year development period. A phased approach whereby the ICJIS Project has been broken down by application systems and interfaces for funding and execution was adopted last July with the approval of the Framework Project and the enhancement and redesign of the Sheriff's three application systems.

### PURPOSE

The purpose of this report is:

To update the estimated cost and time requirements of each phase

To identify developments which could affect the ICJIS development requirements, and

To present options for future developments.

### DEVELOPMENT PHASES

The estimated cost and time requirements and status of the funded and unfunded phases are as follows:

<u>PHASES</u>	<u>COSTS</u>	<u>TIME</u>	<u>STATUS</u>
<b>FUNDED PHASES</b>			
I. FEASIBILITY STUDY/ DEVELOPMENT PLAN	\$132,000	10 MONTHS	COMPLETED: JANUARY 1988
II. FRAMEWORK	\$52,000	5 months	UNDERWAY: TO BE COMPLETED 2-28-89
III. SHERIFF'S SYSTEMS	\$168,000	9 MONTHS	UNDERWAY; TO BE COMPLETED 9-08-89
<b>FUNDED SUBTOTAL</b>	<b>\$352,000</b>		

**UNFUNDED PHASES**

IV. DISTRICT ATTORNEY'S SYSTEM	\$250,000	12 MONTHS	UNFUNDED/ UNSCHEDULED
IVa. INTERFACE WITH OJIN	\$120,000	6 MONTHS	UNFUNDED/ UNSCHEDULED
V. INTERFACE WITH PORTLAND PPDS	\$160,000	6 MONTHS	UNFUNDED/ UNSCHEDULED
VI. MGMT/POLICY INFORMATION SYSTEM	\$100,000	6 MONTHS	UNFUNDED/ UNSCHEDULED
<b>UNFUNDED SUBTOTAL</b>	<b>\$630,000</b>		
<b>ICJIS PROJECT TOTAL</b>	<b>\$982,000</b>		

Several comments need to be made on this progress report:

1. The revised estimated total cost of \$982,000 is lower than the minimum estimate of a year ago. This revision is based on the information gained in the Framework Project. Of this total, \$352,000 has already been committed on Phases I, II, and III. This leaves an estimated total of \$630,000 left to complete Phase IV, VI, and VI.
2. Phase V - Interface with Portland Police Bureau's PPDS requires the City's commitment to this interface. A City Auditor's Draft Audit was issued on January 18, 1989 pointing out the need for sharing of information between City, County, and State information systems. While the City response to this finding is not known, the other phases of ICJIS development can proceed and a core integrated system implemented.
3. Three criminal justice functions (Juvenile Justice, County Probations, and Community Corrections ) were not included in the scope of the original ICJIS concept for several reasons. Developments since the report's submission point toward their inclusion.
  - Juvenile Justice The proposed State Sentencing Guidelines for convicted felons call for consideration of juvenile records in determining length of sentences. In order for inquiries to be efficient and effective, the juvenile information system should be integrated with the adult information systems and should have access to a statewide juvenile criminal history data.

- In addition, the environment has changed since the Juvenile Justice Division's information system (TJIS) was developed. Several functions and processes are not supported, and management information is difficult to access and reconcile information from other criminal justice functions (JJD workload with juvenile arrests, for example).
  
- The juvenile justice information system needs to be improved and should become part of the integrated system. In this light, the Framework Project has been expanded to include the documentation of the Division's critical information needs. The Division is currently accessing its options for improving its information processing and presenting its findings to the Data Processing Management Committee.
  
- Community Corrections and Probation The possibilities of Multnomah County becoming an Option I county for providing felon parole and probation services and the proposed sentencing guidelines requiring increased County management of non-jail custody programs raise the potential need for a management information system for these supervision programs. While the eventual outcome of these two possibilities are unknown, the inherent management information needs and associated costs should be recognized.

#### DEVELOPMENT OPTIONS

Completion of the ICJIS is mainly dependent upon the funding. The next logical phase is the replacement of the District Attorney's system and this project is currently among the projects being considered for funding -- along with other development projects -- by the Data Processing Management Committee.

There are numerous options for the systems completion. Attached are activity and Gantt charts outlining two:

Consecutive Development: This option assumes the development will occur with each new phase starting upon the completion of the previous phase. Completion date is estimated to be March 1992.

Concurrent Development: This option assumes adequate funding to proceed with overlapping of phases where feasible. The estimated completion date for this option is March 1991.

MULTNOMAH COUNTY ICJIS  
CONSECUTIVE PHASE DEVELOPMENT

1-28-89

1

1989

1994

89

90

91

92

93

94



Framework Project



Sheriff's Systems



District Attorney



OJIN Interface



PPDS Interface



Mgmt/Policy Information System

□ Plan

▮ Res

▮ Delay

| Today

▮ Actual

▮ Reference

1-28-89

MULTNOMAH COUNTY ICJIS  
CONSECUTIVE PHASE DEVELOPMENT

171

ACTIVITY	Planned start	Planned end	Planned cost
REVISED Plan	4-01-87	2-25-92	\$902000
Requirement Analysis/Development P1	4-01-87	1-28-88	\$132000
Framework Project	8-17-88	2-24-89	\$52000
Sheriff's Systems	11-03-88	9-06-89	\$166000
District Attorney	9-08-89	9-05-90	\$250000
OJIN Interface	9-05-90	3-06-91	\$120000
PPDS Interface	3-07-91	9-03-91	\$160000
Mgmt/Policy Information System	9-03-91	2-25-92	\$100000

MULTNOMAH COUNTY ICJIS  
CONCURRENT PHASE DEVELOPMENT

1-30-89

1

1989

1994

89

90

91

92

93

94



Framework Project



Sheriff's Systems



District Attorney



OJIN Interface



PPDS Interface



Mgmt/Policy Information System

□ Plan

| Res. Delay

| Today

■ Actual

▨ Reference

1-28-89

MULTNOMAH COUNTY ICJIS  
CONCURRENT PHASE DEVELOPMENT

1/1

ACTIVITY	Planned start	Planned end	Planned cost
REVISED Plan	4-01-87	3-05-91	\$982000
Requirement Analysis/Development P1	4-01-87	1-28-88	\$132000
Framework Project	8-17-88	2-13-89	\$50000
Sheriff's Systems	11-03-88	9-06-89	\$168000
District Attorney	9-07-89	9-04-90	\$250000
OJIN Interface	3-08-90	9-04-90	\$128000
PPDS Interface	9-04-90	3-05-91	\$160000
Mgmt/Policy Information System	9-04-90	3-05-91	\$100000



MULTNOMAH COUNTY OREGON

*Approved*  
*1/31/89*

*# 1*  
*1/31/89 pm*

DEPARTMENT OF GENERAL SERVICES  
PURCHASING SECTION  
2505 S.E. 11TH AVENUE  
PORTLAND, OREGON 97202  
(503) 248-5111

GLADYS McCOY  
COUNTY CHAIR

MEMORANDUM

TO: Jane McGarvin, Clerk of the Board  
FROM: Lillie M. Walker, Director, Purchasing Section  
DATE: January 25, 1989  
SUBJECT: FORMAL BIDS AND REQUESTS FOR PROPOSALS SCHEDULED FOR INFORMAL BOARD

BOARD OF COUNTY COMMISSIONERS  
 1989 JAN 25 PM 3:25  
 MULTNOMAH COUNTY OREGON

The following Formal Bids and/or Professional Services Request for Proposals (RFPs) are being presented for Board review at the Informal Board on Tuesday, January 31, 1989.

Bid/RFP No.	Description/Buyer	Initiating Department
B61-200-3324	S.E. 257TH AVENUE	DES/Transportation
	Buyer: Franna Ritz Ex. 5111	Contact: Kim Roske Phone: X5050
B06-100-3328	Walk-In Van	DES/Transportation
	Buyer: Roger Bruno Ex. 5111	Contact: Tom Guiney Phone: 5050
	Buyer: Ex. 5111	Contact: Phone:

cc: Gladys McCoy, County Chair  
Board of County Commissioners  
Linda Alexander, Director, DGS

Copies of the bids and RFPs are available from the Clerk of the Board.

TO: DAILY JOURNAL OF COMMERCE

Please run the following Classified Advertisement as indicated below, under your "CALL FOR BID" section

MULTNOMAH COUNTY

Proposals Due: February 14, 1989 at 2:00 P.M.

Proposal No. B06-100-3328

Sealed proposals will be received by the Director of Purchasing, 2505 S.E. 11th Ave., Portland, OR 97202 for:

The furnishing of One (1) New Current Model of production

Walk-In Van

as per specifications on file with the Purchasing Director. No proposal will be received or considered unless the proposal contains a statement by the bidder as part of his bid that the requirements of ORS 279.350 shall be included. Multnomah County reserves the right to reject any or all proposals.

Specifications may be obtained at: Multnomah County Purchasing Section

2505 S.E. 11th Avenue

Portland, OR 97202

(503) 248-5111

Lillie M. Walker, Director  
Purchasing Section

PUBLISH: February 2, 1989

AD2:PURCH2

TO: The Portland Business Today/DJC

Please run the following Classified Advertisement as indicated below, under your CALL FOR BIDS section

**MULTNOMAH COUNTY**

S.E. 257TH AVENUE

Bids Due February 14, 1989 at 2:00 P.M.  
Bid No. B61-200-3324

Sealed bids will be received by the Director of Purchasing, Multnomah County Purchasing Section, 2505 S.E. 11th Ave., Portland, OR 97202 for:

Construction of roadbed, storm drainage facilities, concrete curbs, walks, driveways, masonry gunite retaining walls. Removal of existing traffic signals, installation of new traffic signal.

Plans and Specifications are filed with the Purchasing Director and copies may be obtained from the above address for a \$5.00 non-refundable fee. **CHECKS AND MONEY ORDERS ONLY.** Plans and Specifications will not be mailed within the Tri-County area.

**PREQUALIFICATION OF BIDDERS** Pursuant to the Multnomah County Public Contract Review Board Administrative Rules (AR 40.030) Prequalification shall be mandatory for this project for the following class(es) of work: MUNICIPAL STREET CONSTRUCTION

Prequalification applications or statements must be prepared during the period of one year prior to the bid date. Prequalification application and proof of prequalification by the Oregon Department of Transportation must be actually received or postmarked to Multnomah County Purchasing Section by not later than 10 days prior to bid opening.

All bidders must comply with the requirements of the prevailing wage law in ORS 279.350.

Details of compliance are available from the Purchasing Section, Department of General Services, 2505 S.E. 11th Avenue, Portland, OR 97202, (503) 248-5111.

Contractors and subcontractors must be licensed for asbestos abatement work if the project involves working with asbestos.

**NONDISCRIMINATION** Bidders on this work will be required to comply with the provisions of Federal Executive Order 11246. The requirements for Bidders and Contractors are explained in the Specifications.

No proposal will be considered unless accompanied by a check payable to Multnomah County, certified by a responsible bank, or in lieu thereof, a surety bond for an amount equal to ten percent (10%) of the aggregate proposal. The successful bidder shall furnish a bond satisfactory to the Board in the full amount of the contract.

Multnomah County reserves the right to reject any or all bids.

LILLIE WALKER, DIRECTOR  
PURCHASING SECTION

Publish February 2, 1989

DATE SUBMITTED \_\_\_\_\_

(For Clerk's Use)  
Meeting Date 1/31/89  
Agenda No. # 2 pm

REQUEST FOR PLACEMENT ON THE AGENDA

Subject: Blue Lake Park

Informal Only\*January 31, 1989 p.m.  
(Date)

Formal Only \_\_\_\_\_  
(Date)

DEPARTMENT Environmental Services

DIVISION Park Services

CONTACT Nancy Chase

TELEPHONE 248-5050

\*NAME(S) OF PERSON MAKING PRESENTATION TO BOARD Nancy Chase, Jay Smith, Ken Nachbar

BRIEF SUMMARY

Park Services and the consultants, Touche Ross and Company, will review the feasibility study findings for the Blue Lake RV and Golf Course and the Expo RV study. Board direction is requested in order to proceed further on the projects 1/2 hours is needed.

*TIME CERTAIN 1:30*

ACTION REQUESTED:

INFORMATION ONLY  PRELIMINARY APPROVAL  POLICY DIRECTION  APPROVAL

INDICATE THE ESTIMATED TIME NEEDED ON AGENDA \_\_\_\_\_

IMPACT:

PERSONNEL  
 FISCAL/BUDGETARY  
 General Fund  
Other \_\_\_\_\_

BOARD OF  
COUNTY COMMISSIONERS  
1989 JAN 17 PM 4:13  
MULTI NOMAH COUNTY  
OREGON

SIGNATURES:

DEPARTMENT HEAD, ELECTED OFFICIAL, or COUNTY COMMISSIONER: *[Signature]*

BUDGET/PERSONNEL \_\_\_\_\_

COUNTY COUNSEL (Ordinances, Resolutions, Agreements, Contracts) \_\_\_\_\_

OTHER \_\_\_\_\_  
(Purchasing, Facilities Management, etc.)

NOTE: If requesting unanimous consent, state situation requiring emergency action on back.

**BLUE LAKE PARK AND  
EXPOSITION CENTER**

**PRELIMINARY FEASIBILITY STUDY**

	<u>Gross Revenues</u>	<u>Estimated Margin Above Debt Service*</u>
<u>Blue Lake RV Park</u>	\$608,000	\$104,000
\$15 rate		
55% average annual occupancy		
\$260,000 annual debt service		
<u>Blue Lake Executive 9</u>	\$415,000	\$ 25,000
\$6.00 greens fees		
31,000 rounds per year		
\$120,000 annual debt service		
<u>Full-Size 18 Hole Course</u>	\$1,025,000	\$ 66,000
\$6.50 greens fees		
100,000 rounds per year		
\$500,000 annual debt service		
<u>Full-Size 18 Hole Course</u>	\$1,247,000	\$245,000
\$6.50 greens fees		
120,000 rounds per year		
\$500,000 annual debt service		
<u>Exposition Center RV Park</u>	\$399,000	\$ 56,000
\$15.00 rate		
55% average annual occupancy		
\$170,000 annual debt service		

\* Example cases only, not necessarily "most likely"

Proposed Table of Contents for RWJ Project Narrative

Project Narrative

- a. Description of Organizational Entity
- b. Definition of the Problem
- c. Proposed Objectives
- d. Proposed Strategy and Approach
- e. Needed Statutory Changes, Regulations, Actions or Waivers
- f. Management Plan
- g. Expected Outcomes
- h. Impact of Foundation Funding
- i. Plans for Continuation Beyond Grant Period

248-3379

Project Narrative

The goal of the proposed project is to initiate a child-centered and family-focused comprehensive mental health service system in Oregon's largest population center. This service system will serve children with severe mental or emotional disturbances in the least restrictive and most appropriate settings possible. Establishment of this service system will be carefully monitored in order to demonstrate principles for improving the systems for service delivery to severely mentally or emotionally disturbed children and their families throughout the state.

This effort is supported through several recent initiatives:

- o Oregon was recently awarded a Children and Adolescent Service System Planning grant by the National Institute of Mental Health. This project is just beginning and represents a renewed focus on the mental health service needs of children and adolescents.
- o Governor Neil Goldshmidt has placed much emphasis on the needs of children. He initiated a broadly based effort to establish a "Children's Agenda"--the importance placed on children is reflected in interagency programs such as the Student Retention Initiative.
- o Another group assembled by Governor Goldschmidt, the Commission on Psychiatric Inpatient Services, raised public awareness of the problems plaguing Oregon's public mental health service system. The Commission's report formed the basis of a recommended \$23 million increase in mental health services.
- o A new commitment to planning exists within the Oregon Mental Health Division. A new Administrator, Richard C. Lippincott, M.D. is providing leadership in this area. A recently awarded federal planning grant made possible the hiring of two planning staff and an additional two planners are proposed in the Governor's budget for 1989-1991.

a. Description of Organizational Entity

The Mental Health Division will be the lead agency for this project. The Mental Health Division is one of the seven divisions and two program offices of the Department of Human Resources, the umbrella human services agency for the State of Oregon (see organizational chart in the Appendix section). The Mental Health Division administers state mental health programs under the Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR) for mentally or emotionally disturbed and the developmentally disabled persons and for persons committed to its care by the courts. The Mental Health Division is comprised of four institutional programs and two program offices: Program Office for Mental and Emotional Disturbances (M-ED) and Program Office for Developmental Disabilities (DD).

The Mental Health Division subcontracts for services with comprehensive Community Mental Health Programs (CMHP) in Oregon's 36 counties. Community mental health services, funded and provided as a mechanism to keep people from unnecessarily entering the state hospital system, include outpatient treatment and crisis services for children, and pre-commitment, community support services, residential and case management services for adults. Program audits for certification of all CMHPs are conducted onsite every two years by the Mental Health Division.

In Oregon, County Boards of Commissioners are the local mental health authority. Each county mental health authority agrees to accept allocated state monies to provide mandated mental health services and add local resources when possible.

[Need additional narrative on collaborating entities]

State level interagency and interdepartmental agreements between the Adult and Family Services Division, the Children's Services Division, the Mental Health Division and Department of Education will be amended to include the RWJ Mental Health Project per the state ORSXXXXXX. regulations. Developing and strengthening these agreements is planned as a first year initiative of the Oregon Child and Adolescent Service System Planning (CASSP) project. This systems development process will further incorporate the RWJ Mental Health Project values and criteria into the agreements.

The necessary interagency agreements will be developed at the county level with individual agencies during the first year development phase of the project.

The Host organization for the project is the Multnomah County Department of Human Services. The single point of accountability will occur at the state level. Oversight will be provided by administrators of state agencies serving children and their families. This will be facilitated through the Executive Committee of the Oregon Department of Human Resources. This committee also serves as the CASSP Children's Cabinet and is chaired by Kevin W. Concannon, Director, Oregon Department of Human Resources.

At the county level, Multnomah County Department of Human Services will be contractually accountable to the Mental Health Division. Dave Pump, Manager of Children's Clinical Services, Multnomah County Department of Human Services, will be responsible for carrying out project objectives.

An advisory board will be assembled to monitor the project. The RWJ Mental Health Project Board will be staffed by the Project Director. This board will include a liaison representative from the Multnomah County Department of Human Services Mental Health Advisory Board as well as consumer, parent, minority and provider representatives.

b. Definition of the Problem

The target population. Children will be eligible for services in the RWJ project based on the following definition. This definition parallels the definition of children eligible for mental health services in Multnomah County and incorporates both the Oregon statutory definition in ORS 430.675 which prioritizes mental health services eligibility and the CASSP parameters defining severely mentally ill children.

Each child will be under the age of 18; at immediate risk of removal from home for treatment of a mental or emotional disturbance; exhibit behavioral, emotional and social impairments that result in severe or persistent disruptions of one year or more to the child's developmental progress, family and interpersonal relationships and that may impinge on academic progress; be in the custody of the Children's Services Division or at imminent risk of out-of-home placement; have a DSM III-R diagnosis based on an assessment by a qualified mental health professional; and be receiving services from three or more agencies.

In addition, baseline data for establishing eligibility will include a pre- and post-enrollment Achenbach behavior check-list battery to be administered to each project-eligible child and an assessment against an acuity scale to be developed during the first year of the project.

There are 1,079 children and adolescents currently in Children's Services Division custody who meet this definition for potential eligibility in the RWJ project and reside in Multnomah County. A total of 3,181 Oregon children are suspected to meet this criteria, but have not been clinically diagnosed as having severe mental and emotional disturbances. An estimated 1,550 of these children reside in Multnomah County. Should further narrowing of the eligibility criteria for RWJ children be necessary the Access and Eligibility Committee will select younger children with severe disturbances for participation.

Environment. Although Oregon is recovering from years of economic hardship and state revenues are increasing, support for human service programs is still far below the needed levels. Children's programs were particularly hard hit. As a part of the come-back strategy, Governor Neil Goldschmidt is proposing a package of new programs and increased funding for human services to the 1989-91 legislature that is based on the findings of a series of Governor's Commission studies. Beginning in 1987 the range of children's program needs was studied by committees in each county, prioritized and collated into the "Governor's Children's Agenda." The Agenda forms the basis for the 1989-91 Governor's requested budget across state agencies funding children's services. The Mental Health Division budget includes increased state general fund allocations in the amounts of \$300,000 for children's mental health case management demonstration projects and \$850,000 for children's mental health crisis services. The Children's Services Division budget requests funds for six new day treatment programs for young children with severe mental or emotional disturbances.

Over the past decade Oregon has demonstrated innovation and success with the first Home and Community Based 2176 Waiver gaining national recognition as a model state in the development of community support

services to adults with chronic mental illness. Now, however, the Governor's Commission on Psychiatric Inpatient Services, notes alarming deficiencies in the community system of care. Among the key findings of this ten month study were:

- o Thousands of severely mentally ill persons cannot get care in the community because local programs are insufficiently funded to serve all those in need.
- o Although Oregon ranks 30th in the nation in per capita income, the state ranks 41st in per capita expenditures of state service funds for mental health services.
- o The long-range planning needed to correct these problems has been lost in the climate of financial and programmatic crisis that has overtaken the mental health system and threatens to leave it in shambles.

The Commission report notes that an ideal system would integrate hospital and community care, provide equitable access to the appropriate level of care, and assure accountability of those responsible for management and service delivery. That Oregon now falls short of this ideal is seen as a challenge for future growth and change.

The positive side of the long-standing economic crisis is that there is less in the current system to "undo":

- o Oregon has not over-utilized costly, long-term private psychiatric inpatient facilities.
- o Children do not get "lost" in massive residential and institutional care systems.

There is much that is "right" in our system:

- o Children do not remain in foster care wherever workable family alternatives are available.
- o There have been interagency committees in place at both the state and community level since the 1970s to screen children prior to state hospitalization and to fund individual service plans to keep the most problematic of our children at home whenever possible.
- o The innovative Day and Residential Treatment Services (DARTS) Program were developed in the 1970's and are jointly operated by the Children's Services Division, the Mental Health Division and private providers. The number of these day treatment programs has tripled in the last 10 years.
- o The state's Certificate of Need process is strong. The three hospitals and two psychiatric facilities in Multnomah County with children's units have established, responsible community relationships.

Multnomah County, with a population of 562,000, is the largest Oregon county. The five-member Board of County Commissioners, as the local mental health authority, oversees the public mental health system which is housed in the Multnomah County Department of Human Services (DHS), MED Program Office.

The MED Children's Clinical Services Program, with a current biennial state allocated budget of \$ 2.1 million, contracts with nine private agencies to serve 1,830 children in brief outpatient treatment. Using state funds, these the Mental Health Division-certified agencies serve only severely mentally or emotionally disturbed children or those at highest risk of later developing mental or emotional disturbances. These agencies also serve children and families who can afford to pay for services or who have third-party private insurance. Some agencies also receive funds from other sources such as United Way and county general funds.

[financing and policy concerns]

Financing Mental Health Services for Children. Since 1970 when the Department of Human Resources was created in Oregon, both the the Children's Services Division and the Mental Health Division have been responsible for the child mental health system. The Mental Health Division funds opposite ends of the service continuum outpatient services and hospitalization. the Children's Services Division funds those services in between, such as intensive family counseling, day treatment services and residential treatment centers. Both agencies finance services reimbursed under the Title XIX Medicaid State Plan. The Plan is managed through interagency agreements by the Adult and Family Services Division (AFS). Each Division maintains its own medicaid management and auditing functions. Community-based providers of service bill directly to AFS.

The Children's Services Division finances services at a federal financial participation rate of 62.44% for Title IV-E programs such as foster care, adoption assistance and independent living provided under Public Law 96-272, the Foster Care, Adoption Assistance and Child Welfare Act of 1980. The federal financial participation rate for Title XIX medical assistance programs under the Rehabilitative Option is also 62.44%.

The Mental Health Division revenue for community services is derived from Title XIX of the Social Security Act, from the Alcohol, Drug and Mental Health (ADMH) Block Grant, and from state General Funds. Since July, 1987, services have been provided under the optional category of Rehabilitative Services. Rehabilitative Services revenues partially support outpatient services such as crisis, community treatment, community support services and semi-independent living services. The ADMH Block Grant is used for community support services for adults in the Portland Metropolitan area, and for services to mentally ill children and adolescents in all counties. Medicaid revenue from Rehabilitative Services is projected to increase at a rate of 4 percent each year.

The 60-bed Child and Adolescent Treatment Program (CATP) was established ten years ago on the grounds of Oregon State Hospital in Salem, Oregon. It is the only state-funded psychiatric hospital for children and

adolescents in Oregon. The CATP operates an additional 15 crisis beds. The CATP budget allocation for the 1987-89 biennium is \$5.9 million for the 75 beds.

The critical lack of alternative crisis resources for children throughout Oregon results in substantial overuse of CATP as a crisis program even though the cost for hospitalization is significantly higher than for outpatient services.

The Mental Health Division contracts with counties for children's outpatient services include a 62.44% federal match. The funding \$2,849 per year to serve an average of 3 children. This rate is based on an average usage of 16 weeks of service per child. Contract compliance is monitored monthly through the state Client Process Monitoring System (CPMS) to insure that the designated number of children are receiving services.

DISCUSSION OF THE STATE MEDICAID PLAN. Each of the state agencies receiving reimbursement under the state plan has begun to explore opportunities to expand its available resources. Reinvestment strategies such as the the Children's Services Division Intensive Family Counseling program funded by foster care "offsets" have been in place for a number of years. However, the idea of developing a collaborative programming and fiscal strategy is comparatively new and much work is yet to be done.

The following chart illustrates current and potential opportunities to improve the financing of children's mental health services in Oregon:

[Need to insert chart here.]

Clearly, Oregon has not take advantage of the many opportunities and options under the Medicaid Program and ranks 43% nationally in the number of Medicaid recipients per 1,000 residents.

Similar potential exists to identify other under-utilized resources such as private insurance, health maintenance organizations, PL 99-457 and PL 94-142. Potential revenue sources will be defined and pursued during the course of this project.

[description of current system and problems/who not served]

[agencies/organizations currently providing services; funding sources and amounts; numbers served; unmet need]

The project has been designed based on input and problem identification gathered in public meetings from the following groups during November and December of 1988:

- o Administrators of key state agencies which provide money and/or services to children with severe mental or emotional problems,
- o Managers of Multnomah County programs whose responsibility includes services for children with severe mental or emotional problems,

- o Providers and directors of non-profit organizations serving children with mental or emotional problems,
- o Advocates for children's programs in the community, and
- o Parents or other consumers who depend on mental health services for children.

Barriers, Gaps and Deficiencies. The Oregon system of child mental health and related child welfare and education services falls short in a number of critical ways. There are both systems- and treatment- related problems that hamper the effective provision of mental health services for children and their families. The following broad issues were surfaced during community meetings held during November, 1988:

- o In Oregon, there is no firm legal mandate to provide mental health services for children.
- o Both the Mental Health Division and the Children's Services Division share limited responsibilities to develop mental health resources and provide mental health services for children.
- o Funding sources which could provide support have not been tapped and efforts to maximize resources have been extremely limited
- o The Children's Services Division's services in support of mental health needs of children with severe emotional disturbances is legal, fiscal and custodial, rather than treatment-oriented
- o There are minimal linkages and competing values between the private and public sectors of mental health services funding and provision.
- o Private insurers of group health policies are seeking repeal or amendments to the state's mandatory insurance law.
- o The education and mental health systems function discretely using separate definitions of eligibility for service and separate resources to provide services; information is not shared across systems
- o The mental health system of care is ill-defined; No continuum of mental health treatment services exists
- o Access by concerned parents to an undefined system is difficult at best
- o The current system is inflexible and does not respond to the needs of the child and family from a holistic perspective
- o Treatment is driven by service availability rather than by the needs of the child

- o Financing for needed mental health services often demands that parents relinquish custody of their child to the courts
- o Standards for quality to assure that children receive the most appropriate, least restrictive services have not been developed
- o Entry through a particular "door" into the system such as education, child welfare or juvenile justice usually dictates the level of mental health service that will be available to a child
- o Gaps in service and limited resources make the effective transition from acute to community-based care difficult to plan and carry out.
- o Narrow eligibility rules in the adult mental health system make the smooth transition from adolescent services to adult services all but impossible
- o The effectiveness of services is not evaluated. The lack of outcome based information precludes planning based on the right service, or right amount of service has been provided
- o Each agency or provider operates or delivers services in a focused way, without an overview of services being determined by the needs of the mentally ill child.
- o Information sharing across systems serving children does not happen consistently.
- o The current system does not support home-based care, therapeutic foster care, crisis services, nor training in the special needs of mentally ill children.

COUNTY PROBLEMS. Along with the general problems identified as barriers to providing adequate children's mental health services in Oregon, there are barriers within Multnomah County. It is these problems that will be addressed in the development year of the RWJ Mental Health Project.

Although Multnomah County has by far the largest share of resources for children in the state, few components of a system of care exist for the estimated 11.8% (16,000) children needing mental health and related services. Using the Friedman model (See Appendix 7 - Friedman/NIMH Chart) for determining service need, the hospitalization and residential treatment centers capacity in Multnomah County is 837% of that recommended to be necessary. At the same time, outpatient services provided through the Multnomah County subcontracted child provider agencies comprise only 44% of the recommended service level. Similarly underdeveloped services in the county comprise only 29% of the home based services, 36% of the therapeutic group and foster homes and camps, and 11% of the case management services recommended in the model.

The following is a summary of children's mental health service system problems in Multnomah County:

Problem 1. Access to mental health treatment services in the Multnomah County is geographically dictated. Families and other referral sources have no way of knowing about or accessing an agency's services outside their geographic location

Approach: Establish centralized referral and intake system so that there is access to treatment services for children with severe disturbances across the system of providers that is based on the child's treatment needs rather than where the child resides.

Problem 2: The system has focused on maintaining the status quo rather than encouraging a responsive continuum of mental health services for children and families.

Approach: Initiate a community-wide planning process, with assistance from a nationally recognized professional, to gain input from provider agencies, to establish local ownership of the larger system.

Problem 3. The array of services available to an individual child are limited to those available through traditional clinic settings at standardized levels of reimbursement.

Approach: Initiate fiscal incentives under a capitation model to encourage the development of creative and comprehensive services that are the least costly and most effective. These would include 24-hour face-to-face crisis services, case management services, home-based services, and parent support and training.

Problem 4: Multnomah County DHS, which has the responsibility to manage state funds, has no way to determine if the children most in need of treatment receive it.

Approach: Finalize a state plan amendment to provide targeted case management services. Implement an RWJ Mental Health Project case management system to broker the necessary set of services across the and manage a treatment plan that is based on the child's needs.

[Note numbers will need to be re-assigned when editing of this section is completed.]

Problem 6: Funding for children's mental health services in Multnomah County is categorical as well as geographical. Provider agencies may serve either adults or children. In the current system, providers, with one exception, may not serve both the parent and child in other than brief collateral contacts.

Approach: Develop incentives for the county to fund and contract for services to both the child and family in the same setting.

Problem 7: The numbers of eligible children identified and served in special education under Public Law 94-142 and in early intervention services under Public Law 99-457 in Multnomah County (as in all of Oregon) fall far behind rates in most other states. Financing of the special education system tends to rule out rather than rule in mentally ill children, particularly those with disruptive behavior problems.

Approach: Introduce a team approach between education, mental health and the Children's Services Division decision makers employing consultation from AFS to develop a funding plan that will maximize Title XIX funding options.

Problem 8: The mental health, child welfare and school counseling systems see themselves at "odds" because of differing definitions for their service populations, and differing mandates, roles and responsibilities.

Approach: Initiate a community-based forum to establish common ground, acknowledge differences and provide input on an ongoing basis into the development and planning of the RWJ Mental Health Project.

Problem 9: During 1987-89, \$889,000 was collected from third party insurers for mental health treatment in the community. However, these insurers have no mechanism to determine if the most effective, least costly treatment services are the services that have been provided with these funds.

Approach: Seek and promote statewide collaboration with third-party insurers statewide to conduct a risk analysis and develop a private-public capitation of mental health funds through the Oregon CASSP state level SED Children's Committee, DHR Executive Committee and the Insurance Commissioner. Plan for the RWJ Project to pilot the demonstration of cost effectiveness and actuarial equity.

Problem 10: Few children with emotional disturbances receive medical care and supervision under a primary physician.

Approach: Contract with the Multnomah County Pediatrics Association to provide primary care for all RWJ Mental Health Project children by pooling Medicaid and the Children's Services Division medical funds and insurance.

Problem 11: The adequate and appropriate amounts of service essential to a balanced system of care are not in place.

Approach: Implement an interagency Access and Eligibility Committee by interagency agreement within the Multnomah County DHS to manage the resources available from each agency for the RWJ Mental Health Project target population.

Problem 12: There is no current planning mechanism through which to set and carry out interagency objectives that assure that children receive the the right amounts of services at the right time and in the least costly way.

Approach: Develop interagency agreements during the development year of the RWJ Mental Health Project that will assure that as a result of the work of the project, these children will experience at a minimum:

- o 50% Reduction in long-term hospital stays at CATP by Multnomah County children.

- o 100% Reduction in crisis hospitalization at CATP
- o 75 % Reduction in the number of residential placements
- o 25% Increase in therapeutic foster and group homes
- o 25% Increase in outpatient services
- o 50% Increase in home-based services
- o 75% Increase in case management services

Problem 13: An interagency financing plan for children has not been developed.

Approach: Utilize an interagency team to develop and draft a children's mental health refinancing plan for review and comment by the SED State CASSP Children's Coordinating Committee and approval by the Children's DHR Executive Committee.

Problem 14: Children in the RWJ Mental Health Project will not have equal access to Medicaid and other state funds because of eligibility related to family income.

Approach: Examine the Medicaid formula for cost-effectiveness to determine the feasibility of a 2176 Home and Community-Based Waiver for the RWJ Mental Health Project which would bring all children under the eligibility wing.

Problem 15: The State Medicaid Plan contains a number of service options customarily used by other agencies that are available to, but have not been accessed by, the Mental Health Division for children's mental health services.

Approach: Organize a small interagency team to review Medicaid options such as Personal Care, Primary Care, Administrative Activities, in consultation with AFS to determine the feasibility of these in the refinancing plan.

Problem 16: There is no integrated information system between Department of Education, the Children's Services Division, the Mental Health Division through which to track, monitor and maintain a data base on the children with severe mental and emotional problems who are involved with these agencies.

Approach: Develop an interagency and interdepartmental agreements plugging RWJ Project children into the AFS information management system.

Problem 17: Nearly one half of the children now accessing hospital crisis service are experiencing substance abuse induced mental problems. Appropriate and services have not been developed for this dually diagnosed population.

Approach: Explore a comprehensive capitation approach to fund and evaluate services for this population with Kaiser Permanente during the development year of the RWJ Mental Health.

Problem 18: Despite national leadership in the fields of parent support, training and respite care and cultural relevance available from the Research and Training Center for Improving Services to Severely Emotionally Disturbed Children, Regional Research Institute, Portland State University, expertise in delivering the services per se is virtually non-existent.

Approach: Contract with the R and T Center to provide a basic training session for the RWJ Project staff and Advisory Board, providers and interested others from the community during the development year. In subsequent years, quarterly training and consultation for the staff and a yearly seminar and consultation for pediatricians working in the program.

Recent Efforts and Initiatives. For six years Oregon law has mandated that all insurers and health maintenance organizations provide group health insurance policies that include inpatient and outpatient mental health treatment coverage for children as well as adults.

The Mental Health Division has initiated a long range systems-wide planning effort under Public Law 99-660. The Mental Health Division is making administrative changes and exploring fiscal opportunities to maximize the use of its existing resources.

The Department of Education has completed a state plan required under Public Law 94-142 directed toward improving Special Education Services in Oregon. The plan includes efforts to develop transagency collaborative initiatives cemented with formal interdepartmental agreements. The Department of Education and the Adult and Family Services Division are finalizing a Medicaid plan to reimburse services identified in Individual Education Plans (IEP) for Medicaid eligible children under Public Law 99-142 and under Public Law 99-457 which implements early intervention services for preschool children with handicapping conditions.

Finally, in a statewide climate poised to work collaboratively, to help Oregon children and advocate for family preservation, the Mental Health Division has just begun the first of three years of the Child and Adolescent Service System Program (CASSP) state-level systems development to improve services for children and adolescents with severe mental or emotional disturbances.

c. Proposed Objectives

DEVELOPMENT YEAR

I. Organizational objectives:

- A. Complete application for state plan amendment for children's case management
- B. Amend and modify the Mental Health Division/Multnomah County biennial contract.

- C. Child and Family service element (to include families, rather than just adults or just children) Prior to Year 1 activities
- D. Hire Project staff:  
 Project Director Month 1  
 Clerical Month 1  
 Clinical Supervisor Month 6
- E. Design/adopt mechanisms for data tracking/monitoring system (based on existing Multnomah County model used for adults) Month 6
- F. Establish the RWJ Mental Health Project AEC (Month 1)
- G. Initiate a community organizing process for resolving issues and concerns at the provider level and name RWJ Project Month 2
- H. Organize Title XIX consultation team to AEC members-month 2
- I. Apply to RWJ for Project support of Years 2/3 Month 8
- J. Renew letter of agreement between the Mental Health Division and the Children's Services Division for mental health services Month 9
- K. Finalize waiver from Health Care Financing Administration (HCFA) to execute capitation agreements Month 10

II. Develop policies and standards for serving children and adolescents with severe mental or emotional disturbances in Multnomah County.

- A. Formalize relationship with policy groups at the state and county levels which would network public agencies (the Children's Services Division, the Mental Health Division, AFS, Juvenile Justice, education)
- B. Participate on the Children's Coordinating Council (CASSP) Month 2
- C. Establish the RWJ Advisory Board at county level (Month 2)
- D. Presentation of RWJ Project to Children's Coordinating Council (CASSP) Month 3
- E. Letter of participation County to CASSP, State to DHR Exec Cmte Month 3
- F. Establish a process for involvement of public and private providers, agencies, parents, child advocates in project design, modification, and implementation
  - 1. Contract with an experienced consultant for provider problem solving sessions (2 sessions @ 3days each plus travel) Month 2
  - 2. Design Families as Allies training Month 6
  - 3. Participate in conference sessions to link the Oregon project with national initiatives travel to conferences: 2 trips, \$1500/trip Month 6 and Month 11
  - 4. Develop RFP for provider contracts needed for Years 2-3 (include agreement to participate in client tracking) Month 9
- G. Identify similarities and inconsistencies in the definitions used to describe children with serious mental or emotional problems.
  - 1. Contract with national consultant for improving working relationships with education how to best use resources [Harriet Fox] Month 6
- E. Establish rates for capitation agreements; per capita rates for normal services needed
  - 1. Conduct Risk Analysis shared private/public feasibility of involvement of Blue Cross/Blue Shield, Kaiser, Western Research Center, Casey Foundation, State Insurance Commissioner Month 3

- 2. Formal agreements for enrollment of RWJ children in Kaiser program (capitation)  
Health Policy approval Month 12  
Insurance Commission approval Month 12

III. Define a continuum of services for severely emotionally disturbed children and adolescents.

- A. Adopt the CASSP continuum of care model and Core System of Values for use by public and private providers of care to SED children and adolescents (end of Yr 1)
  - 1. Complete written descriptions of services for: Crisis services; home-based care; therapeutic foster and group care; local hospitalization; case management Month 12

IV. Assure that SED children and adolescents access the continuity of services in the most appropriate, least restrictive setting

- A. Establish an Access and Eligibility Committee of managers of county programs which provide mental health services to children and youth. Month 11
  - 1. Obtain formal agreements for participation from AEC members which defines and guarantees commitments from AEC participants for using pooled resources (AFS, education, the Children's Services Division, Juvenile Services Commission, Multnomah Co. Juvenile Dept., mental health, Program Office of Alcohol and Drug Abuse, Office of Health Policy) Month 11
  - 2. Set criteria for eligibility and admission of RWJ participants Month 11
- B. Establish a Clinical Case Management system which will assign services based on the needs of the child Months 6 through 12
- C. Establish the structure for client resource teams, consisting of the clinical case manager and related agency resource people, e.g. representatives of the school system, the Children's Services Division, AFS, drug and alcohol programs, etc. Month 9
- D. Develop and get approval from RWJ Advisory Board for Interagency and Interdepartmental Agreements which would include:
  - 1. Commitments from participating agencies for money or slots ;
  - 2. Provision for immediate access of RWJ youth to various services or programs;
  - 3. Include a no decline policy for acceptance of RWJ youth for services at the provider level;
  - 4. A method for overcoming the confidentiality problem; and
  - 5. An agreement to share information between agencies in the network. Month 11
- E. Establish a plan for the orderly transition of older SED youth to the adult system of care Month 12
- F. Provide assistance to Multnomah County for planning of crisis services and intervention for target youth Months 6 through 12
- G. Identify incentives and disincentives to home-based treatment and develop models to address the disincentives Month 6
- H. Plan a system of home-based services which will promote family unity and the role of parents in maintaining the mental health of their child

1. Plan and prepare RFP for home-based services approved by RWJ Advisory Board Month 8
  2. Issue RFP for contract services if project is funded Month 10
- I. Design training in therapeutic foster care for providers Month 10

V. Institute a financing plan which includes creative ways to tap financing structures such as Medicaid to support services for SED children and youth and establish a structure for blended funding for the RWJ project.

- A. Utilize the Medicaid Rehab option already negotiated and secured in Oregon
  1. Conduct cost analysis of Title XIX rate structure Month 5
- B. Identify additional Medicaid options which could be used for services to SED children
  1. Expand EPSDT services allowable under Medicaid using Medichex screenings for assessing psychological and psychiatric problems Month 5
- C. Advocate for inclusion or expansion of mental health services as allowable payments by insurance programs Months 6 through 12
  1. Negotiate contracts with private insurers
  2. Negotiate contract for service or capitation agreement using Kaiser Permanente (a health maintenance organization)
- D. Expand the use of EPSDT program recipients through utilization of the Oregon Pediatrics Association for screening and providing additional services to SED children and youth
  1. Analyze eligibility requirements for use of EPSDT Month 5
  2. Explore feasibility of expansion of therapeutic day care services for foster children by the Children's Services Division Month 5
- E. Hire consultant for using P.L. 94-142 and P.L. 99-457 to support implementation of special education related services (physical, occupational, speech therapies and related services ) Month 8

VI. Identify legislative issues and provide information needed to implement statutory, administrative rule, and policy changes necessary to implement the project effectively.

- A. Amend the Mental Health Division/Multnomah Co. mental health contract Month 1
- B. Obtain legislative approval to move case management demonstration project funds from the five proposed counties approved in 89-91 budget to Multnomah County only Month 7
- C. Provide information to CASSP regarding the adoption of a Comprehensive Mental Health Services for Children Act activities Months 8 through 12
- D. Get approval for change in State Plan to allow case management services Month 12
- E. Obtain County approval to use Title XIX match for day treatment services Month 12
- F. Obtain administrative rule change to allow Medichex screenings under Medicaid for this project Month 12

- G. Obtain amendment of the State Plan for case management activities under the Comprehensive Omnibus Budget Rebalancing Act (COBRA) Month 12

VII. Conduct research and define the outcomes by which the system will be measured, identify a method for project modification and evaluation for both financing and service delivery mechanisms during and at the conclusion of the project.

- A. Contract with Western Research to design capitation research model and the control group Month 10
- B. Contract with Kaiser to conduct research on dual diagnosed children with alcohol and drug problems Month 10

Implementation years

I. Organizational...

- A. Hire case managers, billing clerk

II. Develop and disseminate information describing the over all system of mental health resources for SED children to young adults to providers, consumers, advocates and service agencies

- A. Prepare a diagram describing the over all system of mental health services for children and youth

III. Reduce the number of long term residential and hospital placements of SED children and youth in Multnomah County by 50%

- A. Pool funds of agencies and insurance.

IV. Reduce the number of hospitalizations of SED children and youth to an amount consistent with the Friedman model in years 2-5.

V. Eliminate the crisis admissions from Multnomah County to CATP.

VI. Institutionalize the coordinated service delivery system of mental health services through implementation of financing strategies developed in Year 1.

- A. Psychiatric supervision of case management system

VII. Provide training for and initiate home-based care developed in Year 1.

VIII. Document the effectiveness of the capitation model for service delivery.

[succinct listing of measurable objectives]

d. Proposed Strategy and Approach

[specific activities and their relationship to one another and problems/goals]

Summary. Considerable planning and cooperation has gone into the development of this proposal. For the first time, many agency representatives providing mental health services to emotionally disturbed children have begun a dialog which may result in the development of a new and comprehensive system of care. While the project design still has some rough edges, key state and community players are committed to moving forward to what everyone recognizes as needed changes in developing a better and more efficient system. With support, both for the concept and for assigning resources, committed from state agency leaders, the RWJ Project has already acted as a catalyst for needed system improvement. The feasibility for success is governed by the impetus represented by the Robert Wood Johnson Foundation in providing the financial resources necessary to initiate the plan.

The RWJ Mental Health Project in Multnomah County will demonstrate that a specially designed case management program accompanied by a range of treatment services that are not as limited in scope, duration, and amount as those now available will prove both cost effective and greatly benefit children in our target population.

The RWJ Project will allocate resources on behalf of a mentally ill child through case management in two ways a capitation system for providing general mental health services, and in supporting a continuum of services not currently available. Agreement to implement agency partnerships linking key providers of services to mentally ill children and pooling of the agencies' available resources for these children through the RWJ Project are critical components for an improved system.

The resources to the system will be managed by the Access and Eligibility Committee (AEC) as described below. Activities of the AEC will be overseen by the Project Advisory Board.

Staffing for the implementation years will include the Project Coordinator and Clinical Supervisor, both of whom will report to David Pump, Manager of Children's Clinical Services in the M-ED Program Office, Multnomah County Social Services Division.

The Project Coordinator will have responsibility for overall program operation, including implementation of objectives identified in this proposal. The Clinical Supervisor will oversee the ten clinical case managers for the program.

Over the course of the project at least 1,000 of the more than 4,960 Multnomah County children estimated to be seriously disturbed will be identified and receive some level of RWJ Project services. Approximately 250 of the most severely disturbed children will be served in the project each year.

The Service Continuum. To provide the necessary set of services for each individual child, a comprehensive continuum of necessary services must be developed and refined throughout the implementation years. These services will include:

- o A new system of crisis response services and outpatient stabilization
- o Three levels of multidisciplinary homebased services for children and families.
- o Therapeutic family group care capacity with training in caring for mentally ill children and consultation
- o Local acute hospitalization for mentally ill children
- o Immediate access crisis services for substance abusing children
- o Case management services
- o A client data tracking program for the RWJ Project children

Interagency agreements with each agency participating in the RWJ Project will include:

- a) Commitments from participating agencies for money and/or slots;
- b) Provision for immediate access of RWJ Project children to necessary services or programs;
- c) Include a no decline policy for acceptance of RWJ children for services at the provider level;
- d) A method for overcoming the confidentiality problem across agencies; and
- e) An agreement to share information between agencies in the project network.
- f) Agency participation in research project to verify capitation model, including data tracking

Description of Capitation Model to be used. The RWJ Mental Health project will utilize the capitation model currently used by the Multnomah County Mental Health Adult Services program. This model is based on centralization of five factors: identification of clients, tracking, services, rate setting, and payment. Under this model, the money available for mental health services from various sources, such as the Adult and Family Services Division, the Children's Services Division, education, juvenile justice and mental health is maximized. The delivery of services is contractually assigned to a provider to pay for an estimated amount of service over a three month period. The provider will then be paid quarterly for the services not to exceed the estimate.

Monitoring and control factors are built in to the system. If a client withdraws from a program of a particular provider, that information is tracked through the countywide tracking system. Payments for the services represented by that client are then deducted from the following quarterly capitation contract for that particular provider.

An incentive for quality in service delivery is assured under this system because the services are brokered by the A&E Committee. If quality goes down, the A&E Committee can arrange to contract with a different provider who commits to maintaining high quality service delivery.

An essential component of the proposed capitation model is the collaboration with private third party insurers of mental health services for children and families in Oregon. Efforts will be made to establish a working relationship with Blue Cross-Blue Shield of Oregon, Kaiser and PACC Health Plan in Oregon. A risk analysis is proposed to determine the feasibility of capitating private insurance funds in Multnomah County for RWJ Project children. Additional analysis will determine the feasibility of managing access to mental health services for all eligible children.

**Research Demonstration.** For purposes of evaluation and comparison, a group of children whose characteristics are similar to the RWJ group and who meet the same eligibility criteria for mental health services, will be monitored during the life of the project. This other group, the Connections group, will also have case management, but the services available to children in this group are limited to outpatient services and currently existing resources. The RWJ group will go beyond currently available services to include a parent support network, crisis intervention, home-based care, or other creative solutions made possible with RWJ support.

Access and Eligibility Committee Role and Composition. The function of the Access and Eligibility Committee (AEC) is to determine which seriously mentally ill children are eligible for project services.

Interagency agreements will commit the participating agencies to provide those services which are within the mandates of each agency. Interagency agreements will provide for immediate access to community-based services. In special cases this requirement may mean the purchase of services not normally provided by an agency. In other cases this may mean two or more agencies will combine funding to one program to ensure comprehensive services are available. For example, mental health, the Children's Services Division and education would each fund 24-hour close supervision and therapeutic foster care in conjunction with schooling for a child in need. In this example mental health would provide the 24-hour close supervision, the Children's Services Division the foster care, and education would provide the schooling and transportation to school. Extraordinary care such as 24-hour supervision is not normally available, so mental health would purchase this service for this client.

Initially, the committee determines the multi-agency service plan for the client. The clinical case(service)-manager is authorized to immediately implement the plan. Each agency will be committed to participation in a client service team unique to each client. This team is authorized to monitor and amend the service plan as needed and authorized by the Project Director. The Project Director authorizes services as determined by the client service teams pending review by the Access and Eligibility (A&E) Committee. (See description of case management section for description of referral and screening procedures.) An additional important function of both A&E members and case managers is to advocate on behalf of individual children or adolescents and their families to ensure that they will receive appropriate services.

The shared responsibility for eligibility and commitment of service resources is key to resolving multiple agency involvements with clients. Case management and regular client team service planning meetings will alleviate the need for agencies to feel the sole responsibility for services. In Multnomah County we have demonstrated the viability of the paradigm with the success of the Connections program, after which this project is modeled with modifications.

Interagency agreements will define the composition of the A&E Committee and will require bi-weekly participation of supervisory/middle manager level staff to the committee. Due to the high level of service potentially committed to each client, the agencies are required to participate. At a minimum, mental health, the Children's Services Division, education, health, alcohol and drug, developmental disabilities, and juvenile justice will be regular members. Advocates and parents will also be represented.

Clinical Case Management Program. Case management services are an essential element of the RWJ Mental Health Project. Case management will be aimed at ensuring continuity of care for identified children, either directly, or indirectly, by facilitating their receiving the most appropriate, highest quality and least restrictive level of care.

Targeted case management and home-based services will be provided to approximately 260 RWJ Project children each year. These services will be funded through the Mental Health Division. Expanding the state plan for Medicaid reimbursable services to include the Rehabilitative option will facilitate this.

Service capacity will be developed for an estimated 50 children needing long-term case management for one year or more (50 children to be served each year); 30 children needing mid-range case management for 3 to 6 months (approximately 90 children to be served per year); and 30 children needing short-term services for less than 3 months (approximately 120 children served per year).

[rationale for approach]

[achievable within proposed schedule and budget ]

[source of matching funds]

Funding the Project. One objective for the project is a 75% reduction in the number of placements of children with severe mental or emotional disturbances in the Children's Services Division residential programs. The cost to the Children's Services Division for residential placement ranges between \$2,500 and \$5,000 per month. The RWJ Project represents an opportunity to demonstrate significant placement savings and to make more efficient use of limited resources. Reducing hospital and long-term residential treatment placement has the potential of freeing up substantial amounts of money for other less restrictive services. With the capitation model, wrapped services will be possible in a more flexible and comprehensive system of care.

[political feasibility of approach]

[list indicators of success]

e. Needed Statutory Changes, Regulations, Actions or Waivers

Specific statutory, administrative rule, and State Plan changes are identified in the Objectives/Activities section, as are timelines for these changes. The project has received the support from the top administrators of state agencies and has the backing of the Governor's Office. Letters of commitment are included in the appendix section.

[demonstrate political feasibility]

[process to be used in achieving change]

[evidence of support for actions]

[alternative strategies should those proposed prove unsuccessful]

f. Management Plan

The interagency planning authority responsible for defining policies needed to achieve objectives is the Department of Human Resources Executive Committee, which has representation and direct linkage to the Governor's Office. Policy decisions and allocation of state agency resources occur at this level. Points of accountability at the state and community levels include Richard Lippencott, M.D., Administrator for the Oregon Mental Health Division, and Dave Pump, RWJ Project Director (and Manager of Children's Clinical Services in Multnomah County Social Services Division). Mr. Pump will supervise the Project Coordinator and Clinical Supervisor. Clerical and case management staff will be directed by the Project Coordinator. At the community level, the project is overseen by the RWJ Mental Health Project Advisory Council.

Please refer to the RWJ Mental Health Project Committee Membership list in Appendix 5 for identification of representatives to

State: The Department of Human Resources Children's Cabinet Executive Committee and the Children's Coordinating Council

County: The RWJ Mental Health Project Advisory Board, the RWJ Access and Eligibility Committee, and the RWJ Mental Health Project County Advisory Council

[[who is interagency planning authority responsible for taking leadership]

[agency and person who will serve as single point of accountability]

[project management structure/lines of authority/decision-making/involvement of Governor's Office]

[advisory committees]

[timetable indicating milestones for accomplishing major tasks]

[workplan (detailed for devel phase/general for impl phase)]

g. Expected Outcomes

[specify for development phase and implementation phase separately]

[Devel phase outcomes should relate to stated objectives and strategies]

[Impl phase outcomes should be specific/quantifiable in terms of decreased use of psychiatric inpatient, expanded home and community-based programming, new high risk populations served, increased service provision through multi-agency collaboration, expanded financing, increased access through more effective intake and assessment, consensus on policy issues, viability of project continuation after grant funds expire]

EVALUATION OF THE RWJ DEMONSTRATION PROJECT. We have identified two models of case management for children with severe mental or emotional disturbances: the "Connections" model and the "Capitation" model. Children from the Capitation model will be evaluated in comparison to children from the Connections model over the life of the project.

The research will be designed and conducted by the Western Psychiatric Research Center, Oregon Health Sciences University, under the direction of Bentson McFarland, M.D.

h. Impact of Foundation Funding

[brief discription of how grant funds will make a difference]

RWJ Foundation will provide the impetus for a complete revision in the delivery of mental health services to severely emotionally disturbed in Multnomah County, not only in the method services are provided, but in making the system more responsible to the needs of the children involved.

A continuum of care for mental health services to children most in need will be established, pooled financial resources will increase the responsiveness and flexibility of the system, children will be more likely to remain in their families and homes through a reduction of institutionalization and long term care strategies, untapped and under-utilized federal support will become a regular part of the system, and a more efficient service delivery system will be developed. RWJ support represents a catalyst for a much needed systems change without the catalyst, no change may occur.

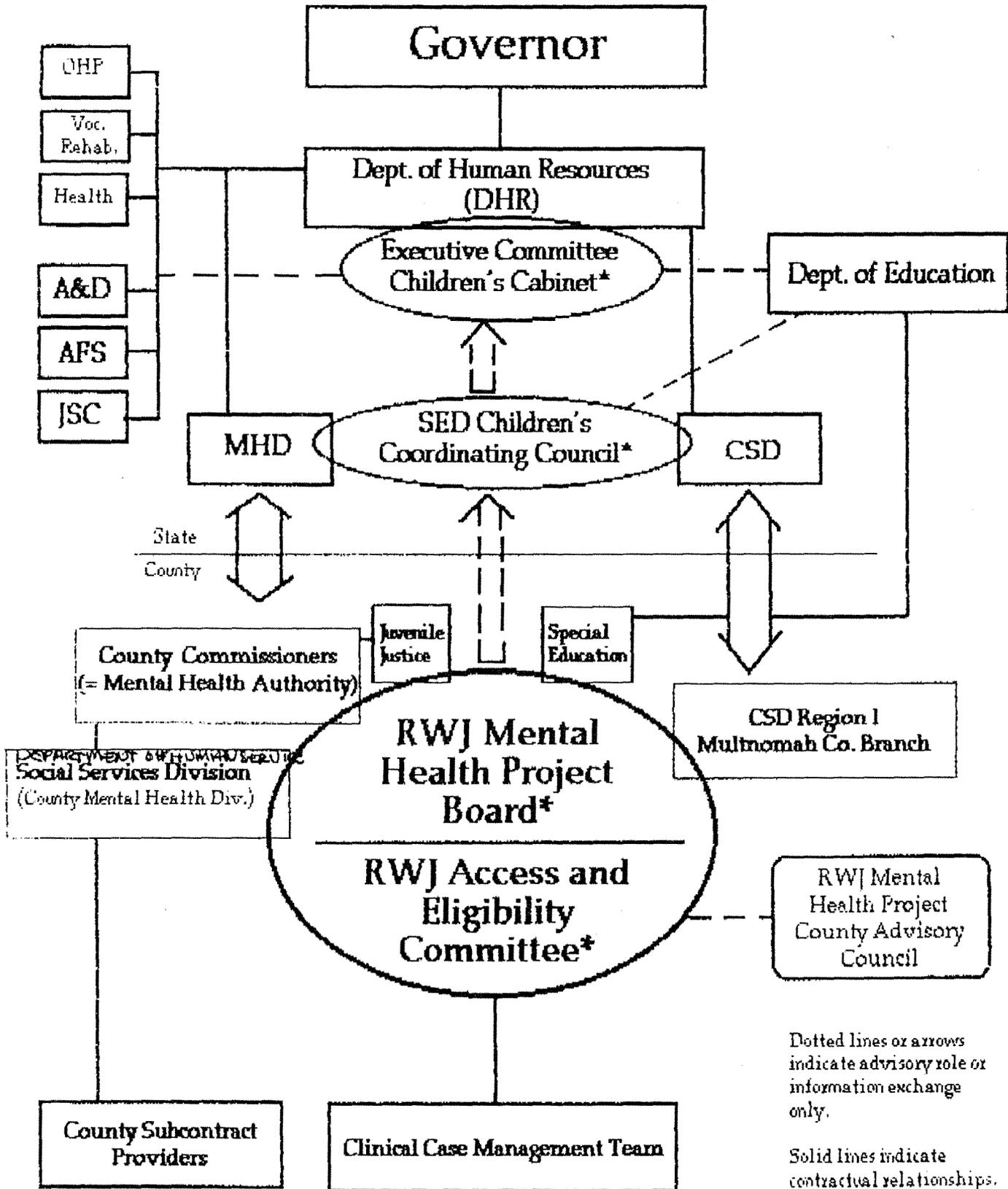
i. Plans for Continuation Beyond Grant Period

[general plan/expectations... acknowledge decrease in level of funds in second 24-month period]

If the RWJ project is implemented, a major restructuring of the system for mental health services in Oregon and in Multnomah County will be achieved. The Core System of Values, the mental health case management design, a model for blended funding for services which is driven by the needs of the child, new and creative financing options for service delivery, and a capitation model for mental health services will all have been designed and tested. These elements will provide a healthier, more efficient and responsive, and institutionalized methods for service delivery which will be maintained after the granting period until another better system can be devised. The RWJ support makes these system revisions possible through the infusion of monies for the planning and development phase cost to maintain the system will be built in by the conclusion of the granting period.

rwjtoc

# RWJ Mental Health Project



Dotted lines or arrows indicate advisory role or information exchange only.

Solid lines indicate contractual relationships.

\* See separate page for composition of these groups

**MULTNOMAH COUNTY**

**BLUE LAKE PARK AND EXPO CENTER  
PRELIMINARY FEASIBILITY STUDY**

**December 15, 1988**

MULTNOMAH COUNTY  
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## I. EXECUTIVE SUMMARY

### A. STUDY BACKGROUND AND OBJECTIVES

In 1960, Multnomah County purchased Blue Lake Park. Since that time, 60 of the Park's 185 acres have been available for recreational use by Park visitors. Currently, the developed portion of the Park includes open space with sports fields, picnic areas, a swimming area, gardens, and waterfront facilities. The undeveloped 125 acres remain vacant.

In an effort to improve the recreational facilities of Blue Lake Park and develop the unused portion, the Board of County Commissioners adopted a resolution to develop a long-term plan for the Park in late 1984. In November 1985, the Commissioners adopted the Blue Lake Park "Framework Plan" and "Master Site Plan," which had been prepared with input from the Blue Lake Park Task Force Committee, Multnomah County Parks staff, and consultants to the County.

The "Blue Lake Park East Properties Master Plan" outlines the development of a recreational vehicle (RV) park, nine hole executive golf course and driving range, and 18 single family home sites. With completion of the plan, the County seeks funding from non general fund sources to finance the proposed development.

Although the County views the investment of private funds as a desirable alternative for financing the East Properties development, the County is also considering other financing alternatives, including the issuance of tax-exempt bonds. Because of various tax law issues, both private and public financing have certain advantages and disadvantages. As an aid in obtaining financing, the County now seeks a feasibility study of the proposed East Properties Master Plan. In addition, the County is also considering a recreation vehicle park at the Exposition Center, for which a feasibility study is also desired.

The County would like to operate the proposed park facilities profitably, although it is willing to function with slim margins, providing all operating and financing costs are met. To date, the County has been unable to secure private investors or operators to commit to the plan. A feasibility study could add credibility to the plan and assist the County's efforts to acquire financing.

However, the County first requested a preliminary review of the "Blue Lake Park East Properties Master Plan" before committing to a full-scale feasibility study and development of financial projections that would ultimately be included in a bond prospectus or other offering document.

Thus, the County's objectives in the current study are as follows:

- Determine the merit of conducting a full-scale feasibility study for the proposed Blue Lake Park East Properties and Exposition Center RV Park developments.
- If such a study is deemed warranted as a result of the current review, the latter study may be used to attract potential developers and/or investors to the proposed projects.

#### B. SCOPE AND APPROACH

Multnomah County has developed its proposed plan for Blue Lake Park with considerable effort from citizens, County staff, consultants, and the County Board of Commissioners. At this point, the County has asked for a preliminary independent examination of the feasibility of its proposed plan for Blue Lake Park East Properties, as the required next step in its attempt to obtain financing for the project. An assessment of RV park potential at the Expo Center was also requested.

In addition to the planned Blue Lake Park development as outlined in the "East Properties Master Plan," County staff also requested that three other scenarios for the East Properties be reviewed on a preliminary basis as part of the current study. Two of the three additional scenarios require the purchase of a 105 acre plot of land adjacent to the Blue Lake Park East Properties:

- The first additional scenario involves the development of a full-size nine hole golf course in lieu of the proposed RV park and executive nine hole golf course at Blue Lake Park.
- The second added scenario requires the construction of a full-length nine hole golf course with driving range. The golf facilities will be constructed using the portion of the East Properties designated for the executive nine hole course and additional land taken from the purchase of the adjacent 105 acre plot. This scenario also includes the development and sale of 100 homesites in an effort to recoup a portion of the land purchase and golf course development costs.
- The final scenario also requires the purchase of the land adjacent to the Blue Lake Park East Properties. In this last case, the RV park as outlined in the Master Plan will be developed. In addition, a full-size 18 hole golf course will be constructed.

In an effort to control study costs, this initial assessment is intended to serve as a preliminary appraisal of the various scenarios and underlying assumptions before additional due diligence activities are performed during a second study phase.

The analysis has been based primarily on four types of information:

- Existing studies
- Industry sources
- Knowledge and opinions of informed observers
- Publicly available statistics on regional facilities

This study concludes with preliminary financial estimates for the proposed facilities, and identification of issues for further study in the next phase.

Because the underlying purpose of this study is to determine whether a full-scale feasibility analysis of the proposed plan or other suggested scenarios is warranted, it would be inappropriate to use the findings for any other purpose, including attracting potential investors or developers for any of the contemplated projects. For example, in all cases, the developments' physical characteristics have been assumed to be feasible, based upon previous work completed for the sites. Further detailed analysis of the sites' design characteristics by qualified specialists will be required in the next phase to help substantiate any findings to be used to obtain financing.

### C. FINDINGS

The findings presented in this report are organized as follows:

- RV park market assessment
- Golf course market assessment
- Homesite assessment
- Financial estimates

Significant preliminary findings related to the market for RV parks include the following:

- RV shipments have grown at about ten percent annually in the United States since 1980, and are projected to grow about three percent per year through 1990.
- RV registrations have increased slightly in Oregon since 1982 (about 1.4 percent per year).
- Both RV registrations and preferences for camping are higher in the Western United States than in other regions.
- In the Portland metropolitan area, most rates for RV campsites with full hookups range between \$11 and \$18 per night.

- Summer occupancy at particular RV parks in the metropolitan area runs between 34 percent to over 100 percent. However, occupancy drops off in the winter for those parks which remain open (with 20 percent reported for Jantzen Beach RV Park).
- The occupancy of both the proposed Blue Lake Park and Expo Center RV parks would be affected by preferences of campers for urban areas and potential competition from other RV campgrounds.

Notable findings pertaining to the market for a golf course include the following:

- Each nine holes in the City of Portland golf course system averages 62,000 nine hole equivalent rounds of play per year, which is almost 50 percent above the national average.\*
- The National Golf Foundation ranks Portland as 34th in its selection of the top 50 cities it believes to be the neediest in terms of golf facilities.
- An estimated 121,000 golfers live within 15 miles of Blue Lake Park. Assuming an average 16.7 rounds played per golfer per year, this population represents more than two million potential rounds.
- Preferences for Blue Lake in relation to other courses will be affected by willingness to travel, preferences for an executive-size course versus a full-size course, and special weather conditions.
- Overall, the Portland area appears to have a shortage of golf facilities in relation to the potential demand. There is a need for more than 300 additional holes if a National Golf Foundation rule-of-thumb is applied.

Regarding the potential homesite developments that were considered in certain scenarios, the preliminary analysis concludes that:

- 16 homesite sales at Blue Lake would generate net revenue of between \$80,000 and \$280,000 after assumed site development costs.

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\* The City of Portland operates four regulation golf courses. Eastmoreland, Progress downs and Rose City courses have 18 holes each. Heron Lakes has 27 holes.

- 100 homesite sales at Blue Lake would recover between two-thirds and nearly all of the assumed land acquisition costs for land adjacent to the Blue Lake property. However, the ability to sell all of these lots in the short-term is not clear.

Finally, the key findings of the financial estimates, based upon a range of specified preliminary assumptions are as follows:

- The scenario including a Blue Lake RV park, executive nine hole golf course, and 16 homesites preliminarily appears financially feasible under a range of plausible assumptions.
- The scenario involving a full-size nine hole golf course, and excluding the RV park and 16 homesites, preliminarily appears to be less profitable than the previous scenario, given a range of plausible assumptions.
- The scenario involving 105 acre land acquisition to develop a full-size nine hole golf course and 100 homesites in addition to the RV park appears to involve significant risk. The potential feasibility requires the net gain of homesite sales revenues over development costs to be at the high end of the assumed range in order to cover assumed land acquisition costs, and the ability of the local market to absorb the 100 homesites in the short-term is not clear.
- The scenario including an RV park and a full-size 18 hole golf course (requiring acquisition of the 105 acres) preliminarily appears to be financially feasible under a range of plausible assumptions.
- The Expo Center RV park scenario preliminarily appears financially feasible under a range of favorable assumptions.

#### D. RECOMMENDATIONS

Based on these preliminary findings, the County should proceed with further study of three alternative scenarios which could be financially feasible under certain sets of assumptions:

- Development of an RV park, executive nine hole golf course, and 16 homesites on the current Blue Lake property.
- Development of an RV park and a full-size 18 hole golf course (requiring acquisition of 105 acres adjoining Blue Lake Park).
- Development of an RV park at the Expo Center.

Study of two other particular scenarios should be discontinued because:

- Expansion of the executive course to a full-size nine hole course, excluding the RV park and 16 homesites, preliminarily appears less profitable than retaining the RV park and homesites.
- The acquisition of the adjoining 105 acres to enlarge the executive golf course to a full-size nine holes and to develop 100 homesites appears financially feasible only under the most optimistic assumptions about homesite values, and involves significant risk.

Several steps should be taken to refine the preliminary assumptions and findings in the next phase of the study. These include the following:

- Refine estimates of RV park occupancy, considering:
  - Occupancy of other area facilities
  - Desirability of the Blue Lake site to the local RV market
  - Impact of other proposed RV park developments
  - Generation of occupancy by events in the Expo Center area
- Refine estimates of RV park development costs and site feasibility:
  - A site development assessment by a qualified design professional
  - A utilities development assessment by an appropriate engineer
- Probe the sensitivity of certain key golf course market assumptions, including:
  - Sensitivity of greens fees to other rates in the Portland area
  - Portland area golfers' willingness to drive to Blue Lake Park
  - Relative attractiveness of an executive length nine hole course, versus a full-size 18 hole course
  - Effects of weather in the Blue Lake Park area.
- Test the physical feasibility of the proposed developments and refine development cost estimates through assessment by a qualified golf course design professional.
- Further examine the potential acquisition costs of the 105 acres adjoining Blue Lake Park.
- Assess consumer perceptions of homesite attractiveness in the Blue Lake area.

Based on these refinements, the next study phase should reach conclusions on the physical and financial feasibility of each scenario. The financial feasibility assessment should consider timing issues as well as average annual profitability. Alternatives should then be developed for the ownership and operation of each enterprise (for example, County owned and operated, leased by the County to private operators, franchised by the County to private operators, and others). Financing options and tax implications should be specified for each alternative.

## II. PRELIMINARY RV PARK MARKET ASSESSMENT

### A. INTRODUCTION

Multnomah County is considering development of RV parks at both the Blue Lake Park and Exposition Center sites. Since both of these locations are located in the metropolitan Portland area, they share many common market characteristics. This section will first examine national, regional, and metropolitan Portland RV market factors. The factors affecting each location individually are then addressed separately below.

### B. THE RV MARKET

#### 1. Overview

Key findings related to the potential market for the proposed RV parks are presented below, organized as follows:

- RV shipments
- RV registrations
- RV market segments
- RV parks in Oregon
- Outlook for Blue Lake and Expo Center RV parks.

#### 2. RV Shipments

The demand for RV campground spaces over time can be estimated as a function of RV shipments from wholesalers. Recreation vehicles, as defined by the Recreation Vehicle Industry Association (RVIA), include the following: travel trailers, folding camping trailers, truck campers, and motor homes.\* RVIA indicates that:

- In general, the recreation vehicle market in the U.S. has experienced steady growth since a 1985 dip in RV deliveries.
- The overall growth in RV deliveries since 1982 has averaged 9.6 percent per year in the United States.

Looking ahead, the RVIA forecasts a slight decrease in 1988 annual deliveries with a more precipitous drop in 1989, followed by an increase in deliveries in 1990. The RVIA forecasts a 2.8 percent average annual growth rate in RV shipments over the period 1988 through 1990.

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\* Although van conversions are sometimes considered recreation vehicles, they are excluded from this analysis since their growth and usage patterns may be dissimilar from other types of RV's.

The RVIA also tracks RV deliveries in relation to market interest rates. The RVIA data suggest RV shipments are inversely related to changes in market interest rates. That is, increases in interest rates have generally led decreases in RV shipments over the past 10 years. If this relationship holds in the future, one might expect RV shipments to increase or decrease as interest rates fall or rise, respectively.

Another factor influencing overall RV usage is the market for gasoline. One industry expert contacted indicated that increases in gasoline prices tend to cause a shift in recreational vehicle trips toward shorter distances. However, significant reductions in the availability of fuel supplies can have a major detrimental impact on the RV industry and cause declines in RV purchases and usage. For example, RV purchases and usage declined significantly during the 1974 and 1979-80 oil crises when consumers were forced to wait in lines to purchase gasoline.

### 3. RV Registrations

Another useful indicator of the RV market is registrations of recreational vehicles with the state motor vehicles department. The Oregon Motor Vehicles Division (MVD) breaks registered vehicles into 14 different classifications. Of these, travel trailers, campers, and motor homes are assumed to be the primary users of RV campground facilities. MVD data indicate that:

- Increases in Oregon RV registrations have not kept pace with the national average of increases in RV shipments. This lag may be the result of several factors including the retirement and subsequent failure to reregister some portion of all RV's each year.
- Nevertheless, there has been an increase in RV registrations in Oregon and the Portland metropolitan area since 1982. On average, RV registrations have increased 1.4 percent per year since 1982 in Oregon and the four Oregon counties which make up most of the Portland CMSA (see Appendix 1).
- As a comparison, the total population of Oregon has grown at an average annual rate of 0.4 percent per year while the Portland CMSA has grown at 0.8 percent annually from 1980 to 1986. As a result, it appears that there has been a slight increase in RV penetration among the population as a whole over this period.

### 4. RV Market Segments

Consumers of RV's and related services are made up of a variety of market segments. These segments can be broken down by both demographic and psychographic characteristics:

- A 1985 study done by the Recreation Vehicle Industry Association (RVIA) indicated 10 percent of all U.S. households own RV's. In addition, 30 percent of the population considered themselves potential users. RV use is generally more popular in the Western U.S. with ownership reported by 18 percent of those households surveyed and potential use reported by 31 percent.\*
- A similar relationship indicating a greater than average interest in camping in the West relative the the nation as a whole is derived from responses regarding intentions to camp. Nationally, 42 percent of the households surveyed stated they intend to camp in the next three years. In the West, 60 percent of the survey group stated an intention to camp.
- The RVIA study also asked respondents whether they preferred a camping or a resort city vacation. Overall, 47 percent of those surveyed stated camping at a state or national park was their preferred vacation choice over vacationing in a resort city. The campers' reasons for their preference were weighted most heavily toward interest in the outdoors and a change of pace. Nineteen percent of this group also mentioned camping activities as a reason for their camping preference.
- Several RV industry experts were interviewed for the current Blue Lake Park and Expo Center RV park study. With regard to changing preferences among RV consumers, the experts generally indicated a trend toward preference for greater amenities in RV parks. As an indication of this trend, the relatively recent phenomenon of campresorts has experienced significant growth during the 1980's. Campresorts are described as campgrounds with more amenities, and generally offering membership and/or ownership status.
- Another perceived trend indicated by several sources is an increasing preference for reduced distances in connection with vacation travel. Richard L. Ragatz and Associates has published a study on the camp resort industry which indicates that much RV vacation travel is taken within 150 miles of home. Another source close to the industry agreed that more and more vacation travel by RV users in the U.S. is spent on trips of shorter duration and distance from home.

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\* The RVIA study defines the U.S. West as: Oregon, Washington, California, Nevada, Utah, Arizona, New Mexico, Colorado, Wyoming, Montana, and Idaho.

## 5. RV Parks in Oregon

Recreation vehicle campgrounds can be described in terms of the level of services and amenities offered as well as by ownership and type of location. The most spartan campground simply offers the RV camper a place to park the RV overnight. Sewer, water, and electrical hookups are not generally provided at primitive campsites. In addition, amenities such as shower facilities, stores, restaurants, or laundry are found on a limited basis and generally on a smaller scale than more developed facilities:

- Portland area campgrounds in this initial category are generally found in local, state, and national parks as well as National Forests.
  - An example of a "primitive" campground in the Portland area is Multnomah County's Oxbow Park, where overnight space rentals are \$6.
  - The State of Oregon also maintains primitive campsites. The rate at State Parks for RV spaces without hookups is \$7 during the summer and \$4 off-season.
- The National Forest Service's six forests in Oregon operate campsites accommodating RV's as well. All National Forest Service campsites in Oregon are primitive; that is, without RV hookups.
  - The rates at Forest Service campsites vary between free and \$7 per night for a single unit space.
  - Most Forest Service campgrounds in Oregon are open during the warmer months only, although some are open year round.
  - In 1987, there were 346,232 campsites without hookups in the United States. In Oregon, there were 12,951 such sites which is approximately four percent of the national total.

The next level of campground includes those which offer some combination of electrical, water, and sewer hookups. These middle-level campgrounds are located in a variety of settings from national or state parks, to privately-owned campgrounds in both rural and urban settings. Generally, the moderate campground offers visitors various combinations of amenities such as laundry facilities, stores, restaurants, and showers. In addition, these campgrounds may be located near attractions such as fishing, boating, parks, ski areas, and cities. The most popular types of facilities available at campgrounds and trailer parks are playgrounds, fishing

areas, game rooms, swimming pools, beach areas, concession areas and volleyball courts. The Blue Lake Park surrounding areas already offer many of these amenities to potential RV park visitors. Key facts regarding campgrounds in this category include:

- The rates charged for full-hookups at Oregon State Parks are \$10 during the summer and \$7 off-season.
- In the Portland metropolitan area, most RV campsites with full hookups range between \$11-18 per night (see Appendix 2, RV Park Survey Results).
- Nationally, there were 963,000 campsites with full or partial hookups in 1987. In Oregon, there were 16,568 such sites statewide, making up approximately two percent of the national total.

Campresorts are a relatively new addition at the high end of the RV campground spectrum. These campgrounds generally serve as a destination resort facility for the RV user, offering a wide variety of amenities to their patrons including playgrounds, picnic/barbecue areas, horseshoes, clubhouses, rental units, outdoor pools, and volleyball courts. In addition, campresorts generally offer users the opportunity to purchase an ownership share or membership interest in the campground or system of campgrounds:

- According to the American Resort and Residential Development Association (ARRDA) there were 395 campresorts in the U.S. in 1984, with ten, or approximately 2.5 percent of those, located in Oregon.
- In the Portland metropolitan area there are at least 18 RV campgrounds and over 875 RV campsites.
  - Many of these spaces are occupied on a monthly or other long-term basis.
  - Of the total sites, at least 560 are full hookups, 114 are partial, and 200 are unimproved. Most of these campsites are located in communities surrounding Portland. Of the parks and campsites identified, five parks and 217 spaces have Portland addresses.

Oregon State Park occupancy data indicate that parks nearby the Portland Metropolitan area experienced average occupancy during the 1987 summer months between 34 percent and 122 percent. For example, Champoeg was 122 percent, and Milo McIver was 50 percent. Average summer occupancy for the state park campgrounds was 64 percent.

## 6. Outlook for Blue Lake and Expo Center RV Parks

The proposed developments at Blue Lake Park and the Expo Center would be considered moderate RV campgrounds. Both of the developments as outlined in the development plans by Walsh and Associates will offer full hookups to campers.\* In addition, the Blue Lake Park development will offer a variety of amenities in connection with its location adjacent to the Park and the Columbia River.

### a. Blue Lake Park RV Park

As proposed by Walsh and Associates, the Blue Lake Park RV park would have 200 campsites with full hookups. This estimate has since been adjusted to 175 sites for purposes of the current review. The likely target market segments for this RV Park would include RV campers visiting the Portland metropolitan area seeking to take advantage of the City's offerings. In addition, campers may use the Blue Lake RV Park location as a central base from which they can visit nearby tourist attractions such as the wine country, Columbia Gorge, Mt. Hood, and Mt. St. Helens.

The proposed campground at Blue Lake Park may also appeal to a segment of the Portland metropolitan area RV user population seeking a short trip away from home. The existence of such a market is supported by observed trends indicating a growing preference among RV vacationers for shorter travel distances. These users would be interested in spending time in the outdoors and seeking a change of pace. In addition, the park facilities available at Blue Lake Park would tend to enhance the attractiveness of the site for those who prefer outdoor activities.

Based upon RV market trends as reported by the industry experts interviewed, there is evidence to suggest the existence of a significant market for Blue Lake Park's proposed RV campground. However, there are also potentially limiting factors associated with the Blue Lake Park site:

- One industry expert interviewed expressed his concern that an RV campground must feel as though it is far enough out of the city to attract potential users from the nearby metropolitan area. Blue Lake Park may suffer from being too close to the Portland metropolitan area to provide weekend users with a sense of escape necessary for this market segment.

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 \* The RV Wonderland proposal for development of an RV park at Blue Lake Park indicated construction of some sites with full hookups and others with electrical hookups only. The original Walsh and Associates plan regarding site development specifications is followed throughout the current study, with the one modification of a reduction in sites at the Blue Lake location to 175 campsites.

- On the other hand, another expert stated that an RV user's sense of escape is less a function of the distance traveled than the camping atmosphere. Furthermore, the latter expert indicated the Park's proximity to the city could increase the number of potential users from the metropolitan area which might use the park for short stays of one to three nights.

Another area of concern regarding the potential market for the Blue Lake Park RV park is the development of other new RV parks nearby. One developer is in the process of developing an RV park facility near Blue Lake Park. This proposed campground will have 190 campsites. However, the location of this campground offers fewer natural attractions to visitors than the Blue Lake Park site. In addition, a second campground is planned nearby on the Sandy River and a large campground is currently being developed near the base of Mt. Hood.

Presently, the effects of this potential competition are not clear:

- The campgrounds currently being developed may act as competition for the Blue Lake Park RV park, decreasing Blue Lake's market share.
- However, it may also be the case that the overall market demand will be increased as a result of the competitive developments. Development of the competing RV campgrounds may tend to enhance the Portland area's image as a destination for RV campers, causing the total market demand to increase.

Consequently, issues for further study in the next phase should include:

- Survey of potential users to ascertain interest in urban area parks with the proposed amenities.
- Refinement of occupancy projections, considering the potential of other proposed parks in the area.

b. Expo Center RV Park

The Expo Center RV park would provide nearby accommodations for visitors to the Portland metropolitan area. The location would be especially suited to visitors coming to Portland for exhibitions or gatherings at the Expo Center, the Portland International Raceway, and Portland Meadows race course. The Manager of the Multnomah County Expo Center believes there is significant demand for RV campground spaces by these consumers:

- Based on his experience at the Expo Center, he believes many RV users from this segment currently use Expo Center parking areas when they come to the Portland area for events.
- Currently, there are no facilities for RV campers when they park their vehicles at the Expo Center.
- The Expo Center Manager believes an RV park built at the Expo Center that would include hookups, restrooms, and other facilities for campers would receive significant occupancy from visitors to the area.

Although it is not clear that all shows and exhibits will attract RV campers, it is worth noting that the Expo Center currently has 37 events planned for the months of October 1988 through April 1989.

Thus, a key issue for the second phase of this study would be to estimate the number of potential RV campers which might be expected to be generated by events at the Expo Center, Portland International Raceway, Portland Meadows, and Heron Lakes Golf Course. In this regard, it is instructive to examine the Jantzen Beach RV Park occupancy levels:

- This RV park has 165 spaces, all with full hookups. Located on North Hayden Island Drive in Portland, it is near the proposed site for the Expo Center RV park.
- During the summer, the Jantzen Beach RV park reportedly runs at almost 100 percent occupancy, dropping to a low of 20 percent during the winter.
- An individual interviewed at the Jantzen Beach Park was unable to state a precise estimate of the proportion of its tenants which were involved with events at Expo Center, Portland International Raceway, or Portland Meadows. However, she felt the RV park tenants also using the event facilities were a significant share of the total.

III. PRELIMINARY GOLF COURSE MARKET ASSESSMENT

A. INTRODUCTION

Multnomah County's November 1985 "Blue Lake Park Development Plan" prepared by Walsh and Associates calls for an executive nine hole golf course along with an RV park. As noted above, several additional golf course scenarios have been suggested by Parks Department staff. As a result, the original proposal and the additional scenarios were considered for the Blue Lake Park site:

- The first additional scenario involves the development of a full size nine hole course in place of both the executive nine and the RV park on existing Multnomah County Blue Lake Park lands.
- The other two alternatives evaluated involve the purchase of the 105 acre lot adjacent to the Blue Lake Park East Properties.
  - With the addition of this large plot to the existing County properties, the total land available for development would be 188 acres.
  - As a result, it was assumed there would be sufficient land available for the construction of a full-size 18 hole golf course or the development of a full-size nine hole course with 100 homesites in addition to the originally planned RV park.\*

The feasibility of the proposed developments from a construction standpoint has not been reviewed as part of this analysis. For purposes of this phase of the study, it has been assumed that any existing physical limitations of the sites can be overcome without excessive expense. An analysis of the sites' physical features and related development issues is recommended for the next phase of the study.

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\* This assumption was based upon an accepted industry rule of thumb of approximately 150 acres required for a full-size 18 hole golf course. In addition, a landscape architect contacted in connection with this study indicated sufficient acreage would exist for a full-size nine hole course with at least 100 single family homesites.

## B. GOLF MARKET DEMAND INDICATORS

### 1. Overview

Preliminary findings related to the potential market demand for a golf course are presented below, organized as follows:

- National golf market
- Portland golf market
- Golf market segments
- Estimate of Blue Lake Park's golf market size
- Other considerations.

### 2. National Golf Market

Industry sources contacted indicated the golf market has experienced strong growth in recent years and is expected to continue growing. In general, increasing shortages of urban and suburban golf facilities relative to demand are expected in many areas of the United States:

- According to a 1986 National Golf Foundation (NGF) study, there were 17.5 million golfers in the United States in 1986. The NGF forecasts increases in the number of U.S. golfers on the order of from two to five percent per year through 2000.
- In contrast to what the NGF considers to be significant growth in the number of golfers, the organization forecasts slower growth in the number of new golf facilities being constructed. As a result, the NGF believes steps should be taken to stimulate golf course development on a national scale in order to meet projected demand for facilities.

Not all other industry experts contacted amplified the NGF's concern as strongly. Nevertheless, the general consensus among those contacted was a perceived need for additional golf facilities to meet current and future U.S. golf demand. This opinion was supported by industry observers questioned about the Portland golf market.

### 3. Portland Golf Market

Although overall industry trends are useful for gauging anticipated golf demand, the success of a golf course at Blue Lake Park is dependent upon golf demand in the Portland metropolitan area. The following section examines golf demand in the Portland area based upon play at several local public golf courses and opinions of individuals involved in the Portland golf market.

a. City of Portland Golf Courses

The City of Portland operates four championship length golf courses. Three of these courses, Eastmoreland, Progress Downs, and Rose City, have 18 holes each. Heron Lakes Golf Course, formerly named West Delta Park Golf Course, added nine holes two years ago to the then existing 18 hole course. According to the reports by the City of Portland Parks Bureau, play is very heavy at all of these courses, especially during the summer months:

- On average, each nine hole course in the City of Portland system enjoys approximately 62,000 nine hole equivalent rounds of play per year. This amount is 48 percent above the national average of 42,000 rounds per year as reported by NGF for municipal golf courses.
- Overall, City of Portland golf officials feel their courses are being played at capacity during the peak summer months and that they are required to turn interested golfers away due to lack of facilities. It has been reported that the City is considering adding an additional nine holes to the 27 existing holes at the Heron Lakes course in an effort to meet growing demand.

b. Glendoveer Golf Course

Multnomah County also owns a golf course in the Portland area. Glendoveer golf course has 36 regulation length holes and is located east of downtown Portland. The course is operated by Glisan Street Recreation, Inc. under an agreement providing a certain percentage of gross greens fee revenues and net profit to the County:

- Over the last three years, revenues from greens fees at Glendoveer golf course have increased an average of 12.5 percent per year. In addition, it appears the course experiences positive gross margins with gross revenues at 119 percent of gross expenses during 1987.
- Under its agreement with Glisan Street Recreation, the County receives 44 percent of Glendoveer's green fee receipts. During 1987 and 1988, the County's revenues from Glendoveer were over \$400 thousand.
- The course manager at Glendoveer supports the opinions of the City of Portland Parks Department. In his view, there is a significant excess of demand over supply for golf facilities in the Portland area.

### c. National Golf Foundation Assessment

The National Golf Foundation in its recent Fall 1988 issue of Golf Market Today magazine identified the top 50 cities it believes to be the neediest in terms of golf facilities:

- The NGF's rating was based upon the estimated number of golfers per 18 hole golf facility. Using this rating the NGF rated Portland the 34th neediest city in the nation, with an estimated 3,286 golfers per 18 hole facility.
- In addition, Oregon was rated in the same journal as the sixth state in terms of numbers of golfers per course, with 2,581 golfers per 18 holes, 25 percent greater than the national average.

### 4. Golf Market Segments

Individuals likely to play golf can be segmented into different subsets of the population based on a variety of characteristics. The parameters defining typical golfer profiles include demographic and psychographic factors. Some of these measures may be useful in understanding which members of the local population would play a golf course located at Blue Lake Park:

- The National Golf Foundation 1988 edition of Golf Participation in the United States provides data based upon a 1987 survey of the U.S. golf market.
  - According the NGF study, almost half of all golfers are between the ages of 20 to 39.
  - Although golfers age 60 and over make up only 15 percent of the golfing population, they play 31 percent of all rounds, making them a very significant factor in the marketplace.
  - The average golfer household income nationally was \$42,100 in 1987, 32 percent above the national mean. In Oregon, the average golfer household income in 1987 was \$33,700.
  - Males are the predominant gender among golfers; they account for over three-fourths of the national total.
- Golfers can also be characterized by their attitudes toward golf consumption. One noteworthy trait which may be useful in estimating the potential demand for Blue Lake Park golf facilities is golfer preferences regarding the distance they are willing to travel to play golf at the course they play most often. According to the NGF, 42 percent of all golfers

Overall, there are presently 39 golf courses and 675 holes in the Portland four-county area. Of this total, 12 courses are private and 29 are open to the public, including at least ten executive/par three courses. Of the 675 holes, at least 216 are private golf or country clubs, 342 are full-size public, and 117 are executive/par three. In addition, there is at least one full-size and one executive course currently planned for construction.

A breakdown of these figures into those that are within the 15 mile radius of Blue Lake Park indicates there are 28 golf courses and an estimated 477 holes within this distance of the Park. There are approximately 1,105,000 people within the 15 mile area, or an average of 41,698 population for every 18 holes:

- The estimated number of golfers within this area is 4,500 per 18 holes. (This estimate is significantly higher than the NGF's estimate of 3,286 golfers per 18 holes in Portland.)
- There is a need for 160 to 319 additional holes of golf to meet the NGF rule of thumb of 18 holes of golf available for every 25,000-50,000 residents.
- Applying the NGF's rule-of-thumb, if the four golf courses known to the planned in the Portland area, plus an additional nine holes under consideration for Heron Lakes Golf Course are constructed, there will still be a gap of at least 79 holes to meet present demand.

- Nevertheless, it may be significant to note that many country club members play at least an occasional round at public courses. Forty percent of those golfers defined as "private" facility players by the NGF played at least one round of golf at a public facility during 1987.
- Daily fee facilities
  - The total number of daily fee facilities in the four-county area is given as 24 by the POVA and other sources.
  - In total, there are at least 324 holes among these courses.
- Municipal golf courses
  - The primary municipal golf courses in the Portland metropolitan area belong to either the City of Portland or to Multnomah County.
  - In addition to these two systems, only the 18 hole executive Lake Oswego Municipal golf course is publicly owned.
- Local executive golf courses
  - All of the executive golf courses in the Portland four-county area are open to the public.
  - In total, there are at least ten executive or par three courses in the local area. These include Portland Meadows, Lake Oswego Municipal, Charbonneau, and Fairway Village in Vancouver.
  - The total number of executive or par three course golf holes in the four counties is at least 117.
- Planned local golf facilities
  - At least four golf courses are currently planned in the Portland metropolitan area. One is planned for Sauvie Island, another has recently received zoning approval in Clackamas County, and two potential developments are reported for Washington County.
  - The Sauvie Island project has a postponed its forecasted opening date for its full-size course indefinitely.

## 6. Other Considerations

Certain of the individuals contacted for data cited other considerations that should be taken into account in estimating the demand for a course at Blue Lake, including:

- An executive-size course may not be as appealing to many golfers as a full-size course, and therefore demand estimates potentially should be adjusted accordingly.
- The Blue Lake area may experience weather problems distinct from other courses because of its location near the base of the Columbia Gorge. Winds and colder temperatures may limit play during certain months.

These factors should be further tested through inquiries in the next phase of the study.

## C. OTHER PORTLAND AREA GOLF COURSES

As noted above, the City of Portland owns and operates four golf courses and Multnomah County owns Glendoveer golf course. Although significant, these municipal courses make up a only a minority of the golf course supply in the Portland metropolitan area. Other courses in the area include private golf and country clubs, privately-owned public courses (also referred to as "daily-fee" facilities), and other municipals.\* In total, there are over 39 existing and at least four proposed courses (see Appendix 3, Portland Area Golf Course Survey):

- Golf and country clubs
  - According to the Greater Portland Convention and Visitors Association, also known as Portland Oregon Visitors Association (POVA), and other sources, there are 12 membership or country clubs in the Portland four-county area, each with 18 holes.
  - Typically, private golf clubs are not considered the most direct competition for municipal golf facility patrons. In general, golf and country club users are more affluent than the average municipal course player.

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\* A "daily-fee" facility is defined as a privately owned golf course open to the public.

travel less than five miles to the course they play most frequently. Fifteen percent travel between six and nine miles. Eighteen percent travel between 10 and 14 miles to the course they play most, and 23 percent travel 15 miles or more.

#### 5. Estimate of Blue Lake Park's Golf Course Market Size

For purposes of estimating Blue Lake Park's golf course market size, the market has been defined as Multnomah, Clackamas, and Washington counties in Oregon and Clark County in Washington. Although some potential golfers may live outside this area, NGF indicates only 23 percent of all golfers would be willing to drive 40 miles or more round-trip, even on an occasional basis, to play golf. Therefore, it has been assumed the four counties will make up Blue Lake's base market area:

- The total population in the four counties in 1985 was 1,282,007.
- Assuming this population is typical of Oregonians in general, approximately 11 percent, or 141 thousand, would be expected to play golf.

The table below indicates the estimated population and number of golfers within specified distance bands of Blue Lake. The third column applies the NGF Oregon average of 16.7 rounds played per golfer per year to estimate the number of potential rounds played in the band:

<u>Distance From Blue Lake Park</u>	<u>Total Population in Band</u>	<u>Number of Golfers in Band</u>	<u>Estimated Rounds in Band</u>
Five miles or less	111,000	12,000	200,400
Five to ten miles	364,000	40,000	668,000
Ten to Fourteen miles	<u>630,000</u>	<u>69,000</u>	<u>1,152,300</u>
Subtotal, less than fifteen miles	<u>1,105,000</u>	<u>121,000</u>	<u>2,020,700</u>
<b>TOTAL IN AREA</b>	<u><u>1,282,000</u></u>	<u><u>141,000</u></u>	<u><u>2,354,700</u></u>

This estimate is not intended to indicate the number of golfers necessarily willing to play golf at Blue Lake Park. First, some golfers living within these bands (particularly the bands further from Blue Lake) may not be willing to travel the distance. Second, many other factors affect the golf course selection decision, including the attractiveness of the golf facility and the availability of other courses in the area.

IV. HOMESITE ASSESSMENT

A. INTRODUCTION

In addition to the proposed RV park and golf course at Blue Lake Park, Multnomah County's original East Properties Master Plan called for the development of 18 single family homesites along one side of the proposed golf course. It had previously been indicated that two of the homesites on the end of the proposed tract would require additional sewer facilities making the cost of these two sites' initial development prohibitively high and causing the proposed number of sites to be revised downward to 16.

In addition to the consideration of 16 homesites alongside the proposed executive nine hole golf course, a scenario involving the development of 100 homesites has been prepared. The second scenario involves the purchase of property adjacent to the County Blue Lake Park lands. A portion of these lands would be developed as a golf course, while much of the remaining land would be used for single family homesites.

The homesite assessment makes the following assumptions about land requirements:

- Each homesite is estimated to be 7,500 square feet, in accordance with the City of Fairview residential zoning R-7.5.
  - A relatively small portion of the land is zoned F-2, an agricultural designation.
  - The appraiser's report on the property assumed the F-2 designation could be redesignated to match the major portion of the parcel without major difficulty.
- The 750,000 square feet required for the homesites will cover approximately 17 acres, or 16 percent of the 105 acre plot to be acquired for this project.\* As a result, there will be approximately 50-60 acres available for roads and other uses after approximately 30 acres is set aside to complete the nine hole golf course and driving range which will begin on 46 acres of Blue Lake Park lands.

The incremental impact of homesite development can be estimated primarily as a function of sales revenues less land acquisition and development costs, including financing costs.

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 \* 7,500 square feet per site x 100 homesites = 750,000 square feet.

## B. THE HOMESITE MARKET

### 1. Overview

This discussion of the homesite market is organized as follows:

- Homesite values
- Homesite development costs
- Factors affecting demand
- Summary assessment

### 2. Homesite Values

One indicator used to estimate the value of homesites in an area is to consider recent lot sales prices. On average, 7,000 square foot homesites in the eastern Portland metropolitan area sold for \$17,500 in 1986. Of course, a variety of factors influence the sales price at any given location. Moreover, the \$17,500 figure represents a variety of different neighborhoods from East Portland to Gresham.

In terms of estimating differentials among homesite sales prices for the proposed developments, the Portland real estate market experts interviewed agreed an increase in homesite values would be expected for those sites alongside the golf course or on the lakefront. Although values could not be precisely stated without a complete market study, an increase in the market value of \$5,000 to \$10,000 for sites bordering on the golf course or lakefront was considered reasonable.

It is assumed in the 16 homesite scenario that market values of the homesites would range between \$15,000 and \$22,500. In the 100 homesite scenario, it is assumed there will be 20 premium homesites, with the best golf course and/or waterfront locations. An additional 20 homesites will be assumed to have an increased market value due to golf course and/or waterfront proximity, but the latter group's locations will be less attractive than the premium homesites. The remaining 60 homesites will be assumed to receive no increase in market value as a result of the golf course and/or Fairview Lake.

For purposes of this study, homesite prices are assumed to be \$17,500, \$22,500, and \$27,500 in the 100 homesite scenario. The standard 60 lots are the lowest price and the 20 middle lots are \$22,500. The \$27,500 price is assumed for the 20 lots with the greatest increase in market value due to proximity to the golf course or lakefront.

### 3. Homesite Development Costs

Development of single family homesites involves a number of steps. To prepare a raw piece of land for construction of a dwelling requires the installation of all major utility lines including sewer,

water, gas, communications, and electrical. In addition, streets and curbs must be designed and constructed.

In order to determine detailed estimates of the cost of preparing the homesites under the different scenarios, a study of the land along with development criteria and existing facilities should be undertaken, and was not performed during this phase of the study. For the current preliminary analysis, industry standards of development costs have been used.

Generally, some economies of scale apply in developing homesites. In other words, large-scale developments may result in lower per-unit development costs, since certain fixed cost items can be spread over a larger number of lots. Additionally, large-scale planning often allows for greater flexibility in design and engineering tasks, as well as improved ability to obtain zoning variances and municipal support.

Although the 100 homesite proposal would not be considered a large-scale development for the real estate industry as a whole, it may be a plan of sufficient size to realize economies of scale. On the other hand, the 16 site development would be expected to yield fewer such economies.

Overall, homesite development costs are assumed to range between \$5,000 and \$10,000 in both the 16 and 100 homesite scenarios. These costs are assumed to include permit costs, planning and engineering studies, as well as construction costs.

#### **4. Factors Affecting Demand**

The key factor affecting homesite sales prices is overall market demand for lots. Consumer demand, in turn, is a function of the perceived desirability of the homesites relative to comparable sites in the area. Overall, building permits are again on the rise in Multnomah County, following a major decline in the late 1970's and early 1980's.

Both of the proposed developments, the 16 lot scenario and the 100 lot scenario, will offer buyers the amenities associated with proximity to Blue Lake Park. In addition, nearby Columbia River and Fairview Lake offer additional recreational possibilities which may increase the attractiveness of the lots.

A real estate agent contacted in connection with this study also pointed out that the "Columbia Corridor" is planned for development in coming years. Included in this development are plans for industrial growth in close proximity to the Blue Lake Park site. Such development could spur housing demand in the area.

Another industry observer stated that housing lots have tended to move slowly in the east Portland marketplace. Moreover, although there is an opportunity for community development near Blue Lake Park, currently there are few facilities in terms of shopping and other services. In addition, this observer suggested investigation into the potential effects of the Columbia Gorge wind during the winter months should be conducted prior to commencing a large housing development in the Blue Lake Park area.

## 5. Summary Assessment

Based upon the financial factors discussed above, it would appear that a gross margin averaging between \$5,000 and \$17,500 in the 16 lot scenario and \$7,500 and \$17,500 in the 100 lot scenario would be expected per homesite sold. It is assumed that the gross margin for sales of the 16 sites would range between \$80,000 and \$280,000 (see Appendix 4, Estimated Homesite Gross Margins).

A gross margin of approximately \$1,050,000 to \$1,550,000 would be estimated for the 100 homesite scenario. Subtracting the \$1,500,000 cost of the land acquisition, proceeds from the 100 homesite sales could recover between two-thirds and nearly all of the land purchase costs (see Appendix 4).

More lots could be added to the 100 homesite scenario to increase the gross margin from homesite sales. However, the ability to sell even 100 lots within a relatively short period of time, such as one or two years, is not clear. Further analysis investigating past homesite sales in the area, consumer perceptions, and the impact of proposed local industrial developments could be conducted in the next phase of this study.

## V. PRELIMINARY FINANCIAL ESTIMATES

### A. USE OF PRELIMINARY ESTIMATES

The financial estimates presented below are preliminary in nature. They are intended to be used by the County Board of Commissioners to assess the potential viability of the proposed development in order to determine whether further feasibility study is warranted. Any other use of these preliminary estimates is beyond the scope of this phase of the project. In no event are the estimates presented below to be used as the basis for attracting developers or financiers for any of the proposed developments.

### B. SCENARIOS

In the Blue Lake Park East Properties Master Plan, the proposed development will include a 27 acre RV park, a 43 acre executive nine-hole golf course with driving range, and 18 single family homesites. In addition, Multnomah County is also considering development of an RV park near the Expo Center in north Portland. The proposed Expo Center development is described in "Exposition Site Recreation Vehicle Park Feasibility Study" prepared by Walsh and Associates.

In addition to the proposed developments described above, two other scenarios at Blue Lake Park have been examined. First, the possibility of building a full-size nine hole golf course in lieu of the RV park and executive nine hole course has been reviewed. Second, a preliminary estimate has been prepared calculating the financial impact of acquiring a 105 acre parcel located adjacent to Blue Lake Park and developing the initially proposed RV park, along with a full-size nine hole golf course. The remaining land would then be sold for single-family homesites to help defray the land acquisition and golf course development costs.

The final scenario also requires the acquisition of the 105 acre plot referred to above. In this last case, the initially proposed RV park would be developed. In lieu of the executive nine-hole golf course, however, a full-size 18 hole course would be constructed.

### C. RECREATIONAL VEHICLE PARK ASSUMPTIONS

#### 1. Overview

In preparing the preliminary estimates on the following pages, various assumptions regarding revenues, costs, and operating characteristics have been applied. The key assumptions have been developed using data from previous County studies, estimates of other

- The high-end estimate of campsite costs in the two previous studies is within the range of the industry rule-of-thumb.
- The low-end estimate of the earlier studies is well below the industry rule-of-thumb.
- It is assumed for purposes of this study that campsite development costs will be \$1.1 million. This amount is slightly greater than high-end estimate of the two earlier studies. However, it is at the low-end of the industry rule-of-thumb range.
- The greatest variance between the two studies' development cost estimates is in utilities installation costs.
  - Portland General Electric Company was contacted for an estimate of electricity connection costs. The PGE representative contacted stated that a detailed estimate of electricity connection costs would require a survey by their engineering personnel.
  - Although the PGE representative was unable to give a detailed estimate of electrical connection charges for the Blue Lake site, she reported several estimates recently prepared for homesite developments in the Portland area. One recent PGE estimate was \$19,000 for a 27 lot development. Another was \$25,000 for a 55 lot homesite development. She also stated her opinion that in almost all cases, a 100 lot development would cost less than \$100,000 in electrical hookup charges.
  - It is assumed for purposes of this study that \$75,000 is a conservative but reasonable estimate of electrical hookup charges for the Blue Lake Park site since it is assumed that average hookup charges for each RV site would be less than the average hookup charge per homesite.
  - To derive an estimate of the water and sewer system installation costs, a study evaluating the water and sewer system requirements for the Blue Lake Park development was reviewed. The study indicates a total of \$102,850 required for the RV park water system. In addition, the study indicates \$99,202 for sewer system connection. The total for water and sewer system requirements is \$202,000. Adding to this amount \$75,000 for electrical connections yields a total of \$277,000 for utility hookups.

local operations' characteristics, and industry benchmarks. The sources for each assumption are described briefly below, including:

- Revenues
- Development costs
- Operating costs.

## 2. Revenues

The revenues expected from the RV parks planned at the Expo Center and Blue Lake Park are a function of several key items. These items include assumptions about site rental rates, occupancy, and revenues from other sources:

- The rate charged for overnight rental of a campground space is a fundamental determinant of campground revenues.
  - Based on a survey of Portland metropolitan area RV parks, most spaces currently available rent for between \$11 and \$18 per night (see Appendix 2).
  - It is assumed for purposes of this study that a reasonable estimate of campground rental rates for the proposed sites is \$13 - \$15.
- The second key determinant of campground revenues is occupancy. Based on discussions with industry experts and a review of limited data available for the Portland metropolitan area, it is assumed that a reasonable estimate of RV park occupancy ranges from a low of approximately 25 percent to a high of about 65 percent on an annual basis.
- The third key determinant of revenues is income from sources besides campsite rental fees. The major components include onsite stores, food and beverage, and vending machines.
  - According to the National Campground Owners Association (NCOA) Industry Statistical Package, one typical non-Florida campground receives 61 percent of its revenues from site rents, 28 percent from store sales, and the remainder from items such as laundry, vending, storage, utilities and other.
  - Another breakdown of revenues from the NCOA indicates 67 percent of total revenues from yearly and other site rentals. Store sales account for approximately 16 percent; food and beverage were roughly 5 percent; other items totaled 11 percent. This breakdown reflects the revenue data from a single campground which is not identified in the study.

- The Walsh and Associates Blue Lake Park Recreation Vehicle Park study assumed revenues from merchandise sales based upon a fixed level of expenditure per RV park guest. The total number of RV park guests was estimated by assuming two guests per occupied site. Each park guest was assumed to spend \$0.90 on food and beverage and \$0.60 on merchandise per day, regardless of variations in site rental rates.
- These assumptions equate to between nine and twelve percent of total revenues received from food and beverage sales and between six and eight percent of total revenues from merchandise sales. Thus, the Walsh and Associates revenues from other sales were approximately 15 to 20 percent of total revenues. Similar assumptions were used in the Walsh and Associates Exposition Site RV Park Feasibility Study.
- The RV Wonderland proposal for development of an RV park at Blue Lake Park assumed a fixed amount of revenue from other sources totalling \$50,000 from the RV park. This is approximately eight percent of total revenues.
- It is assumed for purposes of this study that revenues from sources other than site rentals will be broken down as follows: five percent of total revenues from store sales, five percent from food and beverage, and five percent from other sales (i.e. laundry, vending, etc.). These estimates are based on revenues from the lowest assumed site rental rate scenario. Like the Walsh and Associates studies, these revenues vary as a function of occupancy. However, increases in site rental rates do not affect the assumed amounts of other revenues.

### 3. Development Costs

Estimates of development costs for the RV parks have previously been prepared for both Blue Lake Park and the Expo Center by other parties.

#### a. Blue Lake Park RV Park Development Costs

For the Blue Lake Park site, Walsh and Associates prepared the "East Properties Master Plan" which contains development cost estimates. In addition, developers of RV Wonderland prepared a proposal for development of an RV campground at Blue Lake Park which contains development cost estimates.

Based upon a review of the Walsh and Associates and RV Wonderland cost estimates, there were several common objects of expenditure in the studies.\* The major cost items as well as the ranges put forth in both studies for the Blue Lake Park development are as follows:

	<u>Low</u>	<u>High</u>
Campsites, roads, and restrooms**	\$563,000	\$1,060,000
Utilities installation***	51,000	949,000
Office/main building	190,000	396,000
Permit and engineering fees	<u>79,000</u>	<u>188,000</u>
<b>Total</b>	<b><u>\$883,000</u></b>	<b><u>\$2,593,000</u></b>

There is significant disparity between these two studies which were previously prepared for development of an RV park at Blue Lake Park. In both studies, the most significant cost items and the areas of greatest difference in estimates are campsite, road, and restroom development, and utilities installation. In an effort to test the cost estimates, industry experts were contacted regarding campsite construction costs. In addition, several utility companies and planning departments were contacted regarding utilities installation costs:

- An industry rule-of-thumb for campsite construction costs is \$5,000 to \$10,000 per space. At this rate, 175 campsites would be expected to cost between \$875,000 to \$1,750,000.\*\*\*\*

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\* The RV Wonderland proposal also included construction of a bike shop at the Blue Lake Park location as well as more extensive facilities in the main building.

\*\* Includes landscaping costs from RV Wonderland proposal.

\*\*\* In the RV Wonderland proposal it was assumed there would be 85 sites with full hookups and 100 with electric only.

\*\*\*\* The Walsh and Associates study was based on a total of 200 campsites and the RV Wonderland study was based on 185 campsites. The current estimate is 175 campsites. Estimated development costs for the 175 sites is up to \$250,000 less than the 200 sites.

Based on this information, the development cost assumptions selected for this preliminary analysis were as follows:

Campsites, roads, and restrooms	\$1,100,000
Utilities installation	277,000
Office/main building	293,000
Permit fees and engineering	<u>133,500</u>
<b>Total</b>	<b><u>\$1,803,500</u></b>

These assumptions should be tested further in the next phase, including site development estimates from a qualified design consultant and engineering estimates on utilities installation. To test the sensitivity of development costs, a range from \$1.5 million to \$2.1 million was assumed.

**b. Expo Center RV Park Development Costs**

Walsh and Associates prepared an estimate of development costs for the proposed 115 site RV park at the Expo Center. A summary of the key cost elements is provided below:

Campsites, roads, and restrooms	\$ 669,000
Utilities installation	88,000
Office/main building	155,000
Permit and engineering fees*	<u>164,000</u>
<b>Total</b>	<b><u>\$1,076,000</u></b>

In the above estimate, campsite costs are estimated at \$5,500 each, within the industry rule-of-thumb range of \$5,000 to \$10,000. The utilities installation costs were based upon documented interviews with industry experts in each field based upon the site specific characteristics of the Expo Center parcel.

The assumed amount for Expo Center RV park development costs is \$1.1 million. It should be noted, however, that a soils analysis was recently completed which may indicate additional development expense. The preliminary financial projections outlined at the end of this section are based upon ranges of development costs between \$700,000 and \$1.5 million. In each scenario, it is assumed that 100 percent of the development costs are financed.

**4. Operating Costs**

Operating cost assumptions are a key component of the financial feasibility of the recreation vehicle parks. The sources used as the basis for the RV park operating cost assumptions include: Walsh

\* Includes 10 percent contingency.

and Associates feasibility studies for the Blue Lake Park East Properties and the Exposition Recreation Vehicle Park, RV Wonderland's proposal to develop an RV campground at Blue Lake Park, and several recreation vehicle industry sources.

**a. Blue Lake Park RV Park Operating Costs**

As with the RV park development cost assumptions above, the Walsh and Associates and RV Wonderland studies were used as a starting point for operating cost assumptions. First, the common objects of expenditure in all three studies were identified. These were cross-checked against industry sources to ensure against significant omissions.

The major cost items, as well as the ranges set forth in both studies for the Blue Lake Park development, are as follows:

	<u>Low</u>	<u>High</u>
Labor	\$37,000	\$101,000
Utilities*	9,000	198,000
Maintenance	18,000	41,000
Advertising	9,000	21,000
Insurance	5,000	11,000
Legal, Accounting	5,000	20,000
Miscellaneous	<u>9,000</u>	<u>25,000</u>
<b>Total</b>	<b><u>\$92,000</u></b>	<b><u>\$417,000</u></b>

There is significant disparity between these two previous studies. Some of the difference in estimates is the result of various assumptions regarding occupancy levels. In other words, the low-end and high-end amounts are the result of, in part, assumptions about occupancy.

The items of greatest difference in estimates are labor and utilities costs. In an effort to more narrowly define the appropriate range for these costs, the components of the respective totals were split out and examined more closely, beginning first with labor costs:

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 \* These items were broken out by water, sewer, and electric in the RV Wonderland proposal. As noted above, the RV Wonderland figures assumed the total number of sites was 185, 85 with full hookups and 100 with electric hookups only.

- The low value for labor costs is from the lowest occupancy scenario included in the Walsh and Associates study. At the highest assumed occupancy in that study, 60 percent, assumed labor costs increase to \$81,000.
- In the RV Wonderland proposal, labor costs are split among three key functions: front office, security, and maintenance. The assumed rates for each position are as follows: \$25,000 -- park manager; \$12,500 -- desk clerk; \$15,000 -- security personnel; \$10,400 -- maintenance worker. For purposes of this study, it is assumed these rates are appropriate for each respective position.
  - The front office function is composed of a park manager and a desk clerk.
  - Security is assumed to range between one and three security personnel during the off-season, and between three and four during the six peak months.
  - Maintenance labor requirements are set at three to four personnel during the peak half of the year, and one to three during the off-peak.

One industry expert interviewed suggested that a certain minimum level of labor is required regardless of occupancy. However, as occupancy levels increase, labor requirements increase as well. As a result, the following assumptions regarding staffing levels are made in the current study.

<u>Position</u>	<u>Occupancy</u>				
	<u>25%</u>	<u>35%</u>	<u>45%</u>	<u>55%</u>	<u>65%</u>
Front Office					
Park Manager	1	1	1	1	1
Desk Clerk	0.5	0.5	1	1	1.5
Security					
Peak 6 Months	3	3	3	4	4
Off-Peak 6 Months	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>
Total Yearly Equivalent	2	2	2.5	3	3.5
Maintenance					
Peak 6 Months	3	3	3	4	4
Off-Peak 6 Months	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>
Total Yearly Equivalent	2	2	2.5	3	3.5

Like labor costs, estimated utilities costs for the proposed RV park at Blue Lake Park vary significantly between the studies conducted to date. The components of utilities costs include water,

sewer, and electric. In addition, there is a certain minimum amount of utilities costs which will be incurred regardless of occupancy, although increased occupancy levels will tend to drive these costs upward.

Based on discussions with utility representatives in Portland, assumptions adopted for purposes of this study include the following rules of thumb:

- Base water consumption for the RV park is assumed to be \$600 per year.
- Water charges are assumed to be \$0.11 per occupied space per day.
- The base sewer charge is assumed to be \$200 per year plus \$0.12 per occupied space per day.
- Electrical usage is assumed to be \$2,000 per year plus \$0.50 per occupied space per day.

Advertising is assumed to be five percent of gross revenues. Since each of the other expense items is relatively minor and consistent in magnitude between the studies, an amount near the center of the respective cost ranges is assumed for each item, and varied slightly over the different occupancy rates.

The operating cost assumptions applied in this preliminary analysis are as follows:

Labor	\$ 82,000 - \$126,000
Utilities	15,000 - 33,000
Maintenance	25,000
Advertising	12,000 - 36,000
Insurance	8,000
Legal, accounting	13,000
Miscellaneous	25,000
	<hr/>
<b>Total</b>	<b><u>\$180,000 - \$266,000</u></b>

**b. Expo Center RV Park Operating Costs**

Operating cost assumptions for labor and utilities are based upon the Blue Lake Park RV park assumptions discussed above, with the following modifications.

- Labor rates are assumed to be the same as in the Blue Lake RV park scenarios. Since the Expo Center RV park will have fewer spaces, staffing levels are assumed to be lower than at the Blue Lake Park campground. The following table indicates assumed staffing levels at various Expo Center RV park occupancies.

Position	Occupancy				
	25%	35%	45%	55%	65%
Front Office					
Park Manager	1	1	1	1	1
Desk Clerk	0.5	0.5	1	1	1
Security					
Peak 6 Months	2	3	3	3	4
Off-Peak 6 Months	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Yearly Equivalent	1.5	2	2.5	2.5	3
Maintenance					
Peak 6 Months	2	3	3	3	4
Off-Peak 6 Months	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Yearly Equivalent	1.5	2	2.5	2.5	3

- Utilities costs are assumed to be the same as the Blue Lake Park scenarios for occupied spaces. The fixed portion of each utility cost is assumed to be two-thirds of the assumed amount in the Blue Lake Park scenarios.

Like the Blue Lake Park RV park, advertising expense is assumed to be five percent of total revenues. As with the Blue Lake Park RV park, the other cost items are relatively minor. In addition, the variances in amounts based upon occupancy levels are relatively insignificant in the Walsh and Associates study. The assumed amount for each item is listed below.

Labor	\$ 69,000 - \$114,000
Utilities	10,000 - 22,000
Maintenance	20,000
Advertising	8,000 - 24,000
Insurance	5,000
Legal, Accounting	5,000
Miscellaneous	14,000
<b>Total</b>	<b><u>\$131,000 - \$204,000</u></b>

#### D. GOLF COURSE ASSUMPTIONS

##### 1. Overview

The following discussion summarizes the key assumptions made regarding golf courses in the current study. Information from local publicly-owned courses as well as industry associations and knowledgeable experts was used in deriving assumptions regarding:

- Revenues
- Development costs
- Operating costs.

## 2. Revenues

The major factors affecting golf course revenues are greens fees and numbers of rounds played assumptions.\* In addition, other major revenue sources include driving range revenues and concessions such as a snack bar and pro shop.

### a. Greens Fees

Various data regarding greens fees are listed below:

- Average greens fees at municipal facilities in the United States in 1986 for nine holes at nine hole courses were \$4.00 weekdays and \$5.00 on weekends. At 18 hole municipal facilities, nine hole greens fees averaged \$5.00 weekdays and \$5.50 weekends.
- Average nine hole greens fees at nine hole executive/par three courses were \$3.75 weekday and \$4.00 weekend in 1986.\*\*
- Greens fees for nine hole equivalent rounds on Portland city courses ranged from a first six-months of 1988 average of \$4.19 at Progress Downs to \$4.63 at Eastmoreland. Glendoveer's average was \$4.65 per nine hole equivalent round during the same period.\*\*\*

Overall, greens fees vary by type of golf course. In general, a nine-hole executive course can be expected to charge less than a full-size nine-hole course. Green fees for nine holes at full-size courses generally can be expected to be less at nine-hole facilities than at 18-hole facilities.

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\* Throughout the following analysis, a "round" is defined as nine holes. This is the basic unit used by many in the industry for comparing golf course operations.

\*\* At 18 hole executive courses, nine hole rates in 1986 were \$5.00 weekday and \$5.50 weekend.

\*\*\* Nine hole equivalent rounds is the number of times golfers play nine holes, whether as part of a nine hole or 18 hole greens fee.

- Nine hole greens fees in the Portland area at executive courses range from \$2.75 for seniors at Portland Meadows during the week to \$8.00 at Charbonneau on weekends. Nine hole greens fees at Portland area full-size courses range between \$2.25 for junior weekday rates at City of Portland courses to \$8.00 at Colwood National Golf Course on weekends. These rates are averaged with other rates at the same courses to arrive at an average rate for each course.
- For purposes of this analysis, it is assumed average nine hole greens fee ranges for the executive course and for the full-size nine hole course will be \$4.00 to \$6.00 and \$4.25 to \$6.25, respectively. Greens fees for rounds at the 18 hole facility are assumed to range between \$4.50 and \$6.50.

**b. Rounds Played**

National information supporting rounds played assumptions appears below:

- The average number of nine hole equivalent rounds played on an executive/par three nine hole facility in the United States was 19,000 in 1986.
- According to an NGF Information Sheet, "9-Hole Courses: Serving their Purpose," a busy nine hole course (full-size) could: ". . . generate up to 40,000 rounds annually, although most do not." The average number of nine hole equivalent rounds at nine hole municipal courses was 24,000 in 1986.
- The average number of nine hole equivalent rounds played at 18 hole municipal facilities in the U.S. was 85,000 in 1986.

The Portland Metro area may be expected to be above the national average due to:

- Longer than average playing season relative to the rest of the country.
- Excess demand for golf facilities, as suggested by some industry experts interviewed.

After showing steady growth in play from 1983 through 1987, the average number of rounds played at Portland City Courses other than Heron Lakes has declined since the opening of the new nine at Heron Lakes in 1987. Nevertheless, Portland area municipal courses have enjoyed high utilization, with an estimated 62,000 nine hole equivalent rounds per nine holes among the four City courses over the period from September 1987 through August 1988.

The "Portland variance" may be defined as the ratio of rounds played per 18 holes in Portland versus the rest of the U.S. An estimate of this ratio would be  $(62,000 \times 2) / 85,000 = 1.46$ .

- If one applied the "Portland variance" to the average number of rounds played at nine hole executive/par three courses, the estimated number of rounds for such a course in the Portland area might be expected to be  $1.46 \times 19,000 = 28,000$ .
- Likewise, an established full-size nine hole course in the Portland area might be expected to generate 35,000 nine hole equivalent rounds,  $(24,000 \times 1.46 = 35,000)$ .
- Each 18 hole facility in the City of Portland system generates approximately 124,000 nine hole equivalent rounds annually.
- It should be noted, however, that the estimates for Portland courses above are based upon play at the long-established, well-maintained, close-in Portland City courses.
- The assumed ranges of rounds played in each scenario are:

Executive course	19,000 - 35,000
Full-size 9 hole course	22,000 - 48,000
Full-size 18 hole course	90,000 - 130,000

### c. Other Revenue Sources

Revenues from other sources are assumed to be related to either driving range sales or other sales, including pro shop and food concessions:

- City of Portland courses vary significantly from one to another in terms of the percent of total revenues from greens fees and from other sources.
- The City of Portland's Progress Downs course has the lowest percent of total revenues generated from greens fees at 25 percent. The majority of that course's revenues come from its unusually well-stocked pro shop facility.
- Heron Lakes has the highest percentage of total revenues in the City of Portland system generated from greens fees at 58 percent. Rose City and Eastmoreland revenues from greens fees are between those at Progress Downs and Heron Lakes. Rose City's revenues from greens fees are 43 percent of total revenues; Eastmoreland's are 51 percent of total revenues.

- It is possible that the ratio of greens fee to total revenues is lower in the City of Portland system than typical courses if the system's greens fee rates are lower than other systems.
- It is assumed in all golf course scenarios that revenues generated from other sales, including pro shop and restaurant sales amount to 40 percent of greens fee sales.
- A National Golf Foundation representative indicated that revenues from driving range sales are not closely related to golf course size.
- In addition, the NGF representative stated that reports from driving ranges indicated that typical operating income generated from driving ranges was approximately \$20,000, although he thought this amount might be understated due to poor reporting.
- An estimate of Glendoveer's net operating income from driving range sales is approximately \$33,000. The Eastmoreland driving range in the City of Portland system received approximately \$84,000 in operating income from its driving range.
- Therefore, revenues from driving range sales are assumed to recover between \$20,000 and \$80,000 of operating income above driving range expenses in each of the golf course scenarios, (see section 4.b, Other Operating Expenses, below).

### 3. Golf Course Development Costs

Construction of a golf course is often estimated by industry benchmarks based upon costs per hole. Generally, it is less expensive on a per hole basis to construct an executive course. Added to the per hole costs are costs of clubhouse and driving range construction.

- As a benchmark for course development costs, it may be relevant to note that the new nine holes built two years ago at the City of Portland's Heron Lakes course were estimated to cost approximately \$1 million, or \$110,000 per hole. The actual expenditure for construction of the new nine holes was approximately \$1.5 million. This course at Heron Lakes is generally regarded to be a top quality nine hole course, and therefore more expensive to build than typical municipal golf course holes.

- Several industry sources contacted gave a range of costs per hole for development of an executive nine hole and full-size nine and 18 hole courses. In general, industry sources contacted agreed that more interesting holes are more desirable to play and cost more to develop.
  - The low end estimate in cost per hole was \$20,000 to \$25,000 per hole, given as a low range by the National Golf Foundation. The high end estimate was \$100,000 to \$200,000 per hole for full-size holes.
  - It is assumed in this analysis that costs per hole will range from \$40,000 to \$80,000 for executive holes. Full size holes will be assumed to cost between \$75,000 and \$125,000 per hole.
- The cost per square foot for clubhouse construction is assumed to range between \$40 and \$70 per square foot. Total square footage required is assumed to range from 500 to 2,500 square feet. Driving range construction costs are assumed to range from \$50,000 to \$150,000.

The range of assumed development costs applied in this preliminary analysis is summarized below:

	<u>Executive 9</u>	<u>Full-Size 9</u>	<u>Full-Size 18</u>
Cost for hole construction (\$000)	\$360-720	\$675-1,125	\$1,350-2,250
Clubhouse(\$000)	20-175	20-175	20-175
Driving range(\$000)	50-150	50-150	50-150
Subtotal(\$000)	<u>\$430-1,045</u>	<u>\$745-1,450</u>	<u>\$1,420-2,575</u>
Land Acq(\$000)	0	0	1,500
Total(\$000)	<u>\$430-1,045</u>	<u>\$745-1,450</u>	<u>\$2,920-4,075</u>

#### 4. Golf Course Operating Costs

Operating cost assumptions are a key component of the financial feasibility of the golf course scenarios. The sources available in projecting operating cost amounts for the planned project include: Glendoveer annual reports, City of Portland operating cost data, and the Walsh and Associates feasibility study for the Blue Lake Park East Properties.

Glendoveer golf course is a 36 hole facility owned by Multnomah County and operated by Glisan Street Recreation, Inc. The data in Appendix 5 are taken from Glisan Street Recreation's 1987 annual report.

The City of Portland operates four golf courses: Heron Lakes, Eastmoreland, Rose City, and Progress Downs. Heron Lakes is a 27 hole course; the other three courses have 18 holes each.

The City's fiscal year runs from July to June. Appendix 6 represents expense data from the 1987-88 fiscal years. In addition, budget data were used to obtain labor force benchmarks.

a. Course Maintenance Expenses

The information available regarding operating costs of golf facilities include two separate industry rules of thumb for golf course maintenance costs: \$3,000 per acre per year; and, \$6 per round played. Although there is a fixed and a variable component to golf course operating costs, neither of the two rules of thumb address both types of costs.

Another industry source contacted suggested that an appropriate amount of course maintenance expense for each of the three types of courses considered would be:

\$ 80,000 - 100,000 for an executive nine hole course  
\$125,000 - 150,000 for a full-size nine hole course  
\$225,000 - 275,000 for a full-size 18 hole course.

These amounts are the assumed values for course maintenance.

b. Other Operating Expenses

The course maintenance expense assumptions above do not include costs of operating and maintaining a driving range, pro shop, food concessions, or other course facilities. As a result, it is assumed that a certain percentage of those expenses classified by Glisan Street Recreation as Premises Operating Expenses would be incurred by a golf course at Blue Lake Park.

The expenses associated with operating the Glendoveer driving range are estimated to be approximately \$65,000 - fixed or otherwise. The expenses associated with operating the Eastmoreland driving range in the City of Portland system were approximately \$84,000 for the year ending June 1988. These amounts are at the low end of typical driving range expenses as reported by the NGF.

A National Golf Foundation representative indicated a typical driving range would incur annual operating expenses in the range of \$80,000 to \$90,000. In addition, the NGF representative stated that driving range operations are largely independent of golf

course size. Therefore, driving range expenses, like driving range revenues, are assumed to be the same in each golf course scenario. Total driving range expenses are assumed to range between \$75,000 and \$95,000 in all three golf course cases.

The balance of Premises Operating Expenses are allocated to each scenario as follows.

A range of between 20 percent and 30 percent of the balance of Glisan Street Recreation's "Premises Operating Expenses" is assumed to be incurred by the Blue Lake facility in both the executive nine hole and the full-size nine hole scenarios. In the 18 hole scenario, it is assumed that premises operating expenses range between 45 and 55 percent of the balance of Glendoveer's.

### c. General and Administrative Expenses

In addition to course maintenance and premises operating expenses, Glendoveer also has general and administrative expenses. At Glendoveer these total \$48,000. It is assumed that part of these expenses are fixed and part are variable.

In both of the nine hole scenarios, it is assumed that the golf course will incur between 45 and 55 percent of Glendoveer's general and administrative expenses. In the 18 hole scenario, it is assumed the course incurs between 70 and 80 percent of Glendoveer general and administrative expenses.

## E. HOMESITE DEVELOPMENT ASSUMPTIONS

### 1. Overview

In two of the Blue Lake Park scenarios considered, the development and sale of homesites has a financial impact on the plans. In the original RV park and executive nine hole golf course scenario, the development of 16 single family homesites is considered. In one of the full-size nine hole scenarios, it is assumed that 100 homesites are developed and sold.

In the first scenario in which 16 homesites are developed, the incremental impact of developing and selling the homesites is positive, assuming the market's ability to absorb the sites, and assuming typical development costs and market prices.

For the 100 homesite scenario, the financial impacts of purchasing the adjacent 105 acre lot and building the proposed RV park along with a full-size nine hole course are considered. In this scenario the remaining portion of the acquired property after golf course development will be sold for development as homesites.

For purposes of this scenario, the Blue Lake Park RV campground costs are assumed to be the same as those described above. Likewise, the costs of developing and operating the nine hole course are assumed to be constant. Essentially, the purpose of this analysis is to assess the incremental impact of the single family homesites property purchase, and resale of a portion of that property, in connection with the development of a full-size nine hole course.

The purchase price of the Fujii property is assumed to be \$1.5 million. This is the appraised value in the G.L. Van Fleet February 1988 appraiser's report.

The key variables affecting the success of this venture include:

- Homesite development costs
- Market values
- Demand for the sites.

## **2. Homesite Development Costs**

The number of homesites is the first key variable necessary to prepare an estimate of the financial impact of the proposed development. The first homesite development case assumes 16 sites. The other scenario being considered is development of approximately 100 homesites. Of these 100, 40 are assumed to have frontage alongside either the golf course, Fairview Lake, or both.

Homesite development costs vary by the size, layout, and density of the proposed developments. Normally, some economies are experienced when larger developments are created. The assumed range for homesite development costs in both scenarios is \$5,000 to \$10,000.

## **3. Market Values of Homesites**

The average price of a 7,000 square foot homesite in the east Portland metropolitan area was \$17,500 in 1986. This average price can be adjusted for an increase in value of those sites along the golf course or waterfront.

The assumed sales price for each homesite in the 16 site scenario ranges from \$15,000 - \$22,500.

In the 100 homesite scenario, it is assumed 60 sites sell for the average 1986 value of \$17,500. The 20 marginally affected homesites in this scenario are assumed to receive a \$5,000 increase in market value. The 20 premium sites receive an additional \$5,000 in market value.

## **4. Market Demand for Homesites**

It is assumed the market will absorb the 16 single family sites readily. However, it is not clear sufficient demand currently

exists for the absorption of 100 additional homesites in the Blue Lake area. Further study would be required to identify the demand for the proposed sites. Such a study is beyond the scope of the current report. Moreover, at least one industry expert expressed reservations about the likelihood of selling all of the sites within the first few years, especially those sites not bordering the golf course or the lake.

## **5. Financial Impact of Homesite Sales**

In the 16 homesite case, the cost of developing the homesites is significantly less than their market value even under the least favorable terms assumed. In the 100 homesite scenario, the cost of land acquisition and development outweigh the aggregate sales price of the homesites within most of the assumed ranges of development costs and sales prices. However, the homesites' incremental impact on the full-size nine hole golf course scenario is positive in that a portion of the land acquisition costs are recovered through homesite sales.

## **F. FINANCING TERMS**

### **1. Overview**

The financing arrangements available for development of the proposed projects have been limited to several most likely options as indicated by the County's financial advisor. For example, the County could issue tax-exempt general obligation bonds for the proposed developments, but it has been assumed the County would not be willing to issue such bonds. The rates, terms, and tax implications of each option considered are dependent upon the ownership and operating structure adopted by the County.

Ideally, the County would like to obtain outside financiers and developers for the proposed facilities. However, to the extent the County determines its involvement in financing the developments is appropriate, the following discussion summarizes the County's major options, including:

- Tax-exempt bonds
- Revenue bonds
- Private financing.

### **2. Tax-exempt Revenue Bonds**

Tax-exempt financing is the least cost method of obtaining funds for the proposed developments. A reasonable rate for tax-exempt issues would be eight percent, or slightly below that rate in today's marketplace. To the extent the projects can afford to pay off their borrowing in ten years, this term would be considered most desirable from the market's perspective. If a longer term is

required in order to lower debt service amounts to an affordable level, a 20-year term is considered the longest marketable term for bonds.

Although tax-exempt bonds offer the lowest borrowing rate, certain disadvantages to their use for this project must be considered. In order to maintain the bond's tax-exempt status the County must largely develop and operate the facilities on its own. If a private operator were brought in, its participation must be limited in terms of tenure and ability to share in profits. Otherwise, the bonds would not be eligible for tax-exempt status.

### **3. Revenue Bonds**

The use of revenue bonds to finance the proposed developments may be a reasonable alternative if the County decides to sponsor the financing. In this case, the bond market would require operating cash flow to be at least 1.2 times debt service. In order to improve the credit-worthiness of this instrument, the County may wish to pledge its revenues from Glendoveer Golf Course as backing for these bonds. Such a pledge would tend to reduce the interest required, as well as improve the marketability of the instruments.

If revenue bonds were used to finance the venture, the County may wish to consider both taxable and tax-exempt instruments. The key advantage of taxable instruments is the absence of any risk of jeopardizing the bond's tax-exempt status as a result of future operation. On the other hand, the County should expect to pay a higher rate with taxable instruments than tax-exempt bonds. Currently, reasonable estimates of the rates on taxable and tax-exempt bonds issued by the County would be 11 to 12 percent and 7.5 to 8 percent, respectively.

In general, one would expect the market to prefer a 10-year term to a 20-year term, to the extent debt service amounts are affordable in the shorter term.

### **4. Private Financing**

Financing the proposed developments in the private sector is the County's preferred alternative. Currently, the annual interest rate for bank financing would be approximately 10 percent for the first five years. At the end of the first five year term, there would likely be a balloon payment of the outstanding principal. At that point, a refinancing would occur which would amortize the loan over a longer period of time, such as 20 years.

The potential problem with private financing may be difficulty in obtaining the funds. A bank or other institution may be unwilling to finance the proposed ventures without significant collateral. The County may be able to solve this difficulty if it agrees to pledge the land as collateral on the loan.

**G. SUMMARY OF FINANCIAL SCENARIOS**

**1. Overview**

The following discussion summarizes the key findings from each of the four Blue Lake Park scenarios and the Expo Center RV park case. In each case, the range of outcomes, sensitive assumptions, and recommendations for further analysis are reviewed. The scenarios are as follows:

- Original Blue Lake Park scenario -- RV campground, executive nine hole golf course, and 16 single family homesites
- Full-size nine hole golf course in lieu of RV campground, executive course, and homesites at Blue Lake Park
- RV campground plus purchase of adjacent lot for nine hole golf course and 100 homesites
- RV campground plus 18 hole golf course including purchase of adjacent property
- Exposition Center RV park

**2. Blue Lake RV Park, Executive Nine Hole Course and 16 Homesites**

Preliminarily the original plan appears financially feasible based on a range of plausible assumptions. Each component of the plan is assessed independently below:

**a. Blue Lake RV Park**

Appendix 7 indicates preliminary financial estimates for a Blue Lake RV park, under alternative assumptions for development and financing costs, rates, and occupancy levels. Certain plausible combinations of these assumptions result in a projected positive cash flow. For example, the table below summarizes projected cash flow exceeding 1.2 times debt service if rates are set at \$15 ("yes" is above 1.2, "no" is below 1.2 times debt service):

<u>Annual Debt Service</u>	<u>Occupancy</u>				
	<u>25%</u>	<u>35%</u>	<u>45%</u>	<u>55%</u>	<u>65%</u>
\$150,000	no	yes	yes	yes	yes
\$205,000	no	no	yes	yes	yes
\$260,000	no	no	no	yes	yes
\$315,000	no	no	no	no	yes
\$370,000	no	no	no	no	yes

Particular assumptions that should be refined in further analysis include:

- Park occupancy
  - Desirability of Blue Lake site to the local RV market
  - Impact of other proposed RV park developments
- Development costs
  - Campsite development
  - Utilities development

**b. Executive Nine Hole Golf Course**

Appendix 8 indicates preliminary financial estimates for a nine hole executive golf course, under alternative assumptions for development and financing costs, greens fees, and rounds played. Certain combinations of these assumptions result in positive debt service coverage, although preliminarily the potential profitability of the golf course appears more marginal than the RV park. For example, the table below summarizes projected cash flow exceeding 1.2 times debt service if greens fees are set at \$6.00 ("yes" is greater than 1.2 times debt service, "no" is below):

<u>Annual Debt Service</u>	<u>Rounds Played</u>				
	<u>19,000</u>	<u>23,000</u>	<u>27,000</u>	<u>31,000</u>	<u>35,000</u>
\$ 40,000	no	yes	yes	yes	yes
\$ 80,000	no	no	yes	yes	yes
\$120,000	no	no	no	yes	yes
\$160,000	no	no	no	no	no
\$200,000	no	no	no	no	no

The table shows, for example, that the golf course could generate positive debt service coverage (given the assumed operating costs) if greens fees are \$6.00, at least 31,000 rounds are played annually, and annual debt service is \$120,000 or less. As Appendix 8 indicates, to limit debt service to \$120,000 or less, development costs would have to be toward the low end of the assumed range.

Particular assumptions that should be refined in further analysis include:

- Greens fees sensitivity to other rates in the Portland area
- Rounds played
  - Portland area golfers' willingness to drive to Blue Lake
  - Relative attractiveness of an executive length course
  - Effects of weather in Blue Lake area.

- Development costs, based on assessment of design requirements for the site
- Operating labor costs

**c. Homesites**

Preliminarily, development of the 16 homesites appears to add financial margin to the proposed development. The estimated incremental margin contributed by the homesites is \$5,000 to \$17,500 per homesite, based on assumptions specified above in this report (see Appendix 4). However, these assumptions should be tested further in the next study phase, particularly the ability of the local real estate market to absorb the sites in the short term.

**3. Full Size Nine Hole Golf Course at Blue Lake Park**

The full-size nine hole golf course scenario assumes it is the only development at Blue Lake Park. The RV park and 16 homesites are excluded from this analysis.

Using the high end of the assumed greens fee range, \$6.25, the golf course appears to generate positive debt service coverage within a range of plausible debt service and rounds played assumptions (see Appendix 9). However, the overall profitability of the RV park, executive golf course, and 16 homesite scenario generally outweighs that which may be expected from the range of assumptions used in the full-size course case.

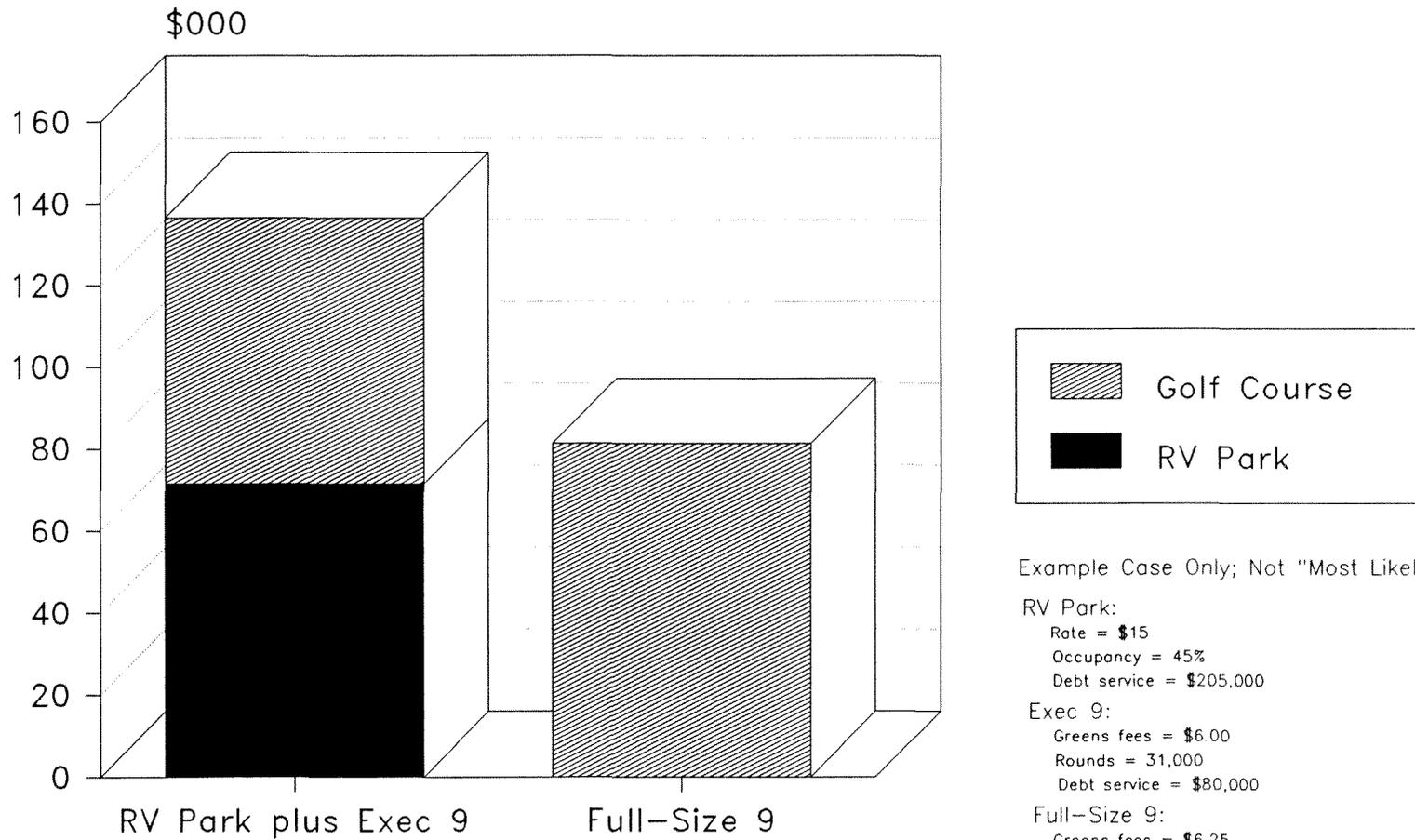
Even excluding the homesite values, the RV park cash flow plus the executive nine hole course cash flow (gross margin, less debt service) could exceed the full-size nine hole course cash flow, given selected sets of assumptions, as illustrated below, and in the Exhibit on the following page (see Appendices 7, 8, and 9; the selected assumptions are examples only, and not necessarily the "most likely")

Net annual cash flow:

RV part at \$15 rate; 45% occupancy; and \$205,000 annual debt service	\$ 71,500
Executive golf course at \$6.00 rate; 31,000 rounds played; and \$80,000 annual debt service	<u>65,000</u>
Total RV Park plus Executive Nine	<u>136,500</u>
Full-size nine hold course at \$6.25 rate; 41,500 rounds played; and \$115,000 annual debt service	<u>\$ 81,200</u>

# NET ANNUAL CASH FLOW\*

## RV Park plus Exec 9 vs. Full-Size 9



Example Case Only; Not "Most Likely"

**RV Park:**

Rate = \$15  
 Occupancy = 45%  
 Debt service = \$205,000

**Exec 9:**

Greens fees = \$6.00  
 Rounds = 31,000  
 Debt service = \$80,000

**Full-Size 9:**

Greens fees = \$6.25  
 Rounds = 41,500  
 Debt service = \$115,000

\* Gross Margin less Debt Service

#### **4. RV Park, Full Size Nine Hole Golf Course, and 100 Homesites**

In this scenario, the RV campground assumptions remain the same as in the first scenario. In addition, the full-size nine hole golf course assumptions are identical to the second scenario. In order to preliminarily estimate the financial outcome of this scenario, the Blue Lake RV park and full-size nine hole course are combined with an estimate of the impact of purchasing the 105 acre lot adjacent to current County park lands. Part of the nine hole course goes on this land as well as 100 homesites.

The feasibility of this scenario is primarily contingent on the ability to recover the purchase price of the 105 acre property through the incremental contribution of the lot sales. Based on assumptions specified above in this report, the incremental value of the sale of the 100 homesites could range from \$1,050,000 to \$1,550,000, compared to an assumed purchase price of \$1,500,000.

Thus, either the lot sales results would have to be at the high end of the assumed range, or the purchase price would have to be lower than assumed, for this transaction to break-even. Further, the timing of the related purchase outlays and sales income would be an issue, because it is not presently clear that the sale of 100 homesites could be readily accomplished in the short term. Although there would potentially be some benefit in constructing a full-size nine hole course rather than an executive course (additional rounds played and potentially higher greens fees), this benefit preliminarily does not appear to offset the risk of loss on the property acquisition and sale.

#### **5. RV Park Plus Full Size 18 Hole Golf Course**

This scenario is a combination of elements. In this case, the Blue Lake RV park is combined with an 18 hole golf course. Included in the cost of the 18 hole course is the acquisition of the 105 acre lot adjacent to the Blue Lake property.

- If the low end of greens fee rates is assumed, the 18 hole course achieves a positive gross margin at all of the assumed rounds played. However, after debt service is subtracted, there are few scenarios providing cash flow greater than 1.2 times debt service (see Appendix 10).
- When greens fee rates are raised to the high end of the assumed range, all rounds played assumptions generate positive cash flow before debt service. After debt service is subtracted from gross margin, the 18 hole course generates cash flow greater than 1.2 times debt service requirements under most of the assumed rounds played and development cost assumptions (see Appendix 10).

As with the other golf course scenarios, certain assumptions (including greens fees, rounds played, development costs, and operating labor costs) should be further refined if this option is to be considered further. Since a major component of the development cost is the assumed land acquisition cost, this assumption in particular should be tested further.

**6. Expo Center RV Park**

Appendix 11 indicates preliminary financial estimates for an Expo Center RV park, applying alternative assumptions for development and financing costs, rates, and occupancy levels. Certain favorable combinations of these assumptions result in projected profit. For example, the table below summarizes estimated cash flow in excess of 1.2 times debt service requirements if rates are set at \$15 ("yes" is greater than 1.2 times debt service, "no" is below):

<u>Annual Debt Service</u>	<u>Occupancy</u>				
	<u>25%</u>	<u>35%</u>	<u>45%</u>	<u>55%</u>	<u>65%</u>
\$ 70,000	no	yes	yes	yes	yes
\$120,000	no	no	yes	yes	yes
\$170,000	no	no	no	yes	yes
\$220,000	no	no	no	no	yes
\$270,000	no	no	no	no	no

As with the Blue Lake RV park, certain assumptions (including park occupancy and development costs) should be further refined in the next phase of this study. In particular, potential occupancy generated by events in the Expo Center area should be assessed.

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## APPENDIX 1

## RECREATION VEHICLE REGISTRATIONS

## STATE OF OREGON

Region	1982	1983	1984	1985	1986	1987	Avg Annual Growth
-----	-----	-----	-----	-----	-----	-----	-----
<b>Clackamas</b>							
Travel Trailers	7,746	8,417	7,751	8,058	7,966	8,561	2.21%
Campers	4,435	4,616	3,990	4,211	3,791	3,977	-1.80%
Motor Homes	2,733	3,033	3,163	3,334	3,492	3,685	6.19%
Total RV's	14,914	16,066	14,904	15,603	15,249	16,223	1.86%
<b>Multnomah</b>							
Travel Trailers	10,792	11,316	10,398	10,829	10,182	10,293	-0.80%
Campers	5,163	5,355	4,607	4,712	4,191	4,343	-3.08%
Motor Homes	3,762	4,112	4,188	4,472	4,561	4,740	4.77%
Total RV's	19,717	20,783	19,193	20,013	18,934	19,376	-0.21%
<b>Washington</b>							
Travel Trailers	5,713	6,146	5,790	6,120	5,497	6,507	3.14%
Campers	2,722	2,897	2,590	2,671	2,407	2,614	-0.46%
Motor Homes	2,050	2,259	2,379	2,582	2,740	2,991	7.86%
Total RV's	10,485	11,302	10,759	11,373	10,644	12,112	3.22%
<b>Yamhill</b>							
Travel Trailers	2,027	2,226	2,117	2,269	2,230	2,315	2.84%
Campers	1,116	1,191	1,068	1,129	1,034	1,040	-1.15%
Motor Homes	728	774	815	863	949	1,026	7.12%
Total RV's	3,871	4,191	4,000	4,261	4,213	4,381	2.62%
<b>Portland CMSA</b>							
Travel Trailers	26,278	28,105	26,056	27,276	25,875	27,676	1.23%
Campers	13,436	14,059	12,255	12,723	11,423	11,974	-1.95%
Motor Homes	9,273	10,178	10,545	11,251	11,742	12,442	6.08%
Total RV's	48,987	52,342	48,856	51,250	49,040	52,092	1.40%
<b>Oregon</b>							
Travel Trailers	95,648	103,319	95,083	99,326	94,593	99,778	1.05%
Campers	45,325	47,738	41,331	42,772	38,362	40,431	-1.91%
Motor Homes	32,718	36,659	37,604	40,121	41,775	44,544	6.41%
Total RV's	173,691	187,716	174,018	182,219	174,730	184,753	1.42%

Source: State of Oregon,  
Motor Vehicles Division

APPENDIX 2

MULTNOMAH COUNTY  
PRELIMINARY FEASIBILITY STUDY  
PORTLAND AREA RV PARK SURVEY

Oregon Facilities

<u>Name/Location</u>	<u>Type &amp; # Spaces</u>	<u>Fee</u>	<u>Occupancy/Remarks</u>
Ainsworth State Park Columbia Gorge Scenic Rt. 27 miles East of Portland 695-2301	45 full hook-up	\$7.00	100% June, July, August Open: April 15 to Oct. 31
Jantzen Beach RV Park 1503 N Hayden Island Dr. Portland 289-7626	165 full hook-up	\$17.44	Aug. 98% Sept. 70% Winter drop
Lawn Acres MHP Sunnyside Avenue Portland 654-5739	23 full hook-up 2 water and elec.	\$9.00	NA
Isberg Park Aurora 678-2646	84 full hook-up	\$12.00	100% summer 70% winter
Trailer Park of Portland 6645 SW Nyberg Rd. Tualatin 692-0225	100 full hook-up 20 water and elec. Some tent space	\$15.51 \$12.50 to \$13.50	100% summer May-Sept. 70-80% winter
Bellacres MHP NE 238th Gresham Adults Only 665-4774	12 full hook-up	\$14.00	NA
Oxbow - Public Park Gresham 663-4708	45 unimproved	\$6.00	Seasonal
Rolling Hills Mobile Terr. 20145 NE Sandy Blvd. Gresham 666-7282	101 full hook-up	\$15.00	100% summer 75-80% winter
Crown Point RV Park Corbett	15 full hook-up	\$11.00	Seasonal Open: April 1-Oct 31

MULTNOMAH COUNTY  
PRELIMINARY FEASIBILITY STUDY  
PORTLAND AREA RV PARK SURVEY

Oregon Facilities

<u>Name/Location</u>	<u>Type &amp; # Spaces</u>	<u>Fee</u>	<u>Occupancy/Remarks</u>
Cedar Shade Trailer Park 7120 NE Killingsworth Portland 254-1692	20 full hook-up	\$10.00	Licensed for 20 full hook-ups to RV's but now all spaces are permanent residents, except 1 which would be \$10 a night for full hook-up.
Fir Grove Trailer Park 5541 NE 72nd Portland 252-9993	Full hook-up	\$13.08	Mostly long-term residents
Tall Firs MH and RV Park 15656 SE Division Portland 761-8210	7 full hook-up	\$13.08	100% summer
Barton Park - Public Hwy 224 Estacada 637-3015	97 unimproved	\$6-\$7	Seasonal
Milo McIver State Park Estacada 630-7150	44 water & elec.	\$7-\$9	Seasonal Open: April 15-Oct. 31
Promontory Estacada 630-5153	58	\$6-\$7	Seasonal Open: May 1-Sept. 1
4-You Mobile Park 18030 SW Lower Boones Tualatin 639-3350	As available full hook-up	\$15.00	Does not cater to overnigheters - usually rent 1 to 2 months at a time.

MULTNOMAH COUNTY  
PRELIMINARY FEASIBILITY STUDY  
PORTLAND AREA RV PARK SURVEY

Oregon Facilities

<u>Name/Location</u>	<u>Type &amp; # Spaces</u>	<u>Fee</u>	<u>Occupancy/Remarks</u>
Le Rose Mobile Court 18040 SW Lower Boones Tualatin 639-1501	Full hook-up	\$15.00 plus tax \$250/mo	Fairly new but so far 100% full even reservations for next summer ('89). Rent to RVs as available.
Champoeg State Park Newberg 678-1251	48 water & elec.	\$8-\$10	Seasonal
New Park going in in a year near from Rolling Hills Mobile Terrace	190 full hook-up	NA	NA

**MULTNOMAH COUNTY  
PRELIMINARY FEASIBILITY STUDY  
PORTLAND AREA RV PARK SURVEY**

Washington Facilities

<u>Name/Location</u>	<u>Type &amp; # Spaces</u>	<u>Fee</u>	<u>Occupancy/Remarks</u>
Battleground Lake St. Park Battleground, WA (206) 687-4621	35 unimproved	\$6.00	Seasonal
99 Mobile Lodge & RV Park (206) 573-0351	61 full hook-up	\$10.75 average. Larger space and more than 2 people costs more	NA

APPENDIX 3

MULTNOMAH COUNTY  
 PRELIMINARY FEASIBILITY STUDY  
 PORTLAND AREA GOLF COURSE SURVEY  
 PRIVATE CLUBS

Type	Name/Location	Ownership/ # Holes	Rounds Per Year
F	Arrowhead Golf Course 28301 S. Hwy 213 Molalla 655-1441	CC 18	NA
F	Club Green Meadows Golf 7703 NE 72nd Ave Vancouver, WA 222-9483	CC 18	60,000
F	Columbia Edgewater 2138 NE Marine Drive Portland 285-8354	CC 18	40,000
F	Oswego Lake Country Club 20 SW Iron Mt. Blvd. Lake Oswego 635-3659	CC 18	30,000
F	Pleasant Valley Golf Club 12300 SE 162nd Clackamas 658-3103	CC 18	NA
F	Portland Golf Club 5900 SW Schools Ferry Portland 292-2778	CC 18	40,000
F	Riverside Golf and Country Club 8105 NE 33rd Dr. Portland 288-7265	CC 18	45,000
F	Royal Oaks Golf Course 8917 NE Fourth Plain Vancouver, WA 256-1250	CC 18	NA
F	Rock Creek Country Club 5100 NW Neahonie Hillsboro 645-1104	CC 18	NA
F	Tualatin Country Club Tualatin 696-4620	CC 18	NA
F	Waverly Country Club 1100 SE Waverly Drive Milwaukie 654-9509	CC 18	NA
F	Willamette Valley Country Club 2396 NE Country Club Dr. Canby 655-4013	CC 18	NA

MULTNOMAH COUNTY  
PRELIMINARY FEASIBILITY STUDY  
PORTLAND AREA GOLF COURSE SURVEY  
PUBLIC COURSES

Type	Driving Range	Name/Location	Ownership/ # Holes	Range Fees	Greens Fees	Rounds Per Year
F	N	Broadmoor 3589 NE Columbia Portland 281-1337	Private 18	--	Weekday 6.00/12.00 Weekend 7.00/14.00	200,000
F	Y	Cedars Golf Course 15001 NE 181st St. Brush Prairie, WA 285-7548, 687-4233	Private 18	Sm 2.00 Lg. 3.50	Weekday 8.00/14.50 Weekend 8.00/15.00 Jr. 3.00/5.00 weekdays	32,000
E	Y	Charbonneau 6000 French Prairie Dr. Wilsonville 694-1246	Private 27	Sm 1.00 Med 2.00 Lg 3.00	M-F 7.00/12.00 S&S 8.00/14.00 Par 9-4 weekdays	NA
F	N	Colwood National Golf Course 7313 NE Columbia Portland 254-5515	Private 18	--	M-F 7.00/13.00 S&S 8.00/15.00	NA
F	Y	Eastmoreland 2425 SE Bybee Portland 775-2900	Public 18	Balls 20-1.50 50-2.50 90-4.00	M-F 5.00/9.00 S&S 6.00/11.00 65 2.75 18 2.25	130,000
E	N	Fairway Village 15509 SE Fernwood Dr. Vancouver, WA (206) 254-9325	Private 9	--	40 7.50/11.50 40-55 5.50/9.50 55 3.50/7.00	NA
F	Y	Forest Hills Golf Course Rt. 2 Cornelius 357-3347	Private 18	2.00	7.00/14.00	40,000 60,000
F	Y	Glendoveer Golf 14015 NE Glisan Portland 253-7507	Public 36	Lg 4.00 Med 2.50 Sm 1.25	M-F 5.00/10.00 S&S 6.00/12.00 M-F Sr. 2.75 Jr. 2.50	185,000
F	Y	Gresham Golf Course 2155 NE Division Gresham 665-3352	Private 18	Sm 2.00 Med 3.00 Lg 4.50	M-F 6.00/10.00 S&S 7.50/13.00 Jr. 3.50 Sr. 45.00 for 12 rounds	NA

MULTNOMAH COUNTY  
 PRELIMINARY FEASIBILITY STUDY  
 PORTLAND AREA GOLF COURSE SURVEY  
 PUBLIC COURSES

<u>Type</u>	<u>Driving Range</u>	<u>Name/Location</u>	<u>Ownership/ # Holes</u>	<u>Range Fees</u>	<u>Greens Fees</u>	<u>Rounds Per Year</u>
E	N	King City 15355 SW Royalty Pkwy. Tigard 639-7986	Private 9	--	M-F 6.00/12.00 S&S 7.00/14.00	NA
Par 3	Y	Lake Oswego Municipal Golf Course 17525 SW Stafford Rd. Lake Oswego 636-8228	Public 18	Sm 2.00 Med 3.00 Lg 4.00	M-F 3.00/14.50 S&S 3.50/5.50 M-F Sr.-Jr. 2.50/4.00	NA
F	Y	Lewis River Golf 3209 Lewis River Woodland, WA (206) 225-8254	Private 18	1.25 2.25 3.00	7.50/13.00 8.00/15.00 M-F Sr. 5.00/ 9.00	NA
Par 3	NA	Lakeview Par 3 (The Dunes) 2425 NW 69th Vancouver, WA (206) 693-9116	Private 9	NA	NA	NA
F	Y	Merriweather National Golf Rt. 6 Box 895 Hillsboro 648-4143	Private 18	Lg 3.00 Sm 1.25	M-F 6.50/12.00 S&S 7.00/13.00 Sr. \$60 mo. unlimited Jr. 3.25	NA
F	Y	Mt. View 27195 SE Kelso Boring 663-4869	Private 18	NA	M-F 6.00/12.00 S&S 7.00/14.00 M-F Jr.-Sr. 3.50	30,000
F	N	Oregon City Golf Club 20124 Beaver Creek Rd. Oregon City 656-2846	Private 18	--	3.50/7.00 4.50/9.00 Sr. 60 2.50/5.00	NA
F	Y	Orenco 22200 NW Bush Orenco 648-1836	Private 9	Lg 3.00 1/2 lg 1.75	6.00/11.00	250,000
E	NA	Par-3 Golf 11608 NE 119th Vancouver, WA (206) 892-3808	Private	NA	NA	NA

MULTNOMAH COUNTY  
PRELIMINARY FEASIBILITY STUDY  
PORTLAND AREA GOLF COURSE SURVEY  
PUBLIC COURSES

Driving Type	Range	Name/Location	Ownership/ # Holes	Range Fees	Greens Fees	Rounds Per Year
Par 3	N	Pine Crest Golf Course 2509 NW Bliss Vancouver, WA (206) 573-2051	Private 9	--	M-F 3.75 S&S 4.00	NA
E	Y	Portland Meadows Golf 901 N Schmeer Rod Portland 289-3405	Private 9	Lg 4.00 Sm 3.00 Med 3.50	M-F 3.75 S&S 4.75 Sr. 1.00 off	NA
F	Y	Progress Downs 8200 SW Schools Ferry Beaverton 646-5166	Public 18	Sm 1.25 Med 2.75 Lg 5.00	M-F 5.00/9.00 S&S 6.00/11.00 Jr. 2.25 Sr. 2.75	170,000
Par 3	Y	Rivergreen Golf 19825 River Rd Gladstone 656-1033	Private 18	Sm 1.50 Med 2.50 Lg 3.50	M-F 4.00/6.00 S&S 4.50/6.50	NA
F	N	Rose City 2200 NE 71st Portland 253-4744	Public 18	--	M-F 5.00/9.00 S&S 6.00/11.00 Jr. 2.25 Sr. 2.75	130,000
F	N	St. Helen's Golf 57246 Hogen Rd. Warren 397-0358	Private 9	--	5.00	NA
F	N	Sandalie Golf 28333 SW Mountain Rd. West Linn 655-1461	Private 18	--	M-F 5.00/10.00 S&S 6.00/12.00 Sr. 3.50/7.00 M-F only	NA
E	N	Summerfield 10650 SW Summerfield Dr. Tigard 620-1200	Private 9	--	M-F 6.00/12.00 S&S 7.00/14.00	NA
F	N	Sunset Grove Rt. 2 Box 406 Forest Grove 357-6044	Private 9	--	M-F 5.00/9.00 S&S 6.50/12.00	NA
F	N	Top O Scott Golf Course 12000 SE Stevens Rd Portland 654-5050	Private 18	--	M-F 4.00/7.00 S&S 5.00/9.00 M-F Sr. 2.50/5.00 Jr. 2.50/5.00	NA

MULTNOMAH COUNTY  
PREMILINARY FEASIBILITY STUDY  
PORTLAND AREA GOLF COURSE SURVEY  
PUBLIC COURSES

<u>Type</u>	<u>Driving Range</u>	<u>Name/Location</u>	<u>Ownership/ # Holes</u>	<u>Range Fees</u>	<u>Greens Fees</u>	<u>Rounds Per Year</u>
F	Y	West Delta/Heron Lakes 3500 N Victory Blvd. Portland 289-1818	Public 27	30 - 1.50 60 - 3.00	M-F 5.00/9.00 S&S 6.00/11.00 Jr. 2.25 Sr. 2.75	150,000

TYPE: E = Executive  
F = Full Size  
Par 3 = Par 3

DRIVING RANGE: Y = Yes  
N = No

OWNERSHIP: CC = Country Club Membership

APPENDIX 4

ESTIMATED HOMESITE GROSS MARGINS

16 Homesite Case

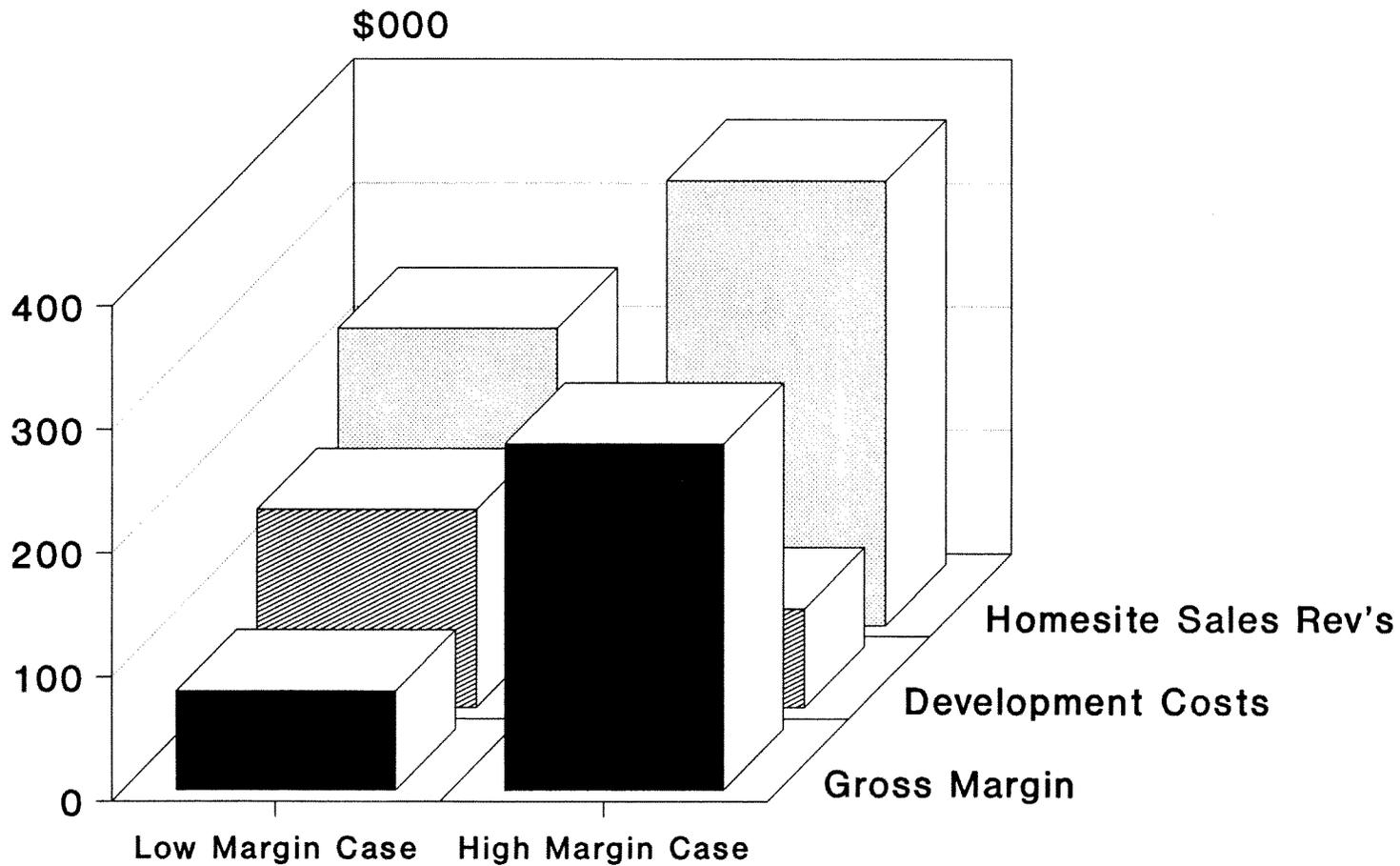
	<u>Low Margin Scenario</u>	<u>High Margin Scenario</u>
Sales Price	\$15,000	\$22,500
Development Cost Per Homesite	<u>10,000</u>	<u>5,000</u>
Gross Margin Per Site	5,000	17,500
Total Gross Margin	\$80,000	\$280,000

100 Homesite Case

	<u>60 Sites: No G.C. Exposure</u>	<u>20 Sites: Some G.C. Exposure</u>	<u>20 Sites: Best G.C. Exposure</u>	<u>Total 100 Sites</u>
Sales Price	\$17,500	\$22,500	\$27,500	\$2,050,000
Development Cost				
Low	5,000	5,000	5,000	500,000
High	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>1,000,000</u>
Gross Margins Per Site				
Low Development Cost	12,500	17,500	22,500	1,550,000
High Development Cost	7,500	12,500	17,500	1,050,000
Total Gross Margin				
Low Development Cost	750,000	350,000	450,000	1,550,000
High Development Cost	450,000	250,000	350,000	1,050,000

# 16 HOMESITES

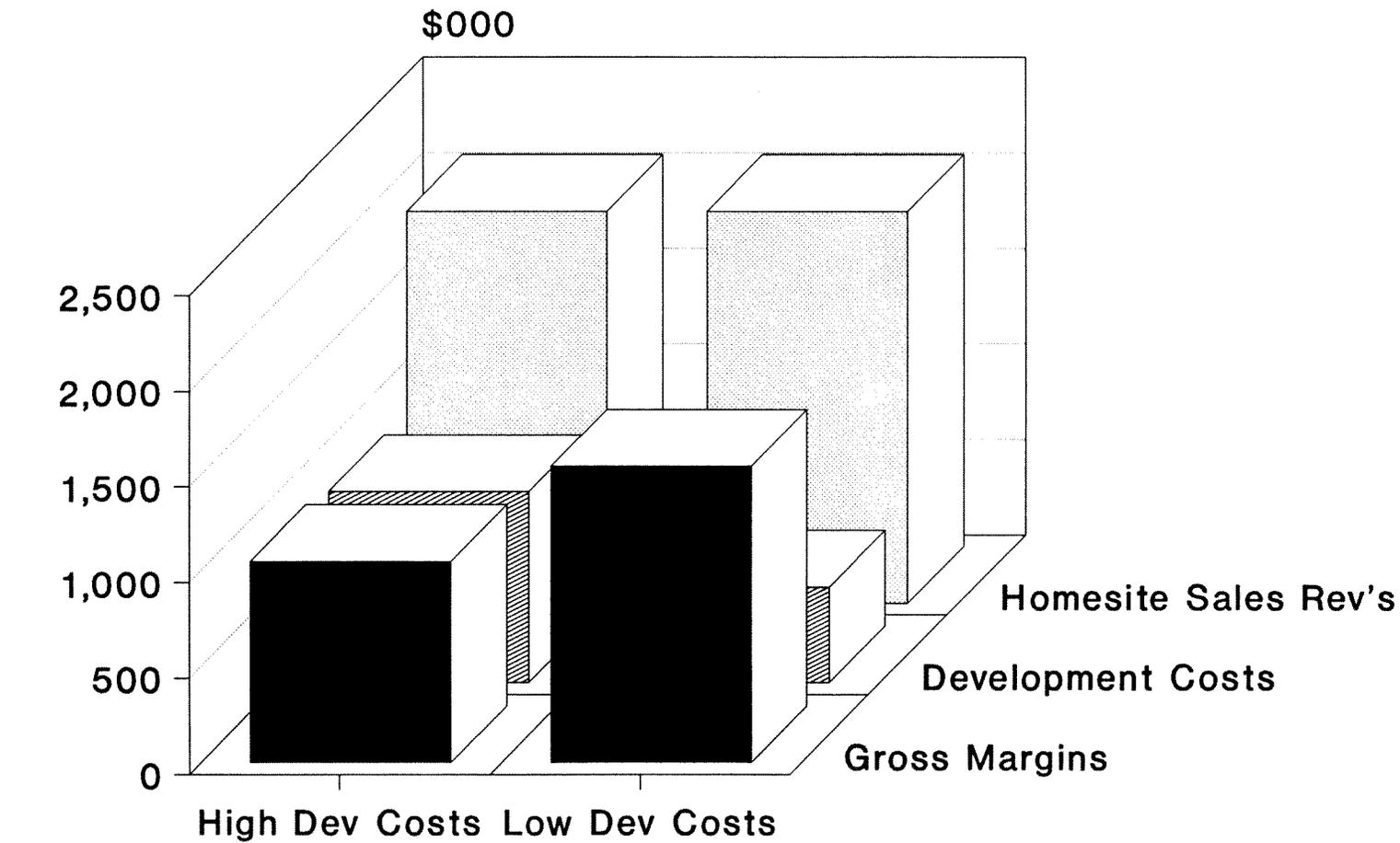
## *Estimated Gross Margin from Sales*



Gross Margin Range: \$80,000 - \$280,000

# 100 HOMESITES

## *Estimated Gross Margin from Sales*



Gross Margin Range: \$1.05MM - \$1.55MM

APPENDIX 5

Glisan Street Recreation  
1987 Operating Results

	<u>Total</u>
Revenues:	
Greens fees	938,946
Premises sales	<u>467,775</u>
Total	<u>1,406,721</u>
Expenses:	
County Share of G F's	413,136
Golf Course Maintenance	276,262
Premises Operating Expenses	307,127
G&A	48,505
Interest	18,171
Amortization	9,297
Depreciation	<u>111,757</u>
Total Expenses	<u>1,184,255</u>
Net:	<u>222,466</u>

Source: Glisan Street Recreation draft financial statements.

APPENDIX 6

CITY OF PORTLAND GOLF COURSE OPERATING EXPENSES  
FISCAL YEAR 1987

	East- moreland	Rose City	Heron Lakes	Progress Downs	Total	Average Per 9	Item as Percent of of Total Cost
<b>Expenses</b>							
Full-time employees (110)	144,713	111,771	173,875	139,391	569,750	63,306	32.2%
Part-time employees (120)	17,408	21,495	32,408	16,463	87,774	9,753	5.0%
Other payroll (140-165)	3,275	2,909	9,811	3,938	19,933	2,215	1.1%
Benefits (166-179)	57,258	48,881	78,996	65,427	250,562	27,840	14.2%
Time-off (180)	17,849	15,188	29,465	22,573	85,075	9,453	4.8%
<b>Total personal services</b>	<b>240,503</b>	<b>200,244</b>	<b>324,555</b>	<b>247,792</b>	<b>1,013,094</b>	<b>112,566</b>	<b>57.3%</b>
Professional services (210)	700	100	100	100	1,000	111	0.1%
Utilities (220)	22,811	35,050	16,386	16,327	90,574	10,064	5.1%
Equipment rental (230)	0	165	(228)	0	(63)	(7)	0.0%
Rep and Maint Svcs (240-259)	1,199	9,436	3,164	2,119	15,918	1,769	0.9%
Misc/freight (260-289)	61,987	54,510	85,917	66,921	269,335	29,926	15.2%
Office supplies (310)	728	856	953	667	3,204	356	0.2%
Operating supplies (320)	17,539	30,005	36,380	21,986	105,910	11,768	6.0%
Rep and maint supplies (330)	11,956	15,967	24,592	9,425	61,580	6,842	3.5%
Minor equip and tools (340)	362	461	4,100	331	5,254	584	0.3%
Clothing and uniforms (350)	358	314	645	257	1,574	175	0.1%
Other commod ext (380)	0	0	(39)	0	(39)	(4)	0.0%
Education (410)	55	108	453	74	690	77	0.0%
Out-of-town travel (430)	135	327	0	0	462	51	0.0%
Misc/unemp claims (490)	6,749	5,845	5,424	6,045	24,103	2,678	1.4%
<b>Total external M&amp;S</b>	<b>124,259</b>	<b>153,144</b>	<b>177,847</b>	<b>124,252</b>	<b>579,502</b>	<b>64,389</b>	<b>32.8%</b>
Fleet services (510)	17,518	6,808	9,690	8,425	42,441	4,716	2.4%
Print/duplicating (520)	10	33	0	0	43	5	0.0%
Billable services (540)	2,863	3,609	1,149	3,646	11,267	1,252	0.6%
Other intra-fund svcs (590)	9,347	11,871	2,729	3,339	27,286	3,032	1.5%
<b>Subtotal internal M&amp;S</b>	<b>29,738</b>	<b>22,321</b>	<b>13,568</b>	<b>15,410</b>	<b>81,037</b>	<b>9,004</b>	<b>4.6%</b>
Improvements (630)	7,605	38,141	8,595	316	54,657	6,073	3.1%
Furniture/equipment (640)	6,165	11,735	21,620	1	39,521	4,391	2.2%
<b>Total capital outlay</b>	<b>13,770</b>	<b>49,876</b>	<b>30,215</b>	<b>317</b>	<b>94,178</b>	<b>10,464</b>	<b>5.3%</b>
<b>Total Expenditures</b>	<b>408,590</b>	<b>425,585</b>	<b>546,185</b>	<b>387,771</b>	<b>1,767,811</b>	<b>196,423</b>	<b>100.0%</b>

Source: City of Portland BUC Cash Reports, FY 1987

BLUE LAKE RV PARK  
 IMPACT OF DEVELOPMENT COSTS,  
 INTEREST RATE AND TERM  
 ON TOTAL DEBT SERVICE

Int Rate; Term -----	Development Costs (\$000)		
	1,500 -----	1,800 -----	2,100 -----
Int=8%; Term=10	224	268	313
Int=8%; Term=20	153	183	214
Int=10%; Term=10	244	293	342
Int=10%; Term=20	176	211	247
Int=12%; Term=10	265	319	372
Int=12%; Term=20	201	241	281

BLUE LAKE PARK

RV PARK OPERATING MARGINS  
Campsite Rental: \$13.00  
175 Campsites

	Annual Occupancy				
	25.00%	35.00%	45.00%	55.00%	65.00%
<b>Revenues:</b>					
Campsite Rental	\$207,594	\$290,631	\$373,669	\$456,706	\$539,744
Store Sales	12,211	17,096	21,981	26,865	31,750
Food/Beverage	12,211	17,096	21,981	26,865	31,750
Other	12,211	17,096	21,981	26,865	31,750
<b>Total Revenues</b>	<b>244,228</b>	<b>341,919</b>	<b>439,610</b>	<b>537,301</b>	<b>634,993</b>
<b>Expenses:</b>					
Park Manager	25,000	25,000	25,000	25,000	25,000
Desk Clerk	6,250	6,250	12,500	12,500	12,500
Security	30,000	30,000	37,500	45,000	52,500
Maint Labor	20,800	20,800	26,000	31,200	36,400
Utilities	14,457	19,120	23,783	28,446	33,109
Maint Expense	25,000	25,000	25,000	25,000	25,000
Advertising	12,211	17,096	21,981	26,865	31,750
Insurance	8,000	8,000	8,000	8,000	8,000
Legal, Acctg	13,000	13,000	13,000	13,000	13,000
Miscellaneous	25,000	25,000	25,000	25,000	25,000
<b>Total Expenses</b>	<b>179,719</b>	<b>189,266</b>	<b>217,763</b>	<b>240,011</b>	<b>262,258</b>
<b>Gross Margin</b>	<b>64,509</b>	<b>152,653</b>	<b>221,847</b>	<b>297,291</b>	<b>372,734</b>
<b>Debt Service Coverage Ratio</b>					
@ \$150,000 Annual Debt Serv	0.43	1.02	1.48	1.98	2.48
@ \$205,000 Annual Debt Serv	0.31	0.74	1.08	1.45	1.82
@ \$260,000 Annual Debt Serv	0.25	0.59	0.85	1.14	1.43
@ \$315,000 Annual Debt Serv	0.20	0.48	0.70	0.94	1.18
@ \$370,000 Annual Debt Serv	0.17	0.41	0.60	0.80	1.01

BLUE LAKE PARK

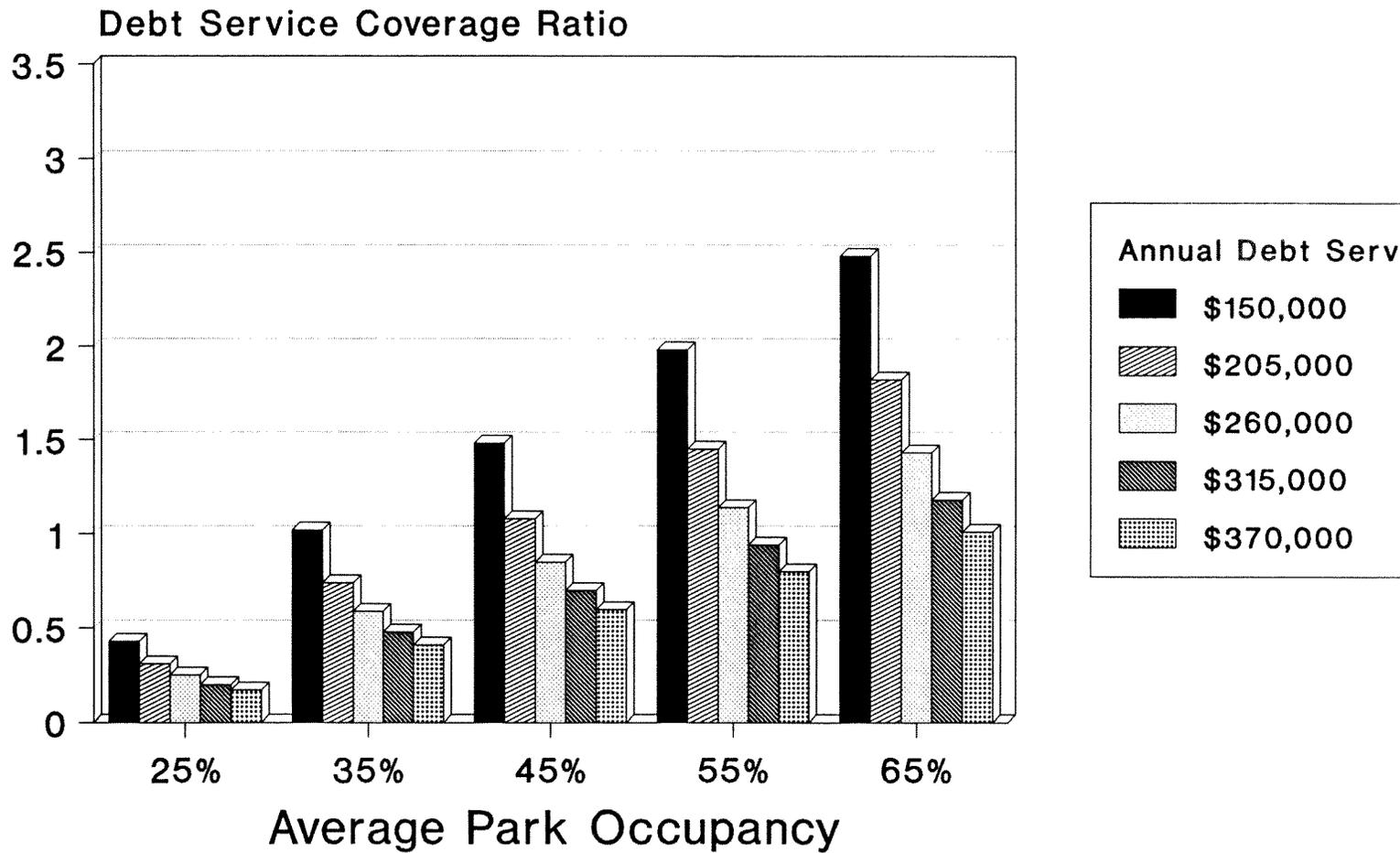
Appendix 7  
Page 3 of 5

RV PARK OPERATING MARGINS  
Campsite Rental: \$15.00  
175 Campsites

	Annual Occupancy				
	25.00%	35.00%	45.00%	55.00%	65.00%
<b>Revenues:</b>					
Campsite Rental	\$239,531	\$335,344	\$431,156	\$526,969	\$622,781
Store Sales	12,211	17,096	21,981	26,865	31,750
Food/Beverage	12,211	17,096	21,981	26,865	31,750
Other	12,211	17,096	21,981	26,865	31,750
<b>Total Revenues</b>	<b>276,165</b>	<b>386,632</b>	<b>497,098</b>	<b>607,564</b>	<b>718,030</b>
<b>Expenses:</b>					
<b>Front Office</b>					
Park Manager	25,000	25,000	25,000	25,000	25,000
Desk Clerk	6,250	6,250	12,500	12,500	12,500
Security	30,000	30,000	37,500	45,000	52,500
Maint Labor	20,800	20,800	26,000	31,200	36,400
Utilities	14,457	19,120	23,783	28,446	33,109
Maint Expense	25,000	25,000	25,000	25,000	25,000
Advertising	13,808	19,332	24,855	30,378	35,902
Insurance	8,000	8,000	8,000	8,000	8,000
Legal, Acctg	13,000	13,000	13,000	13,000	13,000
Miscellaneous	25,000	25,000	25,000	25,000	25,000
<b>Total Expenses</b>	<b>181,315</b>	<b>191,502</b>	<b>220,638</b>	<b>243,524</b>	<b>266,410</b>
<b>Gross Margin</b>	<b>94,850</b>	<b>195,130</b>	<b>276,460</b>	<b>364,040</b>	<b>451,620</b>
<b>Debt Service Coverage Ratio</b>					
@ \$150,000					
Annual Debt Serv	0.63	1.30	1.84	2.43	3.01
@ \$205,000					
Annual Debt Serv	0.46	0.95	1.35	1.78	2.20
@ \$260,000					
Annual Debt Serv	0.36	0.75	1.06	1.40	1.74
@ \$315,000					
Annual Debt Serv	0.30	0.62	0.88	1.16	1.43
@ \$370,000					
Annual Debt Serv	0.26	0.53	0.75	0.98	1.22

# BLUE LAKE RV PARK

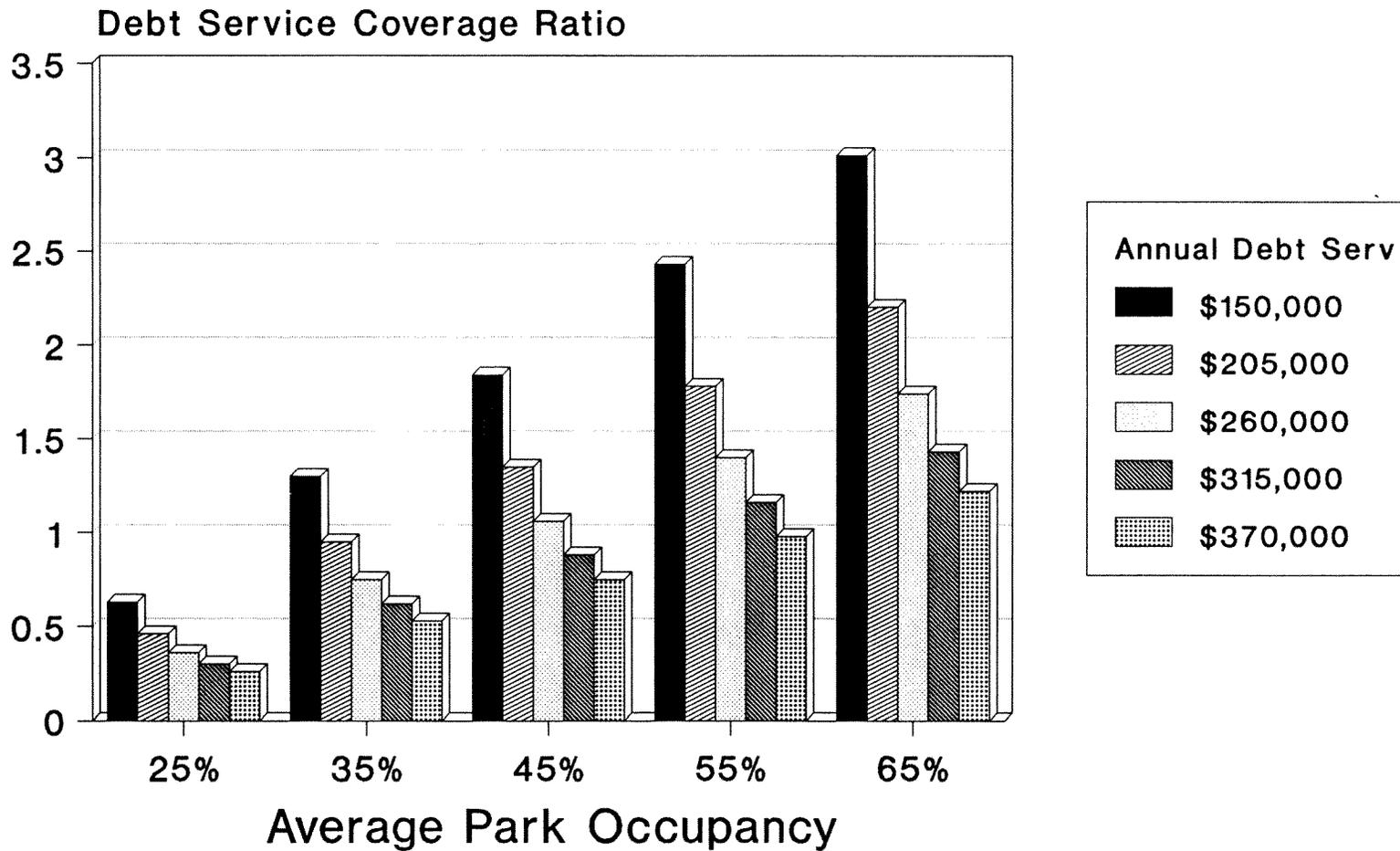
## *Est Debt Serv Cvg @ \$13.00 Rental Rate*



*1.2 recommended for public financing*

# BLUE LAKE RV PARK

*Est Debt Serv Cvg @ \$15.00 Rental Rate*



*1.2 recommended for public financing*

EXECUTIVE NINE HOLE GOLF COURSE

IMPACT OF DEVELOPMENT COSTS,  
INTEREST RATE AND TERM  
ON TOTAL DEBT SERVICE

Int Rate; Term -----	Development Costs (\$000)		
	400 -----	750 -----	1,100 -----
Int=8%; Term=10	60	112	164
Int=8%; Term=20	41	76	112
Int=10%; Term=10	65	122	179
Int=10%; Term=20	47	88	129
Int=12%; Term=10	71	133	195
Int=12%; Term=20	54	100	147

EXECUTIVE NINE HOLE  
 GOLF COURSE OPERATING MARGINS  
 Greens fees: \$4.00

Appendix 8  
 Page 2 of 5

	Rounds Played				
	19,000	23,000	27,000	31,000	35,000
Revenues:					
Greens Fees	\$76,000	\$92,000	\$108,000	\$124,000	\$140,000
Driving Range	95,000	115,000	135,000	155,000	175,000
Other Sales	30,400	36,800	43,200	49,600	56,000
Total Revenues	201,400	243,800	286,200	328,600	371,000
Expenses:					
Course Maint	80,000	85,000	90,000	95,000	100,000
Driving Range	75,000	80,000	85,000	90,000	95,000
Premises	46,852	50,926	55,000	59,074	63,148
Gen & Admin	20,870	22,685	24,500	26,315	28,130
Total Expenses	222,722	238,611	254,500	270,389	286,278
Gross Margin	(21,322)	5,189	31,700	58,211	84,722
Debt Service Coverage Ratio:					
@ \$40,000					
Annual Debt Serv	(0.53)	0.13	0.79	1.46	2.12
@ \$80,000					
Annual Debt Serv	(0.27)	0.06	0.40	0.73	1.06
@ \$120,000					
Annual Debt Serv	(0.18)	0.04	0.26	0.49	0.71
@ \$160,000					
Annual Debt Serv	(0.13)	0.03	0.20	0.36	0.53
@ \$200,000					
Annual Debt Serv	(0.11)	0.03	0.16	0.29	0.42

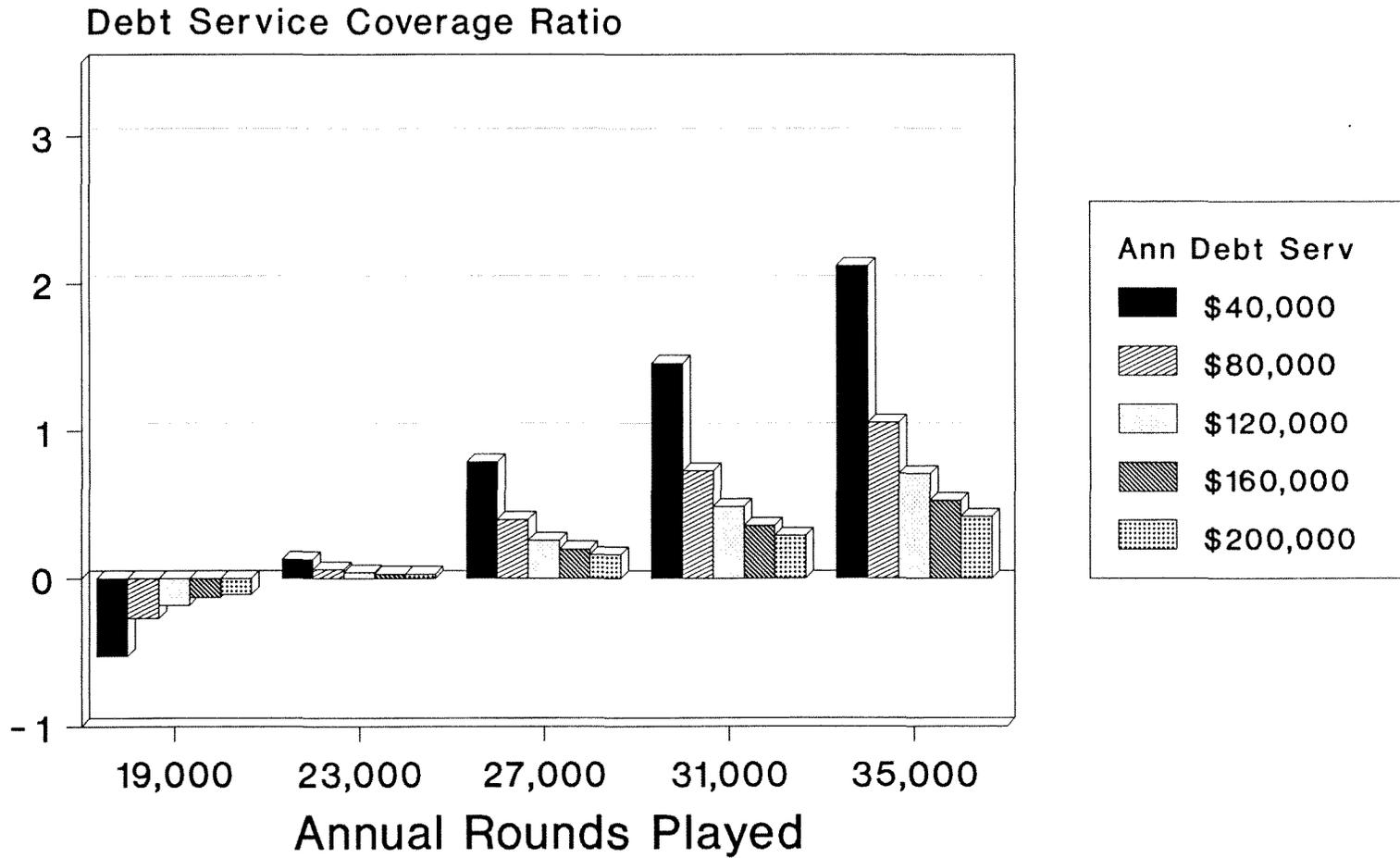
EXECUTIVE NINE HOLE  
 GOLF COURSE OPERATING MARGINS  
 Greens fees: \$6.00

Appendix 8  
 Page 3 of 5

	Rounds Played				
	19,000	23,000	27,000	31,000	35,000
Revenues:					
Greens Fees	\$114,000	\$138,000	\$162,000	\$186,000	\$210,000
Driving Range	95,000	115,000	135,000	155,000	175,000
Other Sales	45,600	55,200	64,800	74,400	84,000
Total Revenues	254,600	308,200	361,800	415,400	469,000
Expenses:					
Course Maint	80,000	85,000	90,000	95,000	100,000
Driving Range	75,000	80,000	85,000	90,000	95,000
Premises	46,852	50,926	55,000	59,074	63,148
Gen & Admin	20,870	22,685	24,500	26,315	28,130
Total Expenses	222,722	238,611	254,500	270,389	286,278
Gross Margin	31,878	69,589	107,300	145,011	182,722
Debt Service Coverage Ratio:					
@ \$40,000 Annual Debt Serv	0.80	1.74	2.68	3.63	4.57
@ \$80,000 Annual Debt Serv	0.40	0.87	1.34	1.81	2.28
@ \$120,000 Annual Debt Serv	0.27	0.58	0.89	1.21	1.52
@ \$160,000 Annual Debt Serv	0.20	0.43	0.67	0.91	1.14
@ \$200,000 Annual Debt Serv	0.16	0.35	0.54	0.73	0.91

# BLUE LAKE EXEC 9

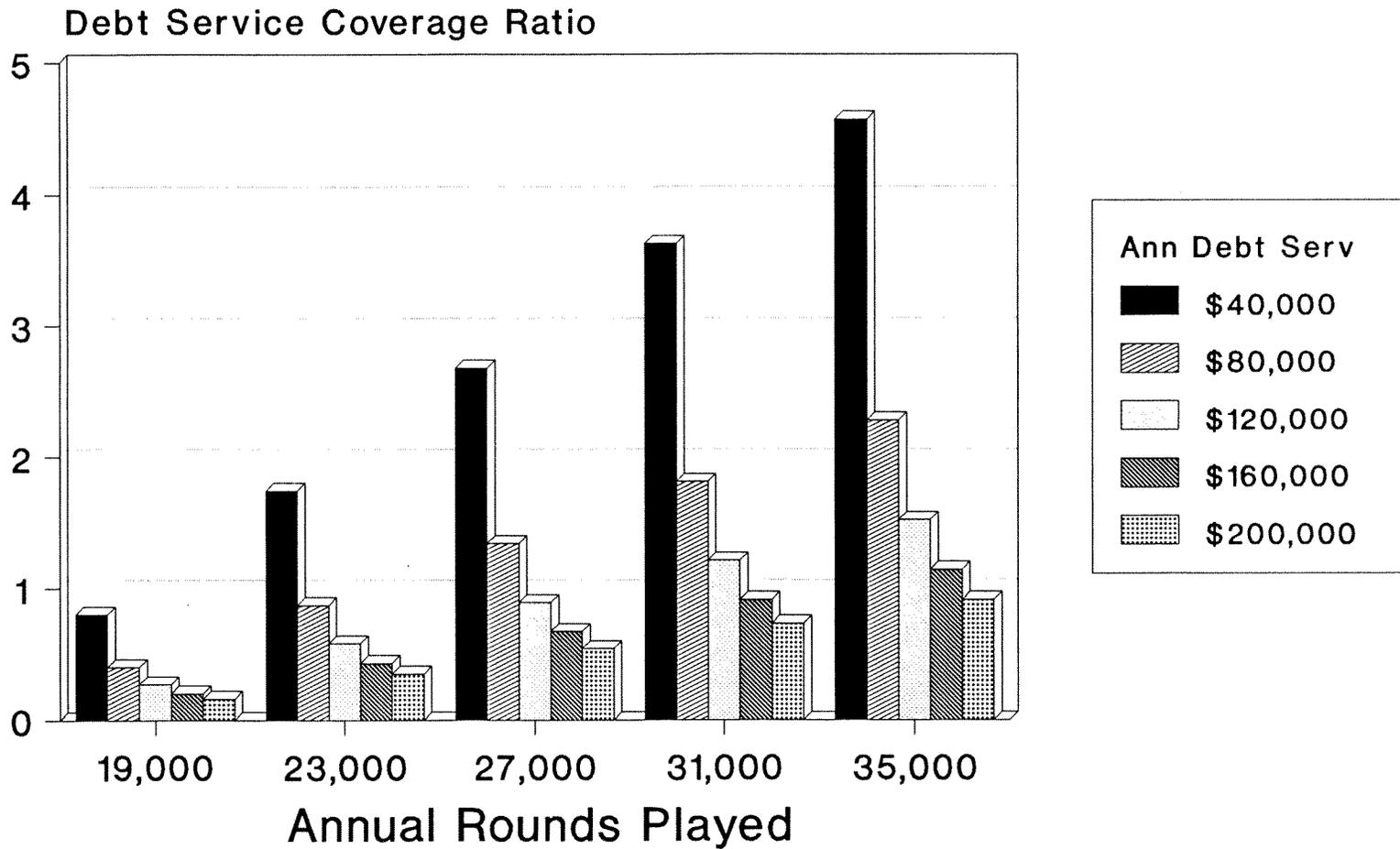
## *Est Debt Serv Cvg @ \$4.00 Greens Fees*



*1.2 recommended for public financing*

# BLUE LAKE EXEC 9

## *Est Debt Serv Cvg @ \$6.00 Greens Fees*



*1.2 recommended for public financing*

FULL SIZE 9 HOLE GOLF COURSE  
 IMPACT OF DEVELOPMENT COSTS,  
 INTEREST RATE AND TERM  
 ON TOTAL DEBT SERVICE

Int Rate; Term -----	Development Costs (\$000)		
	700 -----	1,100 -----	1,500 -----
Int=8%; Term=10	104	164	224
Int=8%; Term=20	71	112	153
Int=10%; Term=10	114	179	244
Int=10%; Term=20	82	129	176
Int=12%; Term=10	124	195	265
Int=12%; Term=20	94	147	201

FULL SIZE 9 HOLE  
GOLF COURSE OPERATING MARGINS  
Greens fees: \$4.25

Appendix 9  
Page 2 of 5

	Rounds Played				
	22,000	28,500	35,000	41,500	48,000
Revenues:					
Greens Fees	\$93,500	\$121,125	\$148,750	\$176,375	\$204,000
Driving Range	95,000	115,000	135,000	155,000	175,000
Other Sales	37,400	48,450	59,500	70,550	81,600
Total Revenues	225,900	284,575	343,250	401,925	460,600
Expenses:					
Course Maint	130,000	135,000	140,000	145,000	150,000
Driving Range	75,000	80,000	85,000	90,000	95,000
Premises	44,786	49,893	55,000	60,107	65,214
Gen & Admin	19,950	22,225	24,500	26,775	29,050
Total Expenses	269,736	287,118	304,500	321,882	339,264
Gross Margin	(43,836)	(2,543)	38,750	80,043	121,336
Debt Service Coverage Ratio					
@ \$70,000					
Annual Debt Serv	(0.63)	(0.04)	0.55	1.14	1.73
@ \$115,000					
Annual Debt Serv	(0.38)	(0.02)	0.34	0.70	1.06
@ \$160,000					
Annual Debt Serv	(0.27)	(0.02)	0.24	0.50	0.76
@ \$205,000					
Annual Debt Serv	(0.21)	(0.01)	0.19	0.39	0.59
@ \$260,000					
Annual Debt Serv	(0.17)	(0.01)	0.15	0.31	0.47

FULL SIZE 9 HOLE

Appendix 9  
Page 3 of 5

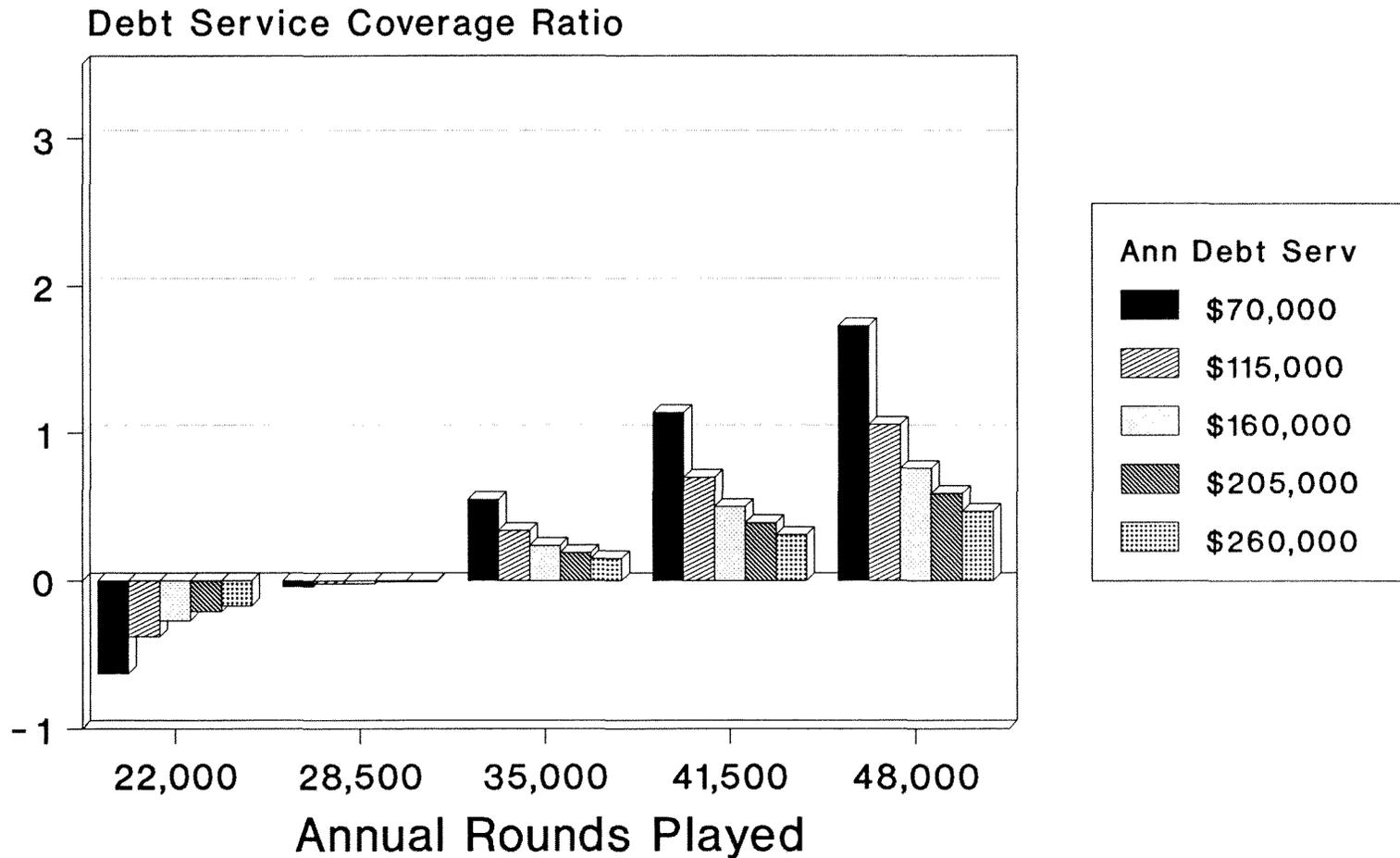
GOLF COURSE OPERATING MARGINS

Greens fees: \$6.25

	Rounds Played				
	22,000	28,500	35,000	41,500	48,000
Revenues:					
Greens Fees	\$137,500	\$178,125	\$218,750	\$259,375	\$300,000
Driving Range	95,000	115,000	135,000	155,000	175,000
Other Sales	55,000	71,250	87,500	103,750	120,000
Total Revenues	287,500	364,375	441,250	518,125	595,000
Expenses:					
Course Maint	130,000	135,000	140,000	145,000	150,000
Driving Range	75,000	80,000	85,000	90,000	95,000
Premises	44,786	49,893	55,000	60,107	65,214
Gen & Admin	19,950	22,225	24,500	26,775	29,050
Total Expenses	269,736	287,118	304,500	321,882	339,264
Gross Margin	17,764	77,257	136,750	196,243	255,736
Debt Service Coverage Ratio					
@ \$70,000 Annual Debt Serv	0.25	1.10	1.95	2.80	3.65
@ \$115,000 Annual Debt Serv	0.15	0.67	1.19	1.71	2.22
@ \$160,000 Annual Debt Serv	0.11	0.48	0.85	1.23	1.60
@ \$205,000 Annual Debt Serv	0.09	0.38	0.67	0.96	1.25
@ \$260,000 Annual Debt Serv	0.07	0.30	0.53	0.75	0.98

# FULL-SIZE 9 HOLE COURSE

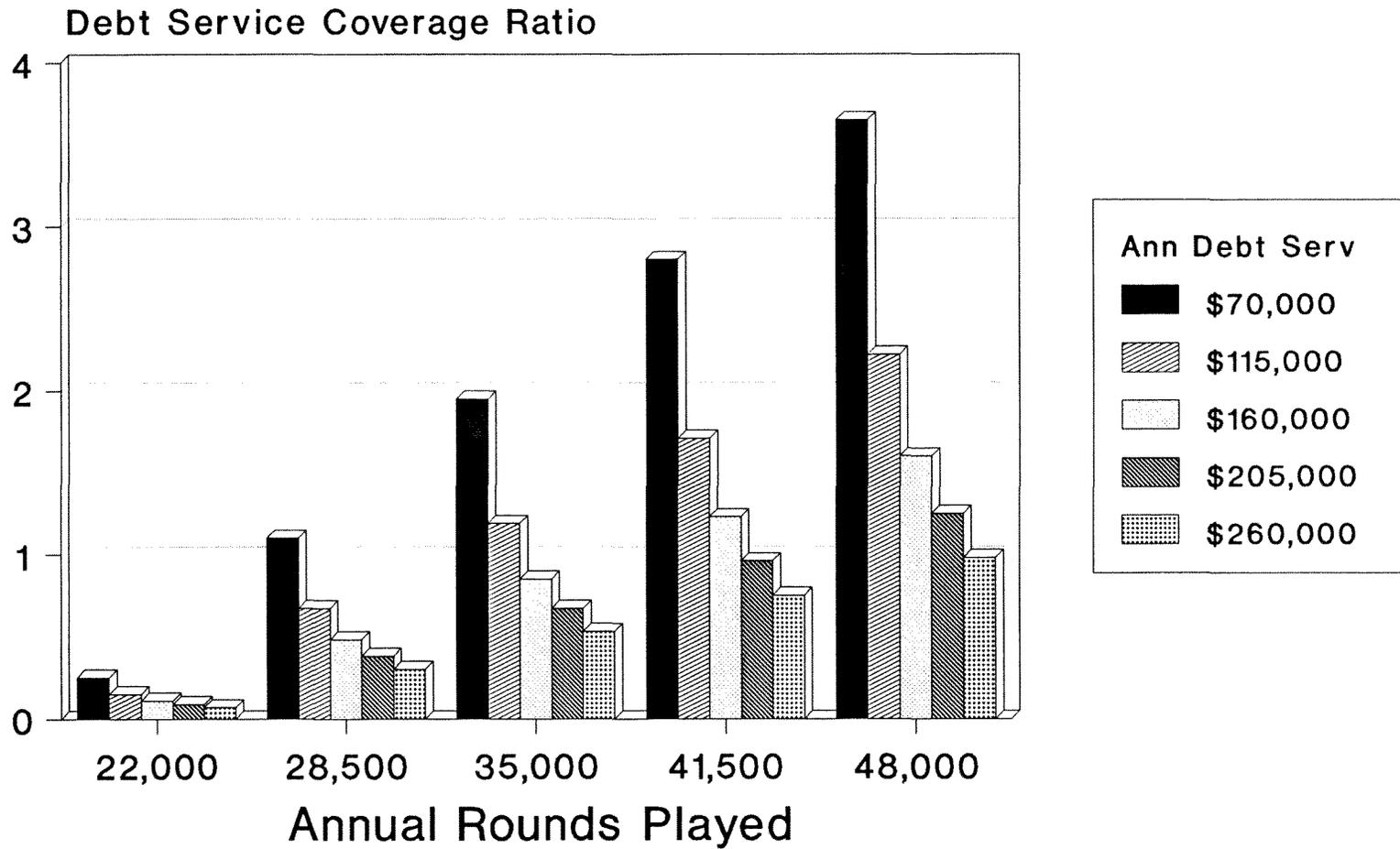
## *Est Debt Serv Cvg @ \$4.25 Greens Fees*



*1.2 recommended for public financing*

# FULL-SIZE 9 HOLE COURSE

## *Est Debt Serv Cvg @ \$6.25 Greens Fees*



*1.2 recommended for public financing*

APPENDIX 10

18 HOLE COURSE

IMPACT OF DEVELOPMENT COSTS,  
INTEREST RATE AND TERM  
ON TOTAL DEBT SERVICE

Int Rate; Term -----	Development Costs (\$000)		
	2,900 -----	3,500 -----	4,100 -----
Int=8%; Term=10	432	522	611
Int=8%; Term=20	295	356	418
Int=10%; Term=10	472	570	667
Int=10%; Term=20	341	411	482
Int=12%; Term=10	513	619	726
Int=12%; Term=20	388	469	549

18 HOLE COURSE

Appendix 10  
Page 2 of 5

GOLF COURSE OPERATING MARGINS  
Greens fees: \$4.50

	Rounds Played				
	90,000	100,000	110,000	120,000	130,000
Revenues:					
Greens Fees	\$405,000	\$450,000	\$495,000	\$540,000	\$585,000
Driving Range	95,000	115,000	135,000	155,000	175,000
Other Sales	162,000	180,000	198,000	216,000	234,000
Total Revenues	662,000	745,000	828,000	911,000	994,000
Expenses:					
Course Maint	230,000	240,000	250,000	260,000	270,000
Driving Range	75,000	80,000	85,000	90,000	95,000
Premises Op Exp	99,091	104,045	109,000	113,955	118,909
Gen & Admin	33,409	35,080	36,750	38,420	40,091
Total Expenses	437,500	459,125	480,750	502,375	524,000
Gross Margin	224,500	285,875	347,250	408,625	470,000
Debt Service Coverage Ratio					
@ \$300,000 Annual Debt Serv	0.75	0.95	1.16	1.36	1.57
@ \$400,000 Annual Debt Serv	0.56	0.71	0.87	1.02	1.18
@ \$500,000 Annual Debt Serv	0.45	0.57	0.69	0.82	0.94
@ \$600,000 Annual Debt Serv	0.37	0.48	0.58	0.68	0.78
@ \$700,000 Annual Debt Serv	0.32	0.41	0.50	0.58	0.67

## 18 HOLE COURSE

Appendix 10

Page 3 of 5

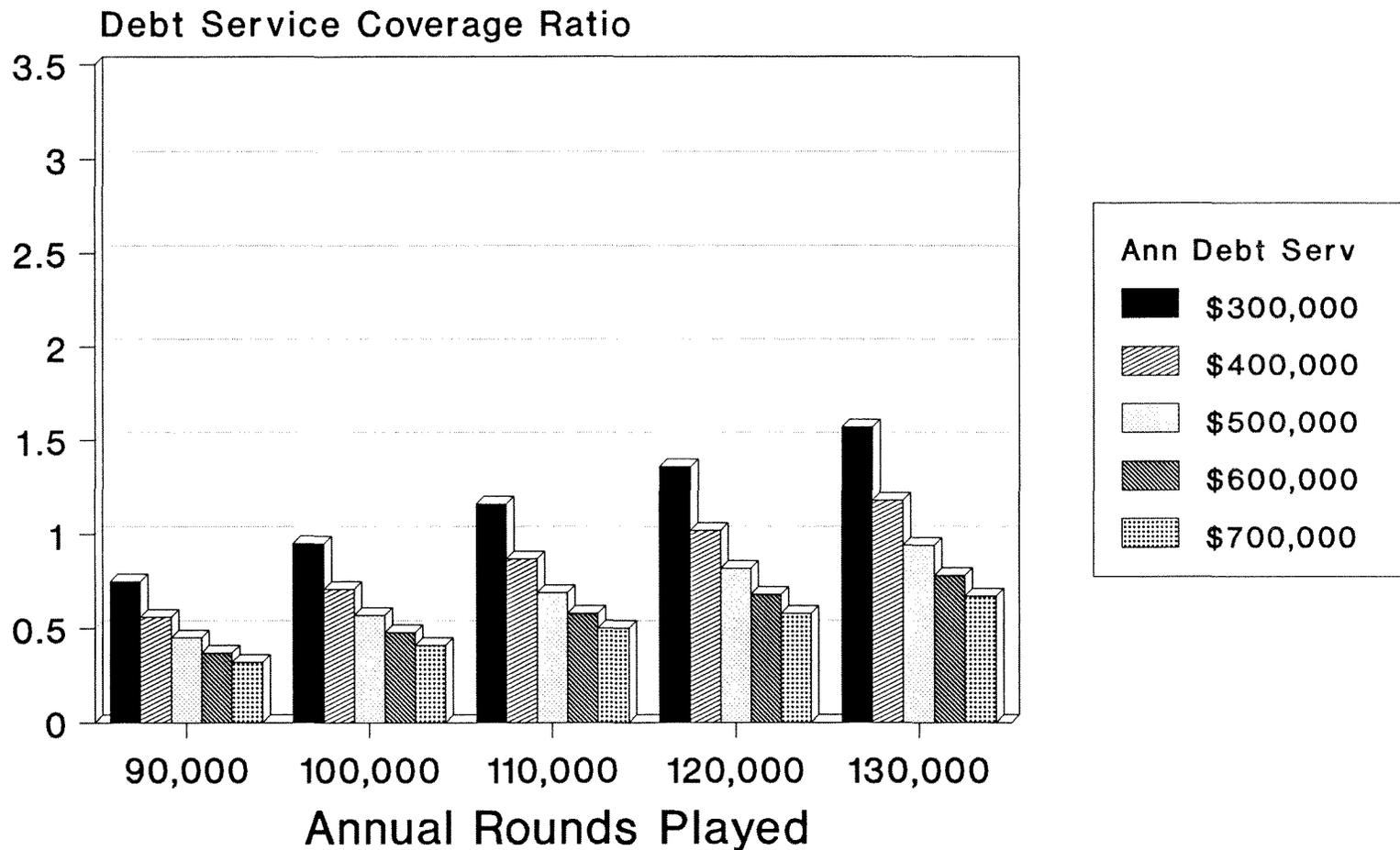
## GOLF COURSE OPERATING MARGINS

Greens fees: \$6.50

	Rounds Played				
	90,000	100,000	110,000	120,000	130,000
Revenues:					
Greens Fees	\$585,000	\$650,000	\$715,000	\$780,000	\$845,000
Driving Range	95,000	115,000	135,000	155,000	175,000
Other Sales	234,000	260,000	286,000	312,000	338,000
Total Revenues	914,000	1,025,000	1,136,000	1,247,000	1,358,000
Expenses:					
Course Maint	230,000	240,000	250,000	260,000	270,000
Driving Range	75,000	80,000	85,000	90,000	95,000
Premises Op Exp	99,091	104,045	109,000	113,955	118,909
Gen & Admin	33,409	35,080	36,750	38,420	40,091
Total Expenses	437,500	459,125	480,750	502,375	524,000
Gross Margin	476,500	565,875	655,250	744,625	834,000
Debt Service Coverage Ratio					
@ \$300,000 Annual Debt Serv	1.59	1.89	2.18	2.48	2.78
@ \$400,000 Annual Debt Serv	1.19	1.41	1.64	1.86	2.09
@ \$500,000 Annual Debt Serv	0.95	1.13	1.31	1.49	1.67
@ \$600,000 Annual Debt Serv	0.79	0.94	1.09	1.24	1.39
@ \$700,000 Annual Debt Serv	0.68	0.81	0.94	1.06	1.19

# FULL-SIZE 18 HOLE COURSE

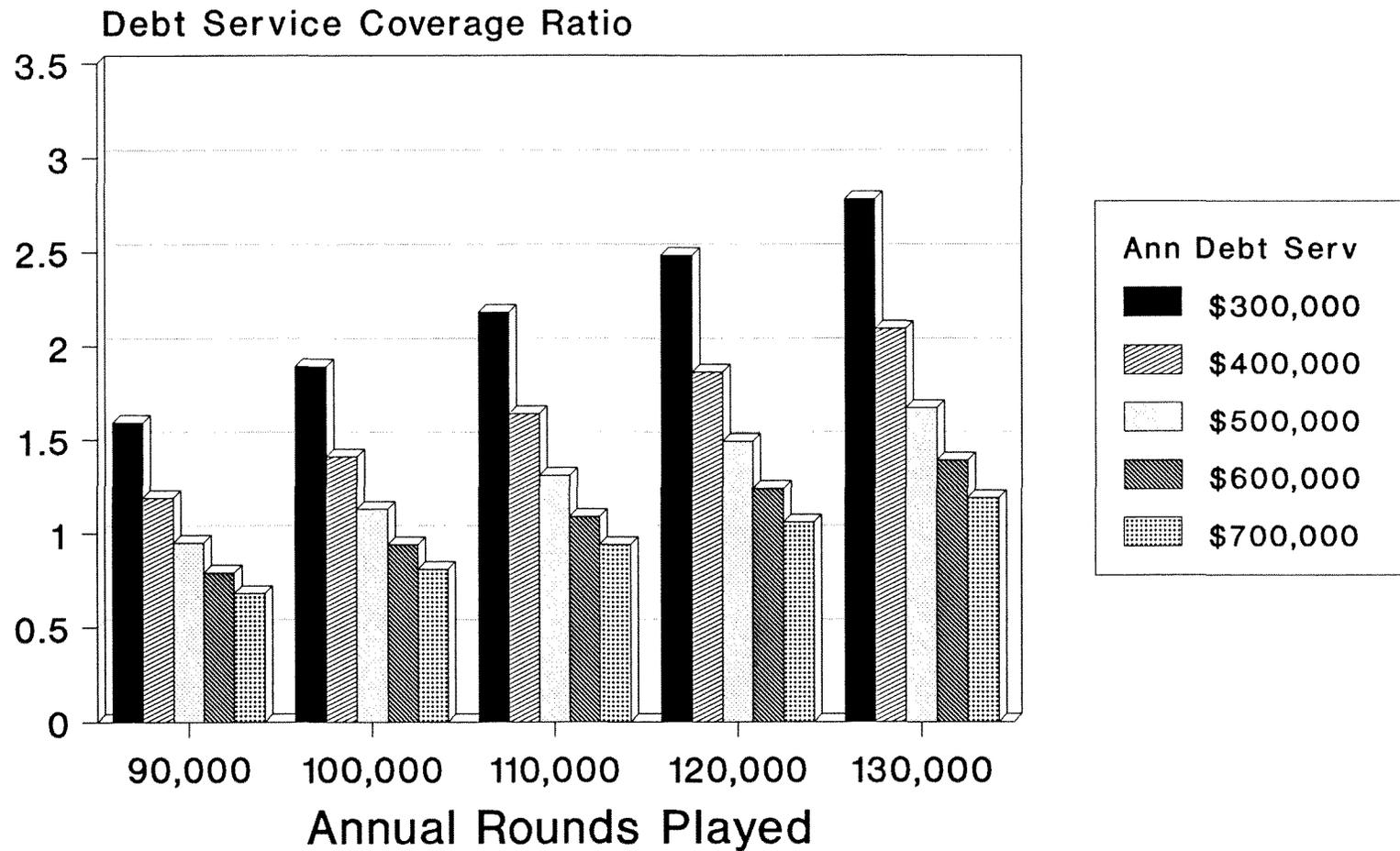
## *Est Debt Serv Cvg @ \$4.50 Greens Fees*



*1.2 recommended for public financing*

# FULL-SIZE 18 HOLE COURSE

## *Est Debt Serv Cvg @ \$6.50 Greens Fees*



*1.2 recommended for public financing*

EXPOSITION CENTER  
PRELIMINARY FEASIBILITY STUDY

BLUE LAKE RV PARK

IMPACT OF DEVELOPMENT COSTS,  
INTEREST RATE AND TERM  
ON TOTAL DEBT SERVICE

Int Rate; Term -----	Development Costs (\$000)		
	700 -----	1,100 -----	1,500 -----
Int=8%; Term=10	104	164	224
Int=8%; Term=20	71	112	153
Int=10%; Term=10	114	179	244
Int=10%; Term=20	82	129	176
Int=12%; Term=10	124	195	265
Int=12%; Term=20	94	147	201

EXPOSITION CENTER

Appendix 11

Page 2 of 5

RV PARK OPERATING MARGINS

Campsite Rental: \$13.00

115 Campsites

	Annual Occupancy				
	25.00%	35.00%	45.00%	55.00%	65.00%
<b>Revenues:</b>					
Campsite Rental	\$136,419	\$190,986	\$245,554	\$300,121	\$354,689
Store Sales	8,025	11,234	14,444	17,654	20,864
Food/Beverage	8,025	11,234	14,444	17,654	20,864
Other	8,025	11,234	14,444	17,654	20,864
<b>Total Revenues</b>	<b>160,493</b>	<b>224,690</b>	<b>288,887</b>	<b>353,084</b>	<b>417,281</b>
<b>Expenses:</b>					
Park Manager	25,000	25,000	25,000	25,000	25,000
Desk Clerk	6,250	6,250	12,500	12,500	12,500
Security	22,500	30,000	37,500	37,500	45,000
Maintenance	15,600	20,800	26,000	26,000	31,200
Utilities	9,536	12,601	15,665	18,729	21,793
Maint Expense	20,000	20,000	20,000	20,000	20,000
Advertising	8,025	11,234	14,444	17,654	20,864
Insurance	5,000	5,000	5,000	5,000	5,000
Legal, Acctg	5,000	5,000	5,000	5,000	5,000
Miscellaneous	14,000	14,000	14,000	14,000	14,000
<b>Total Expenses</b>	<b>130,911</b>	<b>149,885</b>	<b>175,109</b>	<b>181,383</b>	<b>200,357</b>
<b>Gross Margin</b>	<b>29,582</b>	<b>74,805</b>	<b>113,778</b>	<b>171,701</b>	<b>216,924</b>
<b>Debt Service Coverage Ratio:</b>					
@ \$70,000					
Annual Debt Serv	0.42	1.07	1.63	2.45	3.10
@ \$120,000					
Annual Debt Serv	0.25	0.62	0.95	1.43	1.81
@ \$170,000					
Annual Debt Serv	0.17	0.44	0.67	1.01	1.28
@ \$220,000					
Annual Debt Serv	0.13	0.34	0.52	0.78	0.99
@ \$270,000					
Annual Debt Serv	0.11	0.28	0.42	0.64	0.80

EXPOSITION CENTER

Appendix 11

Page 3 of 5

RV PARK OPERATING MARGINS

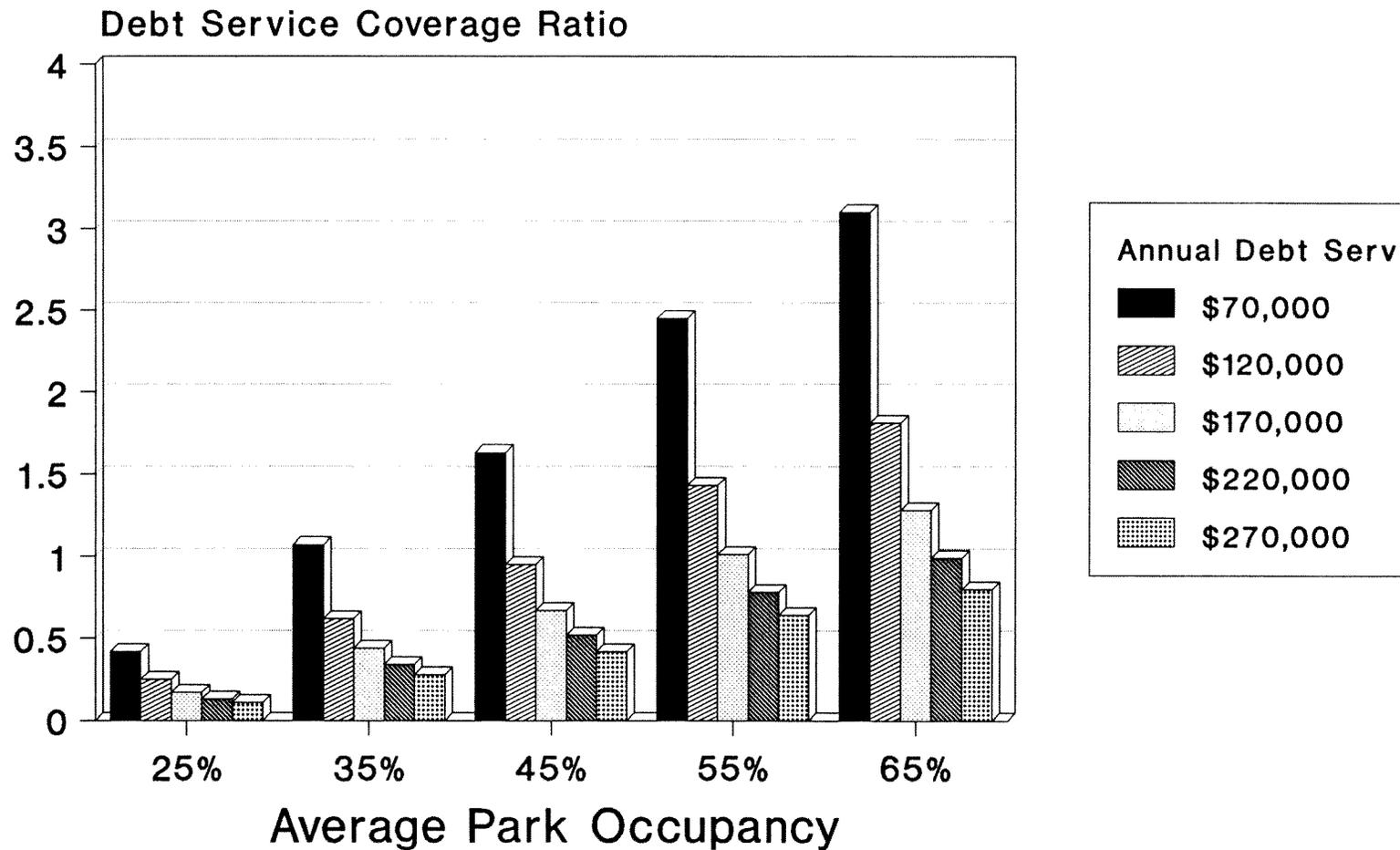
Campsite Rental: \$15.00

115 Campsites

	Annual Occupancy				
	25.00%	35.00%	45.00%	55.00%	65.00%
<b>Revenues:</b>					
Campsite Rental	\$157,406	\$220,369	\$283,331	\$346,294	\$409,256
Store Sales	8,025	11,234	14,444	17,654	20,864
Food/Beverage	8,025	11,234	14,444	17,654	20,864
Other	8,025	11,234	14,444	17,654	20,864
<b>Total Revenues</b>	<b>181,480</b>	<b>254,072</b>	<b>326,664</b>	<b>399,256</b>	<b>471,848</b>
<b>Expenses:</b>					
Park Manager	25,000	25,000	25,000	25,000	25,000
Desk Clerk	6,250	6,250	12,500	12,500	12,500
Security	22,500	30,000	37,500	37,500	45,000
Maintenance	15,600	20,800	26,000	26,000	31,200
Utilities	9,536	12,601	15,665	18,729	21,793
Maint Expense	20,000	20,000	20,000	20,000	20,000
Advertising	9,074	12,704	16,333	19,963	23,592
Insurance	5,000	5,000	5,000	5,000	5,000
Legal, Acctg	5,000	5,000	5,000	5,000	5,000
Miscellaneous	14,000	14,000	14,000	14,000	14,000
<b>Total Expenses</b>	<b>131,960</b>	<b>151,354</b>	<b>176,998</b>	<b>183,692</b>	<b>203,086</b>
<b>Gross Margin</b>	<b>49,520</b>	<b>102,718</b>	<b>149,666</b>	<b>215,565</b>	<b>268,763</b>
<b>Debt Service Coverage Ratio:</b>					
@ \$70,000					
Annual Debt Serv	0.71	1.47	2.14	3.08	3.84
@ \$120,000					
Annual Debt Serv	0.41	0.86	1.25	1.80	2.24
@ \$170,000					
Annual Debt Serv	0.29	0.60	0.88	1.27	1.58
@ \$220,000					
Annual Debt Serv	0.23	0.47	0.68	0.98	1.22
@ \$270,000					
Annual Debt Serv	0.18	0.38	0.55	0.80	1.00

# EXPO CENTER RV PARK

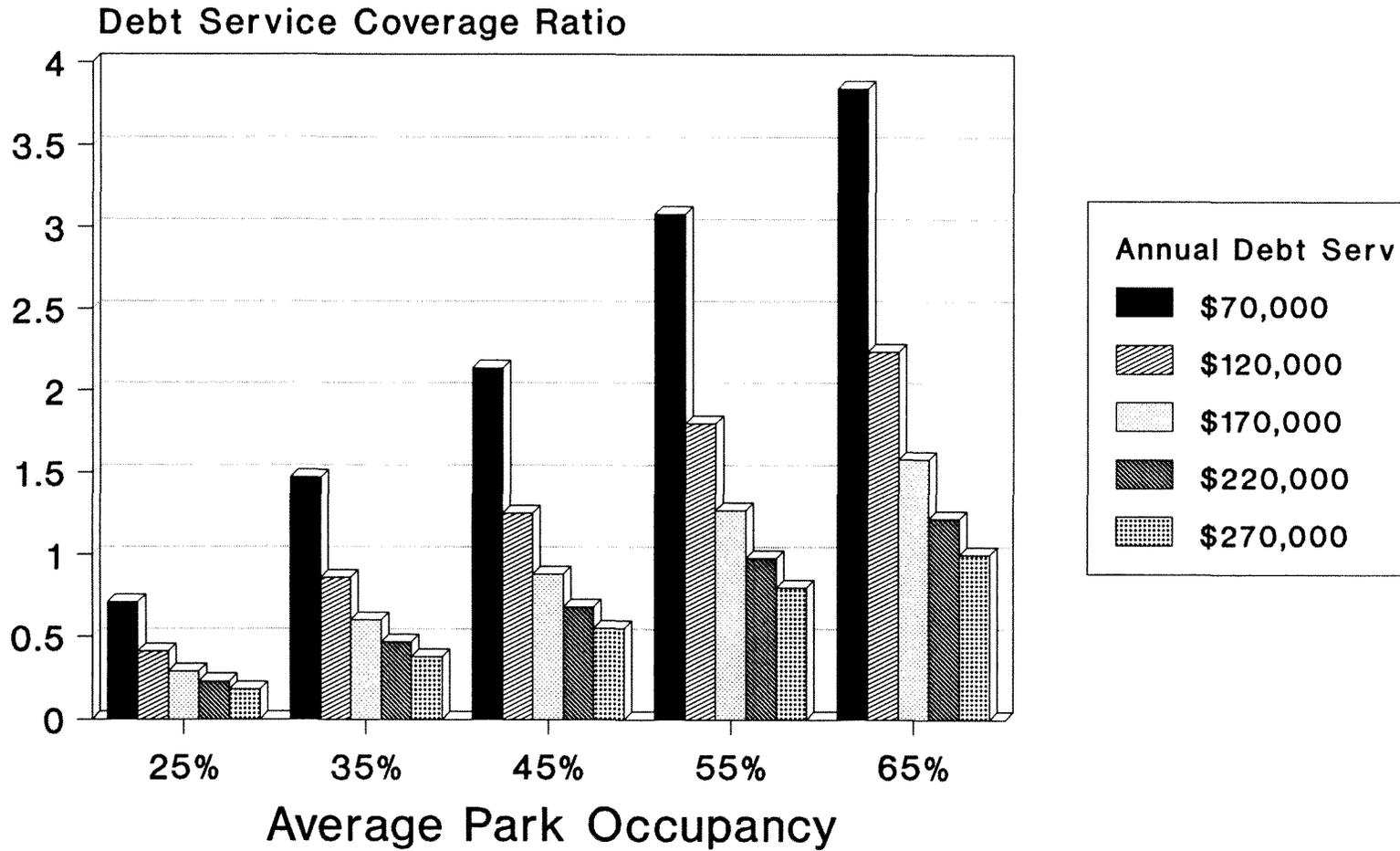
## *Est Debt Serv Cvg @ \$13.00 Rental Rate*



*1.2 recommended for public financing*

# EXPO CENTER RV PARK

*Est Debt Serv Cvg @ \$15.00 Rental Rate*



*1.2 recommended for public financing*

SOCIAL SERVICES

DATE SUBMITTED \_\_\_\_\_

(For Clerk's Use)

Meeting Date 1/31/89

Agenda No. #3

REQUEST FOR PLACEMENT ON THE AGENDA

Subject: Robert Wood Johnson Grant

Informal Only\* January 31, 1989  
(Date)

Formal Only \_\_\_\_\_  
(Date)

DEPARTMENT Human Services DIVISION Social Services

CONTACT Susan Clark TELEPHONE x3691

\*NAME(S) OF PERSON MAKING PRESENTATION TO BOARD Gary Smith/David Pump/Barbara Brady

BRIEF SUMMARY Should include other alternatives explored, if applicable, and clear statement of rationale for the action requested.

The State Mental Health Division is applying to the Robert Wood Johnson Foundation for a one-year planning grant to develop a comprehensive mental health services system for youth. Social Services Division is a sub-applicant since the project will be located in Multnomah County. If the first grant application is successful, up to 48 months of program funding may be available. The first year development grant is for \$100,000.

(IF ADDITIONAL SPACE IS NEEDED, PLEASE USE REVERSE SIDE)

ACTION REQUESTED:

INFORMATION ONLY  PRELIMINARY APPROVAL  POLICY DIRECTION  APPROVAL RATIFICATION

INDICATE THE ESTIMATED TIME NEEDED ON AGENDA 10 minutes

IMPACT:

PERSONNEL

FISCAL/BUDGETARY

-General Fund

Other \_\_\_\_\_

1989 JAN 24 PM 4:38  
MULTNOMAH COUNTY  
OREGON  
BOARD OF  
COUNTY COMMISSIONERS

SIGNATURES:

DEPARTMENT HEAD, ELECTED OFFICIAL, or COUNTY COMMISSIONER: [Signature]

BUDGET / PERSONNEL \_\_\_\_\_

COUNTY COUNSEL (Ordinances, Resolutions, Agreements, Contracts) \_\_\_\_\_

OTHER \_\_\_\_\_  
(Purchasing, Facilities Management, etc.)

NOTE: If requesting unanimous consent, state situation requiring emergency action on back.



# MULTNOMAH COUNTY OREGON

DEPARTMENT OF HUMAN SERVICES  
7th FLOOR J. K. GILL BUILDING  
426 S.W. STARK STREET  
PORTLAND, OREGON 97204  
(503) 248-3782

BOARD OF COUNTY COMMISSIONERS  
GLADYS McCOY • CHAIR OF THE BOARD  
PAULINE ANDERSON • DISTRICT 1 COMMISSIONER  
GRETCHEN KAFOURY • DISTRICT 2 COMMISSIONER  
CAROLINE MILLER • DISTRICT 3 COMMISSIONER  
POLLY CASTERLINE • DISTRICT 4 COMMISSIONER

## MEMORANDUM

TO: Gladys McCoy  
Chair of the Board

VIA: Duane Zussy *Duane Zussy*

FROM: Gary Smith *gs*

DATE: January 20, 1989

SUBJECT: Briefing on State Mental Health Division Application for Robert Wood Johnson Grant

### Recommendation:

Approval of the Social Services Division's continued participation in the State Mental Health Division's application to the Robert Wood Johnson Foundation for a development grant to plan a mental health services program for youth. We are also requesting a letter of support (draft attached).

### Analysis:

Grant funding of \$100,000 is being sought from Robert Wood Johnson for fiscal year 89/90. This is a development grant in the amount of \$100,000 and no match is required. The State Mental Health Division is the applicant; Multnomah County is the location for the project, with Multnomah County Social Service Division acting as project director. It is intended that if the development year is funded, we will be successful in receiving continued funding for program implementation and operation through two subsequent 24-month grants.

Key elements of the project are the formation of a multiagency Access and Eligibility Committee, purchase of community-based services with capitated funds, and centralized clinical case management. The Access and Eligibility Committee is constituted with representatives from the agencies with financial responsibility for services, and advocate and parent groups. The committee will determine which clients are eligible for project services and track service delivery through reports from clinical case managers. Capitated purchase of services will be with the "pooled" funds from the grant, Children's Services Division, State Mental Health Division, private insurance, Title XIX, and possibly school and County funds. New state funds targeted for long-term day treatment, residential treatment, and hospitalization will be pooled to purchase

Robert Wood Johnson Grant  
Briefing

Page 2

community-based services, such as therapeutic foster care, home-based intensive family services, short-term community hospitalization, crisis stabilization services, parent support services, respite care, and other services determined by clients' needs. Existing services will be purchased as well, including clinic out-patient, day treatment, special education, etc. Clinical case managers will develop and implement interagency service plans in collaboration with clients and their families and with practitioners involved with the client.

This system recognizes the responsibilities of the various agencies involved with severely mentally ill children, centralizes those responsibilities, and purchases necessary services based on client need. New services will be created as needed, rather than attempting to make clients fit existing services. An RFQ will be necessary to identify subcontractors willing and able to provide special services. The planning year will actively involve advocates and providers in the development of services.

Attachment I - Draft Letter of Endorsement

January 24, 1989

Dr. Richard Lippincott, Administrator  
State Mental Health Division  
2575 Bittern Street, N.E.  
Salem, OR 97310

Dear Dr. Lippincott:

The Multnomah County Board of Commissioners is pleased that the State Department of Human Resources and Mental Health Division have selected Multnomah County as the site of the Robert Wood Johnson Grant Project. The Children's Clinical Services section of the Multnomah County Social Services Division has been working closely with the State Mental Health Division to write the grant proposal, and we have been supportive of the project throughout this process.

In recent years, the Commissioners have made youth a top priority and have demonstrated a commitment to children's mental health services by funding several innovative interagency services to high risk youth. This commitment has been expressed in an era of overall funding cuts and reduced revenue. With a new governor and new leadership in the Department of Human Resources, we have seen a commitment on the part of the State toward services to children in general (notably the Children's Agenda) and to services for severely disturbed children in particular, via new budget packages. The Robert Wood Johnson Project will give us an opportunity to focus these County and State efforts on developing a service system for severely disturbed children that is cost effective, of high quality, and appropriate to the needs of the clients.

The existing services are in many cases grossly below needed capacity for a county of this size. There are major gaps between levels of care so that children cannot move easily to the most appropriate level, and the services are not linked in a comprehensive system so we often have children who "fall between the cracks." In the county's adult mental health system, a capitation program has been in place for a year and has demonstrated its effectiveness in not only cost containment, but also in freeing resources to create new services which reflect to the needs of the clients. Our successful experience with capitation will be applied to the Robert Wood Johnson Project.

Robert Wood Johnson  
Letter of Endorsement

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The Board of County Commissioners whole heartedly supports this application to the Robert Wood Johnson Foundation and is grateful for the opportunity to form a partnership with the State of Oregon in serving this needy and vulnerable population.

Sincerely,

Gladys McCoy  
Chair of the Board

Pauline Anderson  
District 1 Commissioner

Gretchen Kafoury  
District 2 Commissioner

Caroline Miller  
District 3 Commissioner

Richard Bauman  
District 4 Commissioner

Proposed Table of Contents for RWJ Project Narrative

Project Narrative

- a. Description of Organizational Entity
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- e. Needed Statutory Changes, Regulations, Actions or Waivers
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248-3379

Project Narrative

The goal of the proposed project is to initiate a child-centered and family-focused comprehensive mental health service system in Oregon's largest population center. This service system will serve children with severe mental or emotional disturbances in the least restrictive and most appropriate settings possible. Establishment of this service system will be carefully monitored in order to demonstrate principles for improving the systems for service delivery to severely mentally or emotionally disturbed children and their families throughout the state.

This effort is supported through several recent initiatives:

- o Oregon was recently awarded a Children and Adolescent Service System Planning grant by the National Institute of Mental Health. This project is just beginning and represents a renewed focus on the mental health service needs of children and adolescents.
- o Governor Neil Goldshmidt has placed much emphasis on the needs of children. He initiated a broadly based effort to establish a "Children's Agenda"--the importance placed on children is reflected in interagency programs such as the Student Retention Initiative.
- o Another group assembled by Governor Goldschmidt, the Commission on Psychiatric Inpatient Services, raised public awareness of the problems plaguing Oregon's public mental health service system. The Commission's report formed the basis of a recommended \$23 million increase in mental health services.
- o A new commitment to planning exists within the Oregon Mental Health Division. A new Administrator, Richard C. Lippincott, M.D. is providing leadership in this area. A recently awarded federal planning grant made possible the hiring of two planning staff and an additional two planners are proposed in the Governor's budget for 1989-1991.

a. Description of Organizational Entity

The Mental Health Division will be the lead agency for this project. The Mental Health Division is one of the seven divisions and two program offices of the Department of Human Resources, the umbrella human services agency for the State of Oregon (see organizational chart in the Appendix section). The Mental Health Division administers state mental health programs under the Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR) for mentally or emotionally disturbed and the developmentally disabled persons and for persons committed to its care by the courts. The the Mental Health Division is comprised of four institutional programs and two program offices: Program Office for Mental and Emotional Disturbances (M-ED) and Program Office for Developmental Disabilities (DD).

The Mental Health Division subcontracts for services with comprehensive Community Mental Health Programs (CMHP) in Oregon's 36 counties. Community mental health services, funded and provided as a mechanism to keep people from unnecessarily entering the state hospital system, include outpatient treatment and crisis services for children, and pre-commitment, community support services, residential and case management services for adults. Program audits for certification of all CMHPs are conducted onsite every two years by the Mental Health Division.

In Oregon, County Boards of Commissioners are the local mental health authority. Each county mental health authority agrees to accept allocated state monies to provide mandated mental health services and add local resources when possible.

[Need additional narrative on collaborating entities]

State level interagency and interdepartmental agreements between the Adult and Family Services Division, the Children's Services Division, the Mental Health Division and Department of Education will be amended to include the RWJ Mental Health Project per the state ORSXXXXXXX regulations. Developing and strengthening these agreements is planned as a first year initiative of the Oregon Child and Adolescent Service System Planning (CASSP) project. This systems development process will further incorporate the RWJ Mental Health Project values and criteria into the agreements.

The necessary interagency agreements will be developed at the county level with individual agencies during the first year development phase of the project.

The Host organization for the project is the Multnomah County Department of Human Services. The single point of accountability will occur at the state level. Oversight will be provided by administrators of state agencies serving children and their families. This will be facilitated through the Executive Committee of the Oregon Department of Human Resources. This committee also serves as the CASSP Children's Cabinet and is chaired by Kevin W. Concannon, Director, Oregon Department of Human Resources.

At the county level, Multnomah County Department of Human Services will be contractually accountable to the Mental Health Division. Dave Pump, Manager of Children's Clinical Services, Multnomah County Department of Human Services, will be responsible for carrying out project objectives.

An advisory board will be assembled to monitor the project. The RWJ Mental Health Project Board will be staffed by the Project Director. This board will include a liaison representative from the Multnomah County Department of Human Services Mental Health Advisory Board as well as consumer, parent, minority and provider representatives.

b. Definition of the Problem

The target population. Children will be eligible for services in the RWJ project based on the following definition. This definition parallels the definition of children eligible for mental health services in Multnomah County and incorporates both the Oregon statutory definition in ORS 430.675 which prioritizes mental health services eligibility and the CASSP parameters defining severely mentally ill children.

Each child will be under the age of 18; at immediate risk of removal from home for treatment of a mental or emotional disturbance; exhibit behavioral, emotional and social impairments that result in severe or persistent disruptions of one year or more to the child's developmental progress, family and interpersonal relationships and that may impinge on academic progress; be in the custody of the Children's Services Division or at imminent risk of out-of-home placement; have a DSM III-R diagnosis based on an assessment by a qualified mental health professional; and be receiving services from three or more agencies.

In addition, baseline data for establishing eligibility will include a pre- and post-enrollment Achenbach behavior check-list battery to be administered to each project-eligible child and an assessment against an acuity scale to be developed during the first year of the project.

There are 1,079 children and adolescents currently in Children's Services Division custody who meet this definition for potential eligibility in the RWJ project and reside in Multnomah County. A total of 3,181 Oregon children are suspected to meet this criteria, but have not been clinically diagnosed as having severe mental and emotional disturbances. An estimated 1,550 of these children reside in Multnomah County. Should further narrowing of the eligibility criteria for RWJ children be necessary the Access and Eligibility Committee will select younger children with severe disturbances for participation.

Environment. Although Oregon is recovering from years of economic hardship and state revenues are increasing, support for human service programs is still far below the needed levels. Children's programs were particularly hard hit. As a part of the come-back strategy, Governor Neil Goldschmidt is proposing a package of new programs and increased funding for human services to the 1989-91 legislature that is based on the findings of a series of Governor's Commission studies. Beginning in 1987 the range of children's program needs was studied by committees in each county, prioritized and collated into the "Governor's Children's Agenda." The Agenda forms the basis for the 1989-91 Governor's requested budget across state agencies funding children's services. The Mental Health Division budget includes increased state general fund allocations in the amounts of \$300,000 for children's mental health case management demonstration projects and \$850,000 for children's mental health crisis services. The Children's Services Division budget requests funds for six new day treatment programs for young children with severe mental or emotional disturbances.

Over the past decade Oregon has demonstrated innovation and success with the first Home and Community Based 2176 Waiver gaining national recognition as a model state in the development of community support

services to adults with chronic mental illness. Now, however, the Governor's Commission on Psychiatric Inpatient Services, notes alarming deficiencies in the community system of care. Among the key findings of this ten month study were:

- o Thousands of severely mentally ill persons cannot get care in the community because local programs are insufficiently funded to serve all those in need.
- o Although Oregon ranks 30th in the nation in per capita income, the state ranks 41st in per capita expenditures of state service funds for mental health services.
- o The long-range planning needed to correct these problems has been lost in the climate of financial and programmatic crisis that has overtaken the mental health system and threatens to leave it in shambles.

The Commission report notes that an ideal system would integrate hospital and community care, provide equitable access to the appropriate level of care, and assure accountability of those responsible for management and service delivery. That Oregon now falls short of this ideal is seen as a challenge for future growth and change.

The positive side of the long-standing economic crisis is that there is less in the current system to "undo":

- o Oregon has not over-utilized costly, long-term private psychiatric inpatient facilities.
- o Children do not get "lost" in massive residential and institutional care systems.

There is much that is "right" in our system:

- o Children do not remain in foster care wherever workable family alternatives are available.
- o There have been interagency committees in place at both the state and community level since the 1970s to screen children prior to state hospitalization and to fund individual service plans to keep the most problematic of our children at home whenever possible.
- o The innovative Day and Residential Treatment Services (DARTS) Program were developed in the 1970's and are jointly operated by the Children's Services Division, the Mental Health Division and private providers. The number of these day treatment programs has tripled in the last 10 years.
- o The state's Certificate of Need process is strong. The three hospitals and two psychiatric facilities in Multnomah County with children's units have established, responsible community relationships.

Multnomah County, with a population of 562,000, is the largest Oregon county. The five-member Board of County Commissioners, as the local mental health authority, oversees the public mental health system which is housed in the Multnomah County Department of Human Services (DHS), MED Program Office.

The MED Children's Clinical Services Program, with a current biennial state allocated budget of \$ 2.1 million, contracts with nine private agencies to serve 1,830 children in brief outpatient treatment. Using state funds, these the Mental Health Division-certified agencies serve only severely mentally or emotionally disturbed children or those at highest risk of later developing mental or emotional disturbances. These agencies also serve children and families who can afford to pay for services or who have third-party private insurance. Some agencies also receive funds from other sources such as United Way and county general funds.

[financing and policy concerns]

Financing Mental Health Services for Children. Since 1970 when the Department of Human Resources was created in Oregon, both the the Children's Services Division and the Mental Health Division have been responsible for the child mental health system. The Mental Health Division funds opposite ends of the service continuum outpatient services and hospitalization. the Children's Services Division funds those services in between, such as intensive family counseling, day treatment services and residential treatment centers. Both agencies finance services reimbursed under the Title XIX Medicaid State Plan. The Plan is managed through interagency agreements by the Adult and Family Services Division (AFS). Each Division maintains its own medicaid management and auditing functions. Community-based providers of service bill directly to AFS.

The Children's Services Division finances services at a federal financial participation rate of 62.44% for Title IV-E programs such as foster care, adoption assistance and independent living provided under Public Law 96-272, the Foster Care, Adoption Assistance and Child Welfare Act of 1980. The federal financial participation rate for Title XIX medical assistance programs under the Rehabilitative Option is also 62.44%.

The Mental Health Division revenue for community services is derived from Title XIX of the Social Security Act, from the Alcohol, Drug and Mental Health (ADMH) Block Grant, and from state General Funds. Since July, 1987, services have been provided under the optional category of Rehabilitative Services. Rehabilitative Services revenues partially support outpatient services such as crisis, community treatment, community support services and semi-independent living services. The ADMH Block Grant is used for community support services for adults in the Portland Metropolitan area, and for services to mentally ill children and adolescents in all counties. Medicaid revenue from Rehabilitative Services is projected to increase at a rate of 4 percent each year.

The 60-bed Child and Adolescent Treatment Program (CATP) was established ten years ago on the grounds of Oregon State Hospital in Salem, Oregon. It is the only state-funded psychiatric hospital for children and

adolescents in Oregon. The CATP operates an additional 15 crisis beds. The CATP budget allocation for the 1987-89 biennium is \$5.9 million for the 75 beds.

The critical lack of alternative crisis resources for children throughout Oregon results in substantial overuse of CATP as a crisis program even though the cost for hospitalization is significantly higher than for outpatient services.

The Mental Health Division contracts with counties for children's outpatient services include a 62.44% federal match. The funding \$2,849 per year to serve an average of 3 children. This rate is based on an average usage of 16 weeks of service per child. Contract compliance is monitored monthly through the state Client Process Monitoring System (CPMS) to insure that the designated number of children are receiving services.

DISCUSSION OF THE STATE MEDICAID PLAN. Each of the state agencies receiving reimbursement under the state plan has begun to explore opportunities to expand its available resources. Reinvestment strategies such as the the Children's Services Division Intensive Family Counseling program funded by foster care "offsets" have been in place for a number of years. However, the idea of developing a collaborative programming and fiscal strategy is comparatively new and much work is yet to be done.

The following chart illustrates current and potential opportunities to improve the financing of children's mental health services in Oregon:

[Need to insert chart here.]

Clearly, Oregon has not take advantage of the many opportunities and options under the Medicaid Program and ranks 43% nationally in the number of Medicaid recipients per 1,000 residents.

Similar potential exists to identify other under-utilized resources such as private insurance, health maintenance organizations, PL 99-457 and PL 94-142. Potential revenue sources will be defined and pursued during the course of this project.

[description of current system and problems/who not served]

[agencies/organizations currently providing services; funding sources and amounts; numbers served; unmet need]

The project has been designed based on input and problem identification gathered in public meetings from the following groups during November and December of 1988:

- o Administrators of key state agencies which provide money and/or services to children with severe mental or emotional problems,
- o Managers of Multnomah County programs whose responsibility includes services for children with severe mental or emotional problems,

- o Providers and directors of non-profit organizations serving children with mental or emotional problems,
- o Advocates for children's programs in the community, and
- o Parents or other consumers who depend on mental health services for children.

Barriers, Gaps and Deficiencies. The Oregon system of child mental health and related child welfare and education services falls short in a number of critical ways. There are both systems- and treatment- related problems that hamper the effective provision of mental health services for children and their families. The following broad issues were surfaced during community meetings held during November, 1988:

- o In Oregon, there is no firm legal mandate to provide mental health services for children.
- o Both the Mental Health Division and the Children's Services Division share limited responsibilities to develop mental health resources and provide mental health services for children.
- o Funding sources which could provide support have not been tapped and efforts to maximize resources have been extremely limited
- o The Children's Services Division's services in support of mental health needs of children with severe emotional disturbances is legal, fiscal and custodial, rather than treatment-oriented
- o There are minimal linkages and competing values between the private and public sectors of mental health services funding and provision.
- o Private insurers of group health policies are seeking repeal or amendments to the state's mandatory insurance law.
- o The education and mental health systems function discretely using separate definitions of eligibility for service and separate resources to provide services; information is not shared across systems
- o The mental health system of care is ill-defined; No continuum of mental health treatment services exists
- o Access by concerned parents to an undefined system is difficult at best
- o The current system is inflexible and does not respond to the needs of the child and family from a holistic perspective
- o Treatment is driven by service availability rather than by the needs of the child

- o Financing for needed mental health services often demands that parents relinquish custody of their child to the courts
- o Standards for quality to assure that children receive the most appropriate, least restrictive services have not been developed
- o Entry through a particular "door" into the system such as education, child welfare or juvenile justice usually dictates the level of mental health service that will be available to a child
- o Gaps in service and limited resources make the effective transition from acute to community-based care difficult to plan and carry out.
- o Narrow eligibility rules in the adult mental health system make the smooth transition from adolescent services to adult services all but impossible
- o The effectiveness of services is not evaluated. The lack of outcome based information precludes planning based on the right service, or right amount of service has been provided
- o Each agency or provider operates or delivers services in a focused way, without an overview of services being determined by the needs of the mentally ill child.
- o Information sharing across systems serving children does not happen consistently.
- o The current system does not support home-based care, therapeutic foster care, crisis services, nor training in the special needs of mentally ill children.

COUNTY PROBLEMS. Along with the general problems identified as barriers to providing adequate children's mental health services in Oregon, there are barriers within Multnomah County. It is these problems that will be addressed in the development year of the RWJ Mental Health Project.

Although Multnomah County has by far the largest share of resources for children in the state, few components of a system of care exist for the estimated 11.8% (16,000) children needing mental health and related services. Using the Friedman model (See Appendix 7 - Friedman/NIMH Chart) for determining service need, the hospitalization and residential treatment centers capacity in Multnomah County is 837% of that recommended to be necessary. At the same time, outpatient services provided through the Multnomah County subcontracted child provider agencies comprise only 44% of the recommended service level. Similarly underdeveloped services in the county comprise only 29% of the home based services, 36% of the therapeutic group and foster homes and camps, and 11% of the case management services recommended in the model.

The following is a summary of children's mental health service system problems in Multnomah County:

Problem 1. Access to mental health treatment services in the Multnomah County is geographically dictated. Families and other referral sources have no way of knowing about or accessing an agency's services outside their geographic location

Approach: Establish centralized referral and intake system so that there is access to treatment services for children with severe disturbances across the system of providers that is based on the child's treatment needs rather than where the child resides.

Problem 2: The system has focused on maintaining the status quo rather than encouraging a responsive continuum of mental health services for children and families.

Approach: Initiate a community-wide planning process, with assistance from a nationally recognized professional, to gain input from provider agencies, to establish local ownership of the larger system.

Problem 3. The array of services available to an individual child are limited to those available through traditional clinic settings at standardized levels of reimbursement.

Approach: Initiate fiscal incentives under a capitation model to encourage the development of creative and comprehensive services that are the least costly and most effective. These would include 24-hour face-to-face crisis services, case management services, home-based services, and parent support and training.

Problem 4: Multnomah County DHS, which has the responsibility to manage state funds, has no way to determine if the children most in need of treatment receive it.

Approach: Finalize a state plan amendment to provide targeted case management services. Implement an RWJ Mental Health Project case management system to broker the necessary set of services across the and manage a treatment plan that is based on the child's needs.

[Note numbers will need to be re-assigned when editing of this section is completed.]

Problem 6: Funding for children's mental health services in Multnomah County is categorical as well as geographical. Provider agencies may serve either adults or children. In the current system, providers, with one exception, may not serve both the parent and child in other than brief collateral contacts.

Approach: Develop incentives for the county to fund and contract for services to both the child and family in the same setting.

Problem 7: The numbers of eligible children identified and served in special education under Public Law 94-142 and in early intervention services under Public Law 99-457 in Multnomah County (as in all of Oregon) fall far behind rates in most other states. Financing of the special education system tends to rule out rather than rule in mentally ill children, particularly those with disruptive behavior problems.

Approach: Introduce a team approach between education, mental health and the Children's Services Division decision makers employing consultation from AFS to develop a funding plan that will maximize Title XIX funding options.

Problem 8: The mental health, child welfare and school counseling systems see themselves at "odds" because of differing definitions for their service populations, and differing mandates, roles and responsibilities.

Approach: Initiate a community-based forum to establish common ground, acknowledge differences and provide input on an ongoing basis into the development and planning of the RWJ Mental Health Project.

Problem 9: During 1987-89, \$889,000 was collected from third party insurers for mental health treatment in the community. However, these insurers have no mechanism to determine if the most effective, least costly treatment services are the services that have been provided with these funds.

Approach: Seek and promote statewide collaboration with third-party insurers statewide to conduct a risk analysis and develop a private-public capitation of mental health funds through the Oregon CASSP state level SED Children's Committee, DHR Executive Committee and the Insurance Commissioner. Plan for the RWJ Project to pilot the demonstration of cost effectiveness and actuarial equity.

Problem 10: Few children with emotional disturbances receive medical care and supervision under a primary physician.

Approach: Contract with the Multnomah County Pediatrics Association to provide primary care for all RWJ Mental Health Project children by pooling Medicaid and the Children's Services Division medical funds and insurance.

Problem 11: The adequate and appropriate amounts of service essential to a balanced system of care are not in place.

Approach: Implement an interagency Access and Eligibility Committee by interagency agreement within the Multnomah County DHS to manage the resources available from each agency for the RWJ Mental Health Project target population.

Problem 12: There is no current planning mechanism through which to set and carry out interagency objectives that assure that children receive the the right amounts of services at the right time and in the least costly way.

Approach: Develop interagency agreements during the development year of the RWJ Mental Health Project that will assure that as a result of the work of the project, these children will experience at a minimum:

- o 50% Reduction in long-term hospital stays at CATP by MultnomahCounty children.

- o 100% Reduction in crisis hospitalization at CATP
- o 75 % Reduction in the number of residential placements
- o 25% Increase in therapeutic foster and group homes
- o 25% Increase in outpatient services
- o 50% Increase in home-based services
- o 75% Increase in case management services

Problem 13: An interagency financing plan for children has not been developed.

Approach: Utilize an interagency team to develop and draft a children's mental health refinancing plan for review and comment by the SED State CASSP Children's Coordinating Committee and approval by the Children's DHR Executive Committee.

Problem 14: Children in the RWJ Mental Health Project will not have equal access to Medicaid and other state funds because of eligibility related to family income.

Approach: Examine the Medicaid formula for cost-effectiveness to determine the feasibility of a 2176 Home and Community-Based Waiver for the RWJ Mental Health Project which would bring all children under the eligibility wing.

Problem 15: The State Medicaid Plan contains a number of service options customarily used by other agencies that are available to, but have not been accessed by, the Mental Health Division for children's mental health services.

Approach: Organize a small interagency team to review Medicaid options such as Personal Care, Primary Care, Administrative Activities, in consultation with AFS to determine the feasibility of these in the refinancing plan.

Problem 16: There is no integrated information system between Department of Education, the Children's Services Division, the Mental Health Division through which to track, monitor and maintain a data base on the children with severe mental and emotional problems who are involved with these agencies.

Approach: Develop an interagency and interdepartmental agreements plugging RWJ Project children into the AFS information management system.

Problem 17: Nearly one half of the children now accessing hospital crisis service are experiencing substance abuse induced mental problems. Appropriate and services have not been developed for this dually diagnosed population.

Approach: Explore a comprehensive capitation approach to fund and evaluate services for this population with Kaiser Permanente during the development year of the RWJ Mental Health.

Problem 18: Despite national leadership in the fields of parent support, training and respite care and cultural relevance available from the Research and Training Center for Improving Services to Severely Emotionally Disturbed Children, Regional Research Institute, Portland State University, expertise in delivering the services per se is virtually non-existent.

Approach: Contract with the R and T Center to provide a basic training session for the RWJ Project staff and Advisory Board, providers and interested others from the community during the development year. In subsequent years, quarterly training and consultation for the staff and a yearly seminar and consultation for pediatricians working in the program.

Recent Efforts and Initiatives. For six years Oregon law has mandated that all insurers and health maintenance organizations provide group health insurance policies that include inpatient and outpatient mental health treatment coverage for children as well as adults.

The Mental Health Division has initiated a long range systems-wide planning effort under Public Law 99-660. The Mental Health Division is making administrative changes and exploring fiscal opportunities to maximize the use of its existing resources.

The Department of Education has completed a state plan required under Public Law 94-142 directed toward improving Special Education Services in Oregon. The plan includes efforts to develop transagency collaborative initiatives cemented with formal interdepartmental agreements. The Department of Education and the Adult and Family Services Division are finalizing a Medicaid plan to reimburse services identified in Individual Education Plans (IEP) for Medicaid eligible children under Public Law 99-142 and under Public Law 99-457 which implements early intervention services for preschool children with handicapping conditions.

Finally, in a statewide climate poised to work collaboratively, to help Oregon children and advocate for family preservation, the Mental Health Division has just begun the first of three years of the Child and Adolescent Service System Program (CASSP) state-level systems development to improve services for children and adolescents with severe mental or emotional disturbances.

c. Proposed Objectives

DEVELOPMENT YEAR

I. Organizational objectives:

- A. Complete application for state plan amendment for children's case management
- B. Amend and modify the Mental Health Division/Multnomah County biennial contract.

- C. Child and Family service element (to include families, rather than just adults or just children) Prior to Year 1 activities
- D. Hire Project staff:  
  - Project Director Month 1
  - Clerical Month 1
  - Clinical Supervisor Month 6
- E. Design/adopt mechanisms for data tracking/monitoring system (based on existing Multnomah County model used for adults) Month 6
- F. Establish the RWJ Mental Health Project AEC (Month 1)
- G. Initiate a community organizing process for resolving issues and concerns at the provider level and name RWJ Project Month 2
- H. Organize Title XIX consultation team to AEC members-month 2
- I. Apply to RWJ for Project support of Years 2/3 Month 8
- J. Renew letter of agreement between the Mental Health Division and the Children's Services Division for mental health services Month 9
- K. Finalize waiver from Health Care Financing Administration (HCFA) to execute capitation agreements Month 10

II. Develop policies and standards for serving children and adolescents with severe mental or emotional disturbances in Multnomah County.

- A. Formalize relationship with policy groups at the state and county levels which would network public agencies (the Children's Services Division, the Mental Health Division, AFS, Juvenile Justice, education)
- B. Participate on the Children's Coordinating Council (CASSP) Month 2
- C. Establish the RWJ Advisory Board at county level (Month 2)
- D. Presentation of RWJ Project to Children's Coordinating Council (CASSP) Month 3
- E. Letter of participation County to CASSP, State to DHR Exec Cmte Month 3
- F. Establish a process for involvement of public and private providers, agencies, parents, child advocates in project design, modification, and implementation
  - 1. Contract with an experienced consultant for provider problem solving sessions (2 sessions @ 3days each plus travel) Month 2
  - 2. Design Families as Allies training Month 6
  - 3. Participate in conference sessions to link the Oregon project with national initiatives travel to conferences: 2 trips, \$1500/trip Month 6 and Month 11
  - 4. Develop RFP for provider contracts needed for Years 2-3 (include agreement to participate in client tracking) Month 9
- G. Identify similarities and inconsistencies in the definitions used to describe children with serious mental or emotional problems.
  - 1. Contract with national consultant for improving working relationships with education how to best use resources [Harriet Fox] Month 6
- E. Establish rates for capitation agreements; per capita rates for normal services needed
  - 1. Conduct Risk Analysis shared private/public feasibility of involvement of Blue Cross/Blue Shield, Kaiser, Western Research Center, Casey Foundation, State Insurance Commissioner Month 3

- 2. Formal agreements for enrollment of RWJ children in Kaiser program (capitation)  
Health Policy approval Month 12  
Insurance Commission approval Month 12

III. Define a continuum of services for severely emotionally disturbed children and adolescents.

- A. Adopt the CASSP continuum of care model and Core System of Values for use by public and private providers of care to SED children and adolescents (end of Yr 1)
  - 1. Complete written descriptions of services for: Crisis services; home-based care; therapeutic foster and group care; local hospitalization; case management Month 12

IV. Assure that SED children and adolescents access the continuity of services in the most appropriate, least restrictive setting

- A. Establish an Access and Eligibility Committee of managers of county programs which provide mental health services to children and youth. Month 11
  - 1. Obtain formal agreements for participation from AEC members which defines and guarantees commitments from AEC participants for using pooled resources (AFS, education, the Children's Services Division, Juvenile Services Commission, Multnomah Co. Juvenile Dept., mental health, Program Office of Alcohol and Drug Abuse, Office of Health Policy) Month 11
  - 2. Set criteria for eligibility and admission of RWJ participants Month 11
- B. Establish a Clinical Case Management system which will assign services based on the needs of the child Months 6 through 12
- C. Establish the structure for client resource teams, consisting of the clinical case manager and related agency resource people, e.g. representatives of the school system, the Children's Services Division, AFS, drug and alcohol programs, etc. Month 9
- D. Develop and get approval from RWJ Advisory Board for Interagency and Interdepartmental Agreements which would include:
  - 1. Commitments from participating agencies for money or slots ;
  - 2. Provision for immediate access of RWJ youth to various services or programs;
  - 3. Include a no decline policy for acceptance of RWJ youth for services at the provider level;
  - 4. A method for overcoming the confidentiality problem; and
  - 5. An agreement to share information between agencies in the network. Month 11
- E. Establish a plan for the orderly transition of older SED youth to the adult system of care Month 12
- F. Provide assistance to Multnomah County for planning of crisis services and intervention for target youth Months 6 through 12
- G. Identify incentives and disincentives to home-based treatment and develop models to address the disincentives Month 6
- H. Plan a system of home-based services which will promote family unity and the role of parents in maintaining the mental health of their child

- 1. Plan and prepare RFP for home-based services approved by RWJ Advisory Board Month 8
- 2. Issue RFP for contract services if project is funded Month 10
- I. Design training in therapeutic foster care for providers Month 10

V. Institute a financing plan which includes creative ways to tap financing structures such as Medicaid to support services for SED children and youth and establish a structure for blended funding for the RWJ project.

- A. Utilize the Medicaid Rehab option already negotiated and secured in Oregon
  - 1. Conduct cost analysis of Title XIX rate structure Month 5
- B. Identify additional Medicaid options which could be used for services to SED children
  - 1. Expand EPSDT services allowable under Medicaid using Medicek screenings for assessing psychological and psychiatric problems Month 5
- C. Advocate for inclusion or expansion of mental health services as allowable payments by insurance programs Months 6 through 12
  - 1. Negotiate contracts with private insurers
  - 2. Negotiate contract for service or capitation agreement using Kaiser Permanente (a health maintenance organization)
- D. Expand the use of EPSDT program recipients through utilization of the Oregon Pediatrics Association for screening and providing additional services to SED children and youth
  - 1. Analyze eligibility requirements for use of EPSDT Month 5
  - 2. Explore feasibility of expansion of therapeutic day care services for foster children by the Children's Services Division Month 5
- E. Hire consultant for using P.L. 94-142 and P.L. 99-457 to support implementation of special education related services (physical, occupational, speech therapies and related services ) Month 8

VI. Identify legislative issues and provide information needed to implement statutory, administrative rule, and policy changes necessary to implement the project effectively.

- A. Amend the Mental Health Division/Multnomah Co. mental health contract Month 1
- B. Obtain legislative approval to move case management demonstration project funds from the five proposed counties approved in 89-91 budget to Multnomah County only Month 7
- C. Provide information to CASSP regarding the adoption of a Comprehensive Mental Health Services for Children Act activities Months 8 through 12
- D. Get approval for change in State Plan to allow case management services Month 12
- E. Obtain County approval to use Title XIX match for day treatment services Month 12
- F. Obtain administrative rule change to allow Medicek screenings under Medicaid for this project Month 12

- G. Obtain amendment of the State Plan for case management activities under the Comprehensive Omnibus Budget Rebalancing Act (COBRA) Month 12

VII. Conduct research and define the outcomes by which the system will be measured, identify a method for project modification and evaluation for both financing and service delivery mechanisms during and at the conclusion of the project.

- A. Contract with Western Research to design capitation research model and the control group Month 10
- B. Contract with Kaiser to conduct research on dual diagnosed children with alcohol and drug problems Month 10

Implementation years

I. Organizational...

- A. Hire case managers, billing clerk

II. Develop and disseminate information describing the over all system of mental health resources for SED children to young adults to providers, consumers, advocates and service agencies

- A. Prepare a diagram describing the over all system of mental health services for children and youth

III. Reduce the number of long term residential and hospital placements of SED children and youth in Multnomah County by 50%

- A. Pool funds of agencies and insurance.

IV. Reduce the number of hospitalizations of SED children and youth to an amount consistent with the Friedman model in years 2-5.

V. Eliminate the crisis admissions from Multnomah County to CATP.

VI. Institutionalize the coordinated service delivery system of mental health services through implementation of financing strategies developed in Year 1.

- A. Psychiatric supervision of case management system

VII. Provide training for and initiate home-based care developed in Year 1.

VIII. Document the effectiveness of the capitation model for service delivery.

[succinct listing of measurable objectives]

d. Proposed Strategy and Approach

[specific activities and their relationship to one another and problems/goals]

Summary. Considerable planning and cooperation has gone into the development of this proposal. For the first time, many agency representatives providing mental health services to emotionally disturbed children have begun a dialog which may result in the development of a new and comprehensive system of care. While the project design still has some rough edges, key state and community players are committed to moving forward to what everyone recognizes as needed changes in developing a better and more efficient system. With support, both for the concept and for assigning resources, committed from state agency leaders, the RWJ Project has already acted as a catalyst for needed system improvement. The feasibility for success is governed by the impetus represented by the Robert Wood Johnson Foundation in providing the financial resources necessary to initiate the plan.

The RWJ Mental Health Project in Multnomah County will demonstrate that a specially designed case management program accompanied by a range of treatment services that are not as limited in scope, duration, and amount as those now available will prove both cost effective and greatly benefit children in our target population.

The RWJ Project will allocate resources on behalf of a mentally ill child through case management in two ways a capitation system for providing general mental health services, and in supporting a continuum of services not currently available. Agreement to implement agency partnerships linking key providers of services to mentally ill children and pooling of the agencies' available resources for these children through the RWJ Project are critical components for an improved system.

The resources to the system will be managed by the Access and Eligibility Committee (AEC) as described below. Activities of the AEC will be overseen by the Project Advisory Board.

Staffing for the implementation years will include the Project Coordinator and Clinical Supervisor, both of whom will report to David Pump, Manager of Children's Clinical Services in the M-ED Program Office, Multnomah County Social Services Division.

The Project Coordinator will have responsibility for overall program operation, including implementation of objectives identified in this proposal. The Clinical Supervisor will oversee the ten clinical case managers for the program.

Over the course of the project at least 1,000 of the more than 4,960 Multnomah County children estimated to be seriously disturbed will be identified and receive some level of RWJ Project services. Approximately 250 of the most severely disturbed children will be served in the project each year.

The Service Continuum. To provide the necessary set of services for each individual child, a comprehensive continuum of necessary services must be developed and refined throughout the implementation years. These services will include:

- o A new system of crisis response services and outpatient stabilization
- o Three levels of multidisciplinary homebased services for children and families.
- o Therapeutic family group care capacity with training in caring for mentally ill children and consultation
- o Local acute hospitalization for mentally ill children
- o Immediate access crisis services for substance abusing children
- o Case management services
- o A client data tracking program for the RWJ Project children

Interagency agreements with each agency participating in the RWJ Project will include:

- a) Commitments from participating agencies for money and/or slots;
- b) Provision for immediate access of RWJ Project children to necessary services or programs;
- c) Include a no decline policy for acceptance of RWJ children for services at the provider level;
- d) A method for overcoming the confidentiality problem across agencies; and
- e) An agreement to share information between agencies in the project network.
- f) Agency participation in research project to verify capitation model, including data tracking

Description of Capitation Model to be used. The RWJ Mental Health project will utilize the capitation model currently used by the Multnomah County Mental Health Adult Services program. This model is based on centralization of five factors: identification of clients, tracking, services, rate setting, and payment. Under this model, the money available for mental health services from various sources, such as the Adult and Family Services Division, the Children's Services Division, education, juvenile justice and mental health is maximized. The delivery of services is contractually assigned to a provider to pay for an estimated amount of service over a three month period. The provider will then be paid quarterly for the services not to exceed the estimate.

Monitoring and control factors are built in to the system. If a client withdraws from a program of a particular provider, that information is tracked through the countywide tracking system. Payments for the services represented by that client are then deducted from the following quarterly capitation contract for that particular provider.

An incentive for quality in service delivery is assured under this system because the services are brokered by the A&E Committee. If quality goes down, the A&E Committee can arrange to contract with a different provider who commits to maintaining high quality service delivery.

An essential component of the proposed capitation model is the collaboration with private third party insurers of mental health services for children and families in Oregon. Efforts will be made to establish a working relationship with Blue Cross-Blue Shield of Oregon, Kaiser and PACC Health Plan in Oregon. A risk analysis is proposed to determine the feasibility of capitating private insurance funds in Multnomah County for RWJ Project children. Additional analysis will determine the feasibility of managing access to mental health services for all eligible children.

**Research Demonstration.** For purposes of evaluation and comparison, a group of children whose characteristics are similar to the RWJ group and who meet the same eligibility criteria for mental health services, will be monitored during the life of the project. This other group, the Connections group, will also have case management, but the services available to children in this group are limited to outpatient services and currently existing resources. The RWJ group will go beyond currently available services to include a parent support network, crisis intervention, home-based care, or other creative solutions made possible with RWJ support.

Access and Eligibility Committee Role and Composition. The function of the Access and Eligibility Committee (AEC) is to determine which seriously mentally ill children are eligible for project services.

Interagency agreements will commit the participating agencies to provide those services which are within the mandates of each agency. Interagency agreements will provide for immediate access to community-based services. In special cases this requirement may mean the purchase of services not normally provided by an agency. In other cases this may mean two or more agencies will combine funding to one program to ensure comprehensive services are available. For example, mental health, the Children's Services Division and education would each fund 24-hour close supervision and therapeutic foster care in conjunction with schooling for a child in need. In this example mental health would provide the 24-hour close supervision, the Children's Services Division the foster care, and education would provide the schooling and transportation to school. Extraordinary care such as 24-hour supervision is not normally available, so mental health would purchase this service for this client.

Initially, the committee determines the multi-agency service plan for the client. The clinical case(service)-manager is authorized to immediately implement the plan. Each agency will be committed to participation in a client service team unique to each client. This team is authorized to monitor and amend the service plan as needed and authorized by the Project Director. The Project Director authorizes services as determined by the client service teams pending review by the Access and Eligibility (A&E) Committee. (See description of case management section for description of referral and screening procedures.) An additional important function of both A&E members and case managers is to advocate on behalf of individual children or adolescents and their families to ensure that they will receive appropriate services.

The shared responsibility for eligibility and commitment of service resources is key to resolving multiple agency involvements with clients. Case management and regular client team service planning meetings will alleviate the need for agencies to feel the sole responsibility for services. In Multnomah County we have demonstrated the viability of the paradigm with the success of the Connections program, after which this project is modeled with modifications.

Interagency agreements will define the composition of the A&E Committee and will require bi-weekly participation of supervisory/middle manager level staff to the committee. Due to the high level of service potentially committed to each client, the agencies are required to participate. At a minimum, mental health, the Children's Services Division, education, health, alcohol and drug, developmental disabilities, and juvenile justice will be regular members. Advocates and parents will also be represented.

Clinical Case Management Program. Case management services are an essential element of the RWJ Mental Health Project. Case management will be aimed at ensuring continuity of care for identified children, either directly, or indirectly, by facilitating their receiving the most appropriate, highest quality and least restrictive level of care.

Targeted case management and home-based services will be provided to approximately 260 RWJ Project children each year. These services will be funded through the Mental Health Division. Expanding the state plan for Medicaid reimbursable services to include the Rehabilitative option will facilitate this.

Service capacity will be developed for an estimated 50 children needing long-term case management for one year or more (50 children to be served each year); 30 children needing mid-range case management for 3 to 6 months (approximately 90 children to be served per year); and 30 children needing short-term services for less than 3 months (approximately 120 children served per year).

[rationale for approach]

[achievable within proposed schedule and budget ]

[source of matching funds]

Funding the Project. One objective for the project is a 75% reduction in the number of placements of children with severe mental or emotional disturbances in the Children's Services Division residential programs. The cost to the Children's Services Division for residential placement ranges between \$2,500 and \$5,000 per month. The RWJ Project represents an opportunity to demonstrate significant placement savings and to make more efficient use of limited resources. Reducing hospital and long-term residential treatment placement has the potential of freeing up substantial amounts of money for other less restrictive services. With the capitation model, wrapped services will be possible in a more flexible and comprehensive system of care.

[political feasibility of approach]

[list indicators of success]

e. Needed Statutory Changes, Regulations, Actions or Waivers

Specific statutory, administrative rule, and State Plan changes are identified in the Objectives/Activities section, as are timelines for these changes. The project has received the support from the top administrators of state agencies and has the backing of the Governor's Office. Letters of commitment are included in the appendix section.

[demonstrate political feasibility]

[process to be used in achieving change]

[evidence of support for actions]

[alternative strategies should those proposed prove unsuccessful]

f. Management Plan

The interagency planning authority responsible for defining policies needed to achieve objectives is the Department of Human Resources Executive Committee, which has representation and direct linkage to the Governor's Office. Policy decisions and allocation of state agency resources occur at this level. Points of accountability at the state and community levels include Richard Lippencott, M.D., Administrator for the Oregon Mental Health Division, and Dave Pump, RWJ Project Director (and Manager of Children's Clinical Services in Multnomah County Social Services Division). Mr. Pump will supervise the Project Coordinator and Clinical Supervisor. Clerical and case management staff will be directed by the Project Coordinator. At the community level, the project is overseen by the RWJ Mental Health Project Advisory Council.

Please refer to the RWJ Mental Health Project Committee Membership list in Appendix 5 for identification of representatives to

State: The Department of Human Resources Children's Cabinet Executive Committee and the Children's Coordinating Council

County: The RWJ Mental Health Project Advisory Board, the RWJ Access and Eligibility Committee, and the RWJ Mental Health Project County Advisory Council

[[who is interagency planning authority responsible for taking leadership]

[agency and person who will serve as single point of accountability]

[project management structure/lines of authority/decision-making/involvement of Governor's Office]

[advisory committees]

[timetable indicating milestones for accomplishing major tasks]

[workplan (detailed for devel phase/general for impl phase)]

g. Expected Outcomes

[specify for development phase and implementation phase seperately]

[Devel phase outcomes should relate to stated objectives and strategies]

[Impl phase outcomes should be specific/quantifiable in terms of decreased use of psychiatric inpatient, expanded home and community-based programming, new high risk populations served, increased service provision through multi-agency collaboration, expanded financing, increased access through more effective intake and assessment, consensus on policy issues, viability of project continuation after grant funds expire]

EVALUATION OF THE RWJ DEMONSTRATION PROJECT. We have identified two models of case management for children with severe mental or emotional disturbances: the "Connections" model and the "Capitation" model. Children from the Capitation model will be evaluated in comparison to children from the Connections model over the life of the project.

The research will be designed and conducted by the Western Psychiatric Research Center, Oregon Health Sciences University, under the direction of Bentson McFarland, M.D.

h. Impact of Foundation Funding

[brief discription of how grant funds will make a difference]

RWJ Foundation will provide the impetus for a complete revision in the delivery of mental health services to severely emotionally disturbed in Multnomah County, not only in the method services are provided, but in making the system more responsible to the needs of the children involved.

A continuum of care for mental health services to children most in need will be established, pooled financial resources will increase the responsiveness and flexibility of the system, children will be more likely to remain in their families and homes through a reduction of institutionalization and long term care strategies, untapped and under-utilized federal support will become a regular part of the system, and a more efficient service delivery system will be developed. RWJ support represents a catalyst for a much needed systems change without the catalyst, no change may occur.

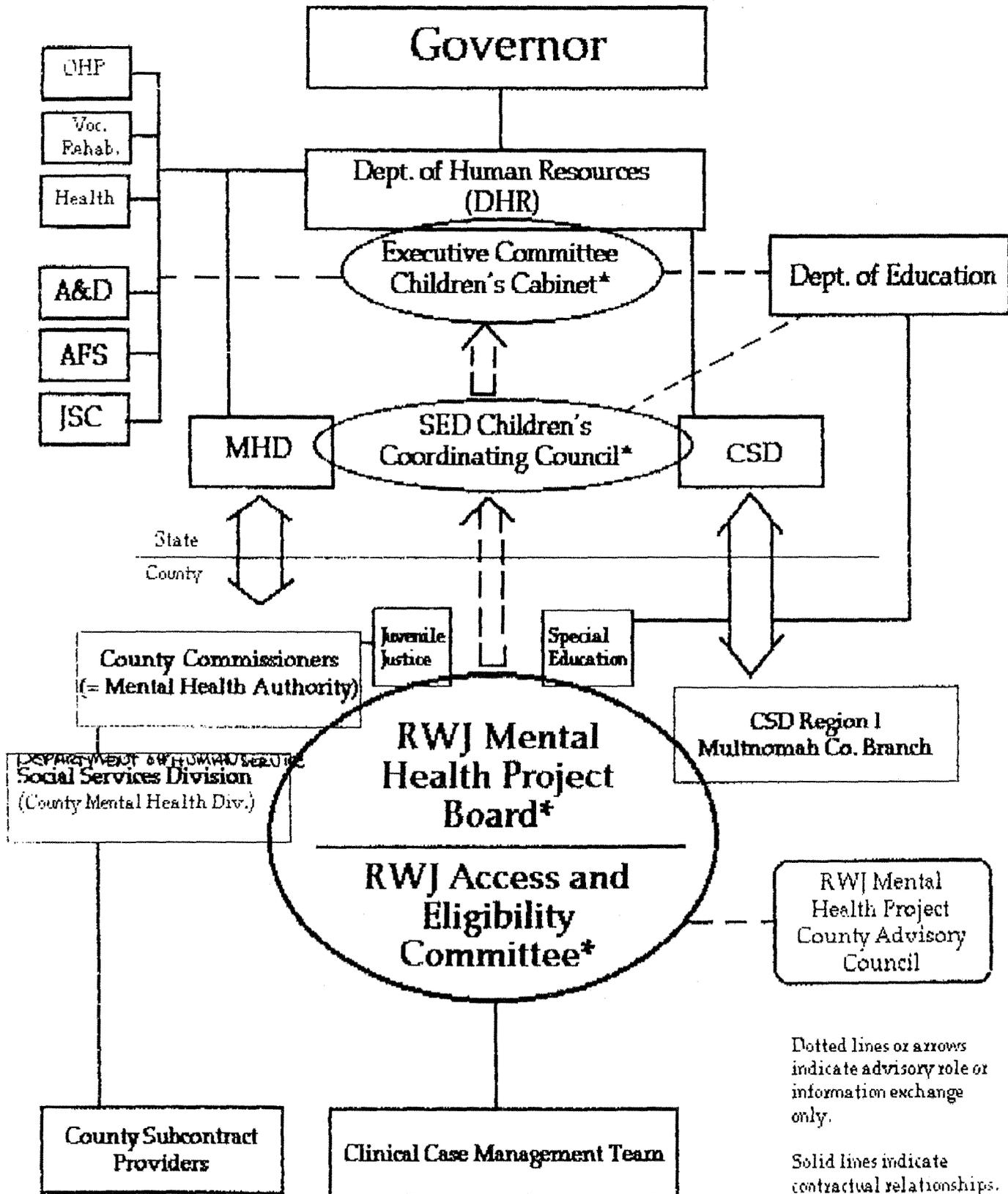
i. Plans for Continuation Beyond Grant Period

[general plan/expectations... acknowledge decrease in level of funds in second 24-month period]

If the RWJ project is implemented, a major restructuring of the system for mental health services in Oregon and in Multnomah County will be achieved. The Core System of Values, the mental health case management design, a model for blended funding for services which is driven by the needs of the child, new and creative financing options for service delivery, and a capitation model for mental health services will all have been designed and tested. These elements will provide a healthier, more efficient and responsive, and institutionalized methods for service delivery which will be maintained after the granting period until another better system can be devised. The RWJ support makes these system revisions possible through the infusion of monies for the planning and development phase cost to maintain the system will be built in by the conclusion of the granting period.

rwjtoc

# RWJ Mental Health Project



Dotted lines or arrows indicate advisory role or information exchange only.

Solid lines indicate contractual relationships.

\*See separate page for composition of these groups