

Veterans Affairs

Projects Summary

(\$ in thousands)

Project Title	Rank Fund		Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2018	2020	2022	2018	2020	2022
Asset Preservation	1	GO	13,124	0	0	13,124	13,124	13,124
Total Project Requests			13,124	0	0	13,124	13,124	13,124
General Obligation Bonds (GO) Total			13,124	0	0	13,124	13,124	13,124

<http://mn.gov/mdva/>

AT A GLANCE

- Employ approximately 1,400 staff statewide
- Provide four major program areas, each with numerous veteran services
- Operates 5 State Veterans Homes
- Serve nearly 327,000 Veterans in Minnesota

PURPOSE

The mission of Minnesota Department of Veterans Affairs (MDVA) is “Dedicated to serving Minnesota Veterans and their families.” We are a “post wartime agency” and were created by the 1943 state Legislature to consolidate the services provided to service members, and since 2007, we have operated the Minnesota Veterans Homes. Today, there are approximately 327,000 veterans in Minnesota (seven percent of the state population).

Veterans face many challenges, including matching their military skills to civilian occupations, higher unemployment rates than their civilian counterparts, and short- and long-term medical issues resulting from their military duty. In addition, both veterans and their families experience mental fatigue and injuries associated with military deployments. Finally, nearly 1/3 (28%) of the state’s population aged 75 and older are veterans, many with unique long-term care needs.

MDVA exists to fulfill the needs of these veterans and their families by providing innovative programs and services to maximize quality of life. In doing so, MDVA contributes to the statewide outcomes of:

- All Minnesotans have optimal health
- Minnesotans have the education and skills needed to achieve their goals
- Strong and stable families and communities

STRATEGIES

We strive to enhance the lives of those we serve through the development and implementation of services that are tailored to meet the current and ongoing needs of veterans and their families. We do this through two divisions: Programs & Services and the Minnesota State Veterans Homes (Veterans Healthcare).

Many veterans are not aware of the benefits that they have earned through their military service. The Programs & Services Division collaborates with its partners in the veterans service community to assist veterans in obtaining these benefits. A few areas of assistance are financial, educational and/or medical benefits. Additionally, there are an estimated 253 veterans without safe, stable or affordable housing on any given night in Minnesota (2017 HUD Point-in-Time (PIT) and Housing Inventory Count), so MDVA’s programs also assist in identifying and developing housing plans for homeless veterans and veterans at risk of homelessness. Finally, our Programs & Services Division and partners provide resources for financial, family and mental health counseling, as well as operating two Veterans cemeteries and coordinating funeral honors benefits.

MDVA’s Healthcare Division operates five Veterans Homes in Minnesota. Four of the locations provide skilled nursing care located in Luverne, Fergus Falls, Silver Bay, and Minneapolis, as well as two domiciliaries located in Hastings and Minneapolis. All facilities ensure that veterans and families have options for high-quality care meeting their long-term care or domiciliary care needs. MDVA facilities offer long-term care, domiciliary and adult day care (in Minneapolis). The homes are able to offer specialty care such as rehabilitation, dementia, work therapy, chemical dependency, psychological, medical, primary care, spiritual and recreational services to improve the health and quality of life of its residents.

Minnesota Department of Veterans Affairs legal authority comes from M.S. 196 (<https://www.revisor.mn.gov/statutes/?id=196>) and M.S. 197 (<https://www.revisor.mn.gov/statutes/?id=197>).

At A Glance

- The Minnesota Veterans Homes will meet the needs of the Veteran community by providing innovative resident care and services.
- The Minnesota Veterans Homes will develop, optimize and implement clinical capacity to promote program delivery to meet the needs of our Veterans and resident community.
- The Minnesota Veterans Homes will ensure fiscal integrity by optimizing supplemental resources in addition to appropriated funds.
- The Minnesota Veterans Homes will ensure fiscal integrity by developing cost control and budget management improvement strategies.

Factors Impacting Facilities or Capital Programs

The Minnesota Department of Veterans Affairs (MDVA) - Veterans Health Care Division is faced with an ever changing healthcare landscape. Challenges experienced by the Veterans Homes are analogous to those faced by community based providers and in many ways more expansive due to the complexities of State government. These challenges include:

1. Increased resident acuity related to dementia and complex medical conditions. Veterans who have experienced combat in their service to their country are living longer, while cognitive and medical diagnosis can become even more pronounced and severe. Aggression and behavioral health issues are common and more frequently encountered in our resident population. The impact of this phenomena results in increased requirements for building systems including wander guard security alert systems, nurse call systems, access and egress within areas of rescue, need for private rooms and bathrooms, as well as basic maintenance of MDVA campuses and property.
2. Physical plants are aging. Our oldest campus dates to 1887 (Minneapolis); Hastings was opened as a state Regional Treatment Center in the 1940's and converted to the current Veterans Home in 1978; the Homes in Luverne and Fergus Falls were constructed in 1994 and 1998 respectively; and in 1991, an elementary school originally constructed in 1953 was renovated to become the Silver Bay Veterans Home.
3. The Minnesota Veterans Homes manage 64 buildings, with 1.061 million total gross square footage and a replacement value of \$310.7 million.
4. The Veterans Homes are 24/7 operations requiring extensive and continuous system support to accommodate the necessities of infrastructure, utilities, and basic operating systems.
5. The Homes directive to become certified by the Centers for Medicaid and Medicare Services (CMS) has also added a burden to facility and physical plant maintenance, as repairs, and in some cases remodeling, and updates to the skilled nursing facilities has been necessary.
6. Life/safety standards are constantly evolving and becoming more stringent in both requirements and compliance. Federal, State, and CMS rules and regulations are demanding in terms of compliance, and ongoing audit and survey.

Self-Assessment of Agency Facilities and Assets

Minnesota Department of Veterans Affairs - State Veterans Homes requests submitted in order of highest priority. Priority 1 & 2 based on facility condition audits initially conducted in 2013, and updated in 2015 & 2017.

MDVA requires significant asset preservation dollars to maintain facilities with basic systems, life safety and meet regulatory requirements. Facility conditions audits (FCAs) were completed with support of Department of Administrations in 2013. In 2015, and again in 2017, the FCAs were reviewed and updated by the Agency Facilities Manager, TIFM administrator, Plant Directors and Building Foremen. MDVA is requesting asset preservation funding of all Priority 1 & 2 items.

Agency Process for Determining Capital Requests

The Minnesota Veterans Homes strategic business plan and capital budget goals support and ensure that each of the State Veterans Homes are able to provide the highest quality of care and programming in a therapeutic, highly adaptive and dignified environment. The aging Veteran population and their increasing demand for services based on continued acuity and complexity places stress on existing facilities and programming space and the need to expand these spaces. Federal and State rules and regulations require expanded and more stringent requirements for therapeutic environments and support systems and also increased Homes' needs for space expansion and maintenance.

The ongoing assessments of physical plants and operations based on facility condition audits provides a consistent and disciplined approach to determining ongoing facility needs. The ARCHIBUS preventive maintenance system is fully implemented at all of the Homes.

In order to meet Homes strategic plan goals and objectives over the next few years, we must ensure that each Veterans Home is in suitable operating condition. The Minnesota Veterans Homes continue to update and improve their strategic business plan goals and objectives and have utilized the results based accountability process and tools to measure outcomes on an ongoing basis.

The strategic planning process has supported the Homes in identifying programmatic and facility needs which are reflected in our capital requests. If a Home requires renovation, expansion or new construction, we have worked to analyze the need, review options and alternatives, and request only the necessary funding.

We have also completed pre-designs on major requests in an effort to provide more detailed and accurate information and commissioned studies and audits to determine future demand for services, both qualitative and quantitative.

The current capital budget request has been reviewed and recommended by the Homes and MDVA Veterans Health Care Leadership. The priorities were reviewed using the following criteria:

1. **Quality patient care.** This includes both the services available to the residents and the environment in which residents reside to support a 24/7 operation.
2. **MVH strategic business plan.** This includes the development of strategic goals and objectives for the next few years for the State Veteran Homes.
3. **Regulatory requirements.** This includes Federal, State and CMS regulatory requirements for physical plant, life safety, and supportive systems and infrastructure.
4. **Maintenance and protection of the physical plant.** This includes correcting current deficiencies and maintaining the integrity of the physical plants and supporting systems.
5. **Adequate, viable infrastructure support.** This includes providing management with the tools necessary to ensure efficient operation of the Homes.

Major Capital Projects Authorized in 2016 and 2017

2016: No major capital projects authorized

2017: Asset preservation projects at Minnesota Veterans Homes (Hastings, Luverne, Minneapolis, and Silver Bay) - \$5,000,000

MVH-Minneapolis Truss Bridge Renovation - \$7,851,000

Asset Preservation**AT A GLANCE****2018 Request Amount:** \$13,124**Priority Ranking:** 1

Project Summary: This request is for \$13.1 million to renovate and upgrade the 64 buildings owned by this agency. Nine of these buildings have 24/7 occupancy that require ongoing repair and maintenance support. This request will address building repair items that go beyond the day-to-day maintenance needs of each facility, and will assure facilities used to care for 900+ residents are in good condition.

Project Description

The Minnesota Veterans Homes occupy 64 buildings, 1.061 million square feet, and have a replacement value of \$310.7 million dollars. This request is for \$13.1 million to renovate and upgrade these buildings. Nine of these buildings have 24/7 occupancy, which requires ongoing repair and maintenance support. This request will address building repair items that go beyond the day-to-day maintenance needs of each facility. This request will also assure facilities used to care for 900+ residents are in good condition.

This request would update a variety of resident building components. These projects serve to maintain a safe, efficient, and manageable environment for the residents at the homes. Examples of projects in this request include: porch replacement, tuckpointing, mechanical and electrical replacements and repairs, water damage repair, and repairs to high pressure boilers.

The amount identified in this asset preservation request reflects a backlog of asset preservation needs.

Project Rationale

- Provides funding for upgrades to 64 buildings statewide
- Continues to provide a safe environment to care for vulnerable adults
- Ensures continued, full use of all physical assets
- Timely repair/replacement of building components eliminates future high costs
- Projects are located at the Minnesota Veterans Homes (Minneapolis, Hastings, Luverne, Fergus Falls, Silver Bay)
- Projects do not qualify for 65 percent federal VA reimbursement
- Ensures compliance with M.S.16A.11 requiring capital investment of one percent of the replacement cost of buildings for maintenance & repair of state buildings.

Project Timeline

The agency anticipates all projects will be complete within two years of funding.

Other Considerations

Without necessary Asset Preservation funding, the agency's facilities will continue to deteriorate, increasing repair cost. In the absence of appropriate maintenance funding, failures can occur, forcing the agency to spend operational funds. This can potentially erode the quality of care for our residents, requiring the agency to request additional general fund appropriations for operations.

Impact on Agency Operating Budgets

Agency repair and betterment funds, which are operating dollars, have been used in recent years to address portions of asset preservation projects. This funding will allow future repair and betterment funds to be spent on more routine maintenance and repair projects.

Description of Previous Appropriations

The Department of Veterans Affairs received \$4 million in 2008, \$4 million in 2010, \$3 million in 2012, \$2 million in 2014, and \$5 million in FY17 for Asset Preservation.

Project Contact Person

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Governor's Recommendation

The Governor recommends \$13.124 million in general obligation bonds for this request. Also included are budget estimates of \$13.124 million for each planning period for 2020 and 2022.

Veterans Affairs

Project Detail

(\$ in thousands)

Asset Preservation

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
State Funds Requested				
General Obligation Bonds	\$ 7,000	\$ 13,124	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 7,000	\$ 13,124	\$ 0	\$ 0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 7,000	\$ 13,124	\$ 0	\$ 0
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 7,000	\$ 13,124	\$ 0	\$ 0

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2018	FY 2020	FY 2022
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 13,124	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	No
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	N/A
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	N/A
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2022?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A