



Minnesota Department of Veterans Affairs

2022 GOVERNOR'S CAPITAL INVESTMENT RECOMMENDATION

House Capital Investment Committee - February 15, 2022



Agency Profile

Mission

Serving Minnesota Veterans, their dependents and survivors by connecting them with the federal and state care and benefits they have earned.

What We Do

The Minnesota Department of Veterans Affairs runs Minnesota's five state veterans homes and assists Minnesota's 304,000 Veterans and their dependents in securing available benefits and services.

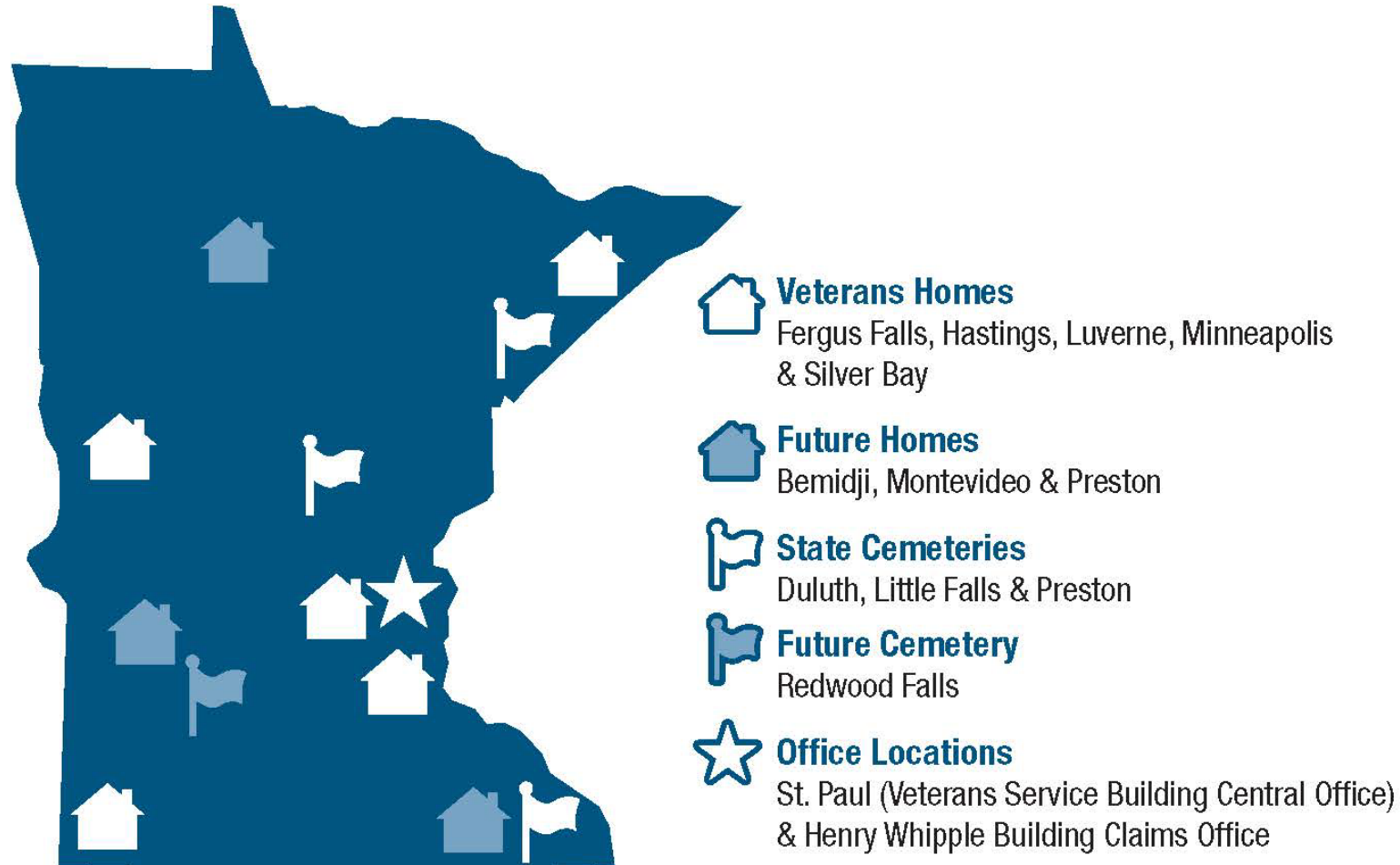


Agenda

- **MDVA Locations Statewide**
- **Review: Recent Capital Investment Appropriations (2020 & 2021)**
- **Governor's Recommended Bonding**



MDVA Locations Statewide





2020 & 2021 Capital Investment Appropriations

- \$6.3 million for Asset Preservation agency-wide
- \$100,000 for Fergus Falls Veterans Home Greenhouse
- \$4.5 million for the new State Veterans Cemetery – Redwood County



Future Entrance SVC – Redwood County





Governor's Recommended Bonding

Project Title	Priority Ranking	Funding Source	2022 Amount <i>(\$ in thousands)</i>
New Veterans Homes Construction Cost Increase	1	GO	\$10,329
MVH-Hastings Home Campus Upgrade	2	GO	\$59,656
Asset Preservation	3	GO	\$10,300
Total Project Requests			\$80,285



New Veterans Homes Construction Cost Increase Priority #1

- \$10.329 million for construction, furnishings and equipment at the new Minnesota Veterans Homes in Bemidji, Montevideo and Preston.



New Minnesota Veterans Homes – Preston, Montevideo & Bemidji

The “People’s Veterans Homes Act” of 2018 authorized establishing new Veterans homes of up to 72 beds in three locations.

MVH-Bemidji



MVH-Montevideo



MVH-Preston





New Homes Timeline

- 2018 – The Minnesota Legislature appropriated \$32,000,000 to MDVA for the construction of three (3) new State Veterans Homes at Bemidji, Montevideo and Preston.* Represented 35% of the construction costs.
- 2019 – MDVA worked with ADM and the communities to completed predesign and design for the three new homes. Initial federal grant requests were submitted to U.S. Dept. of Veterans Affairs (VA) State Veterans Home Construction Grants Program. Initial construction estimates for these designs significantly exceeded project constructions budgets, compelling a process of value engineering in order to get project construction costs back within budget.
- 2020 – Projects were not selected for federal matching construction funds
- 2021 – In March, MN received notice of selection of all three projects for federal matching construction funds. VA provides 65% of the construction costs.

**Minnesota Session Laws – 2018, chapter 214, article 1, section 19, subd. 3.*



New Homes Budget Background

Examples of value engineered items and summary of costs that may be requested by communities

Bemidji	\$2,780,317	Expanded front entry canopy, standing seam roofing system, maintenance building
Montevideo	\$4,076,568	Standing seam roofing system, community area sidewalks, original design ceilings
Preston	\$5,910,529	Preferred alternate access road, transfer garage, expanded canopy
Total for all 3 sites	\$12,767,415*	

*Total is not reflective of current cost of construction estimates. Additional architectural design and escalation costs would include inflation.



Justification

- Original construction cost estimates were predicated on securing federal funding in 2019, with a construction start in Spring 2020.
- The estimates did not anticipate the delay in federal funding, nor the current markets for construction, including both materials and labor shortages.
- The appropriations available were not sufficient to complete the construction and secure the initial FF&E (furniture, fixtures & equipment) package necessary to begin operation at these facilities.



Justification (continued)

- In August 2021, MDVA submitted a request to the VA and was granted an additional 10% in federal construction funding (\$7.9 million) to cover a portion of construction cost overruns (*requests authorized for cost escalations*).
- MDVA also provided notice to the chairs & ranking members of the legislative committees with jurisdiction of the intent to use agency operating appropriations (\$10.3 million) to finance these projects.



2022 New Veterans Homes Request

\$10.329 million to finalize construction & secure furnishings and equipment packages at the new Minnesota Veterans Homes in Preston, Bemidji and Montevideo

Funds	Preston	Bemidji	Montevideo		Subtotals
State	\$ 10,200,000	\$ 12,400,000	\$ 9,400,000		\$ 32,000,000
Federal	\$ 20,943,911	\$ 26,901,009	\$ 31,208,036		\$ 79,052,956
Community	\$ 1,146,497	\$ 2,329,045	\$ 7,581,888		\$ 11,057,431
Federal 10% add	\$ 2,094,391	\$ 2,690,100	\$ 3,120,803		\$ 7,905,295
Additional State funds needed	\$ 984,703	\$ 2,388,515	\$ 6,955,433		\$ 10,328,651
Total Funds Budgeted	\$ 35,369,502	\$ 46,708,670	\$ 58,266,161		\$ 140,344,334



MVH-Hastings Home Campus Upgrade Priority #2

- \$59.66 million to replace the State facility that houses the Minnesota Veterans Home-Hastings Domiciliary Program.





MVH-Hastings Home Campus Request

- \$59.66 million is the state's share for predesign, design, demolition and construction of replacement administrative and residential infrastructure at the Minnesota Veterans Home-Hastings campus.
- State would seek \$111 million (65%) from the Federal VA as a share of the modernization project cost.



Capital Improvement Plan: Hastings

Issues to be solved:

- Six buildings are beyond their useful life (9 total buildings on campus)
- Three buildings are near failure (Buildings 1, 2, and 25)
- Deferred maintenance third party estimate is \$18.6 million without capital improvements
- Domiciliary program spaces are in three separate buildings with public road separating 30+ Veterans
- Rooms are double occupancy with communal bathrooms down the hall
- Physical security is difficult to establish and maintain
- Hastings Campus needs updating in order to meet SB2030 requirements
- Capital Improvement Study Conclusion – “due to the numerous building deficiencies, to invest in upgrading and renovating these buildings is not a good use of funds”



MVH-Hastings Domiciliary Program

- Since 1978, the Minnesota Veterans Home-Hastings (MVH-Hastings) has provided domiciliary care for Veterans.
- Domiciliary program currently serves as home to 152 Veterans in two locations.
- Domiciliary care is mental, chemical and medical support for veterans who require less than skilled-levels of care.

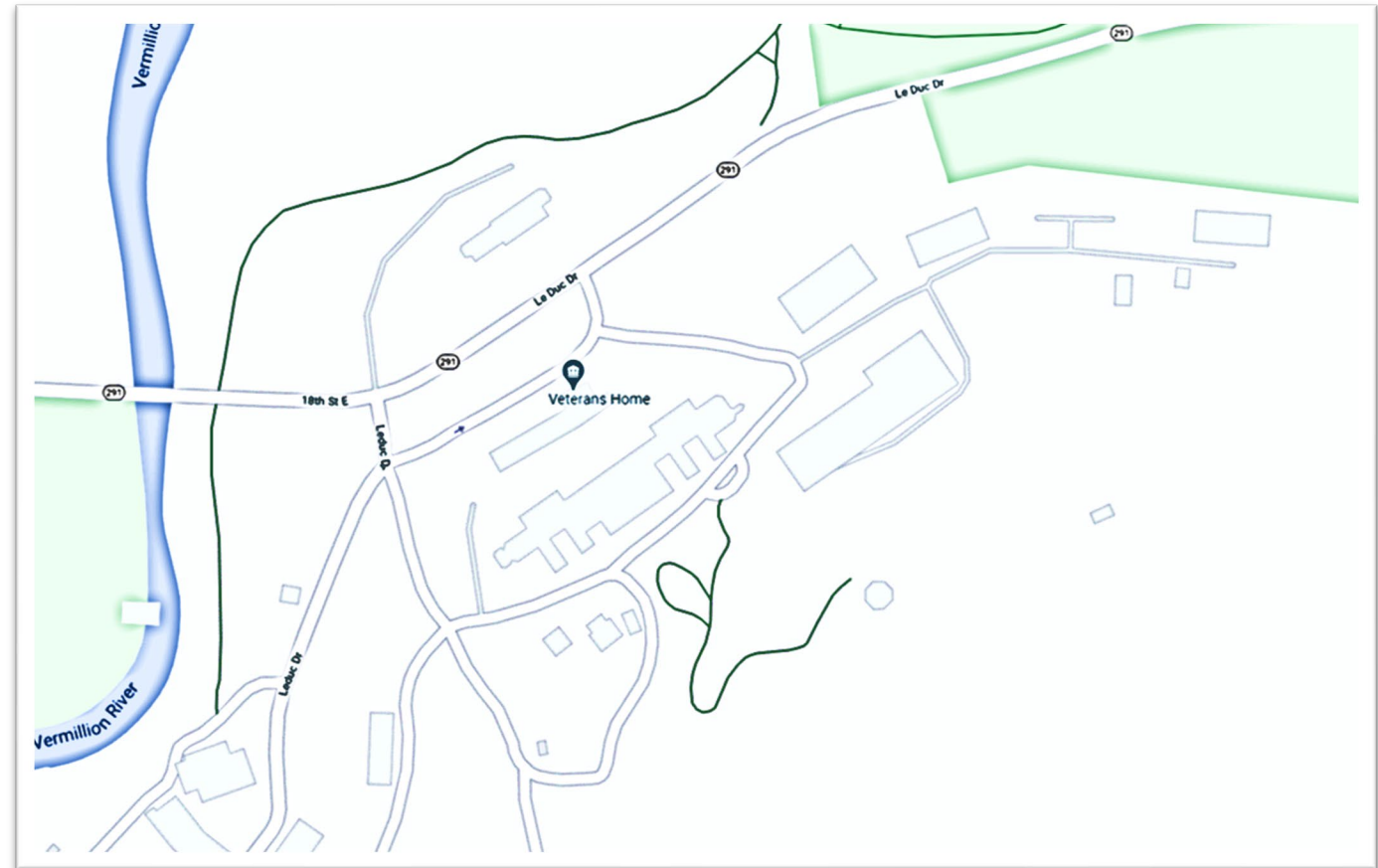
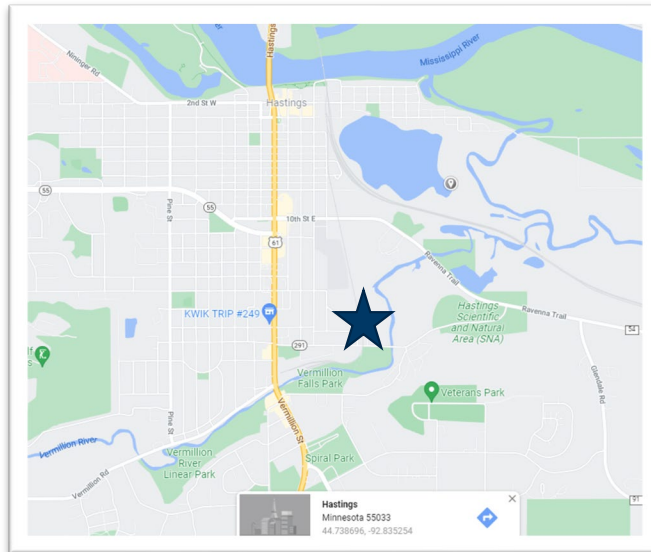


Capital Improvement Plan: Hastings

History/Facts:

- 1902 – Asylum for the Hopelessly Insane (1,100 patients) and included a farm & cemetery
- 1911, 1916, 1919, 1929, 1948 and 1952 - additions to the main dormitory (Building 23)
- 1978 – MDVA starts Domiciliary care for 200 Veterans on 128 Acre site
- 1980, 1993 and 2000 - Recent campus renovations (safety and code issues)
- 2008 – Last renovation on campus with downsizing to 150 Veterans
- 2019 – Building 1 & 2 (Leased Space to Cochran Recovery Services); a third-party assessment is that buildings are well beyond useful life and near failing
- 2020-2021 – Building 25 mold, lack of air exchanges in living spaces and HVAC failing with no replacement parts
- 2021 – Capital Improvement Study Completed

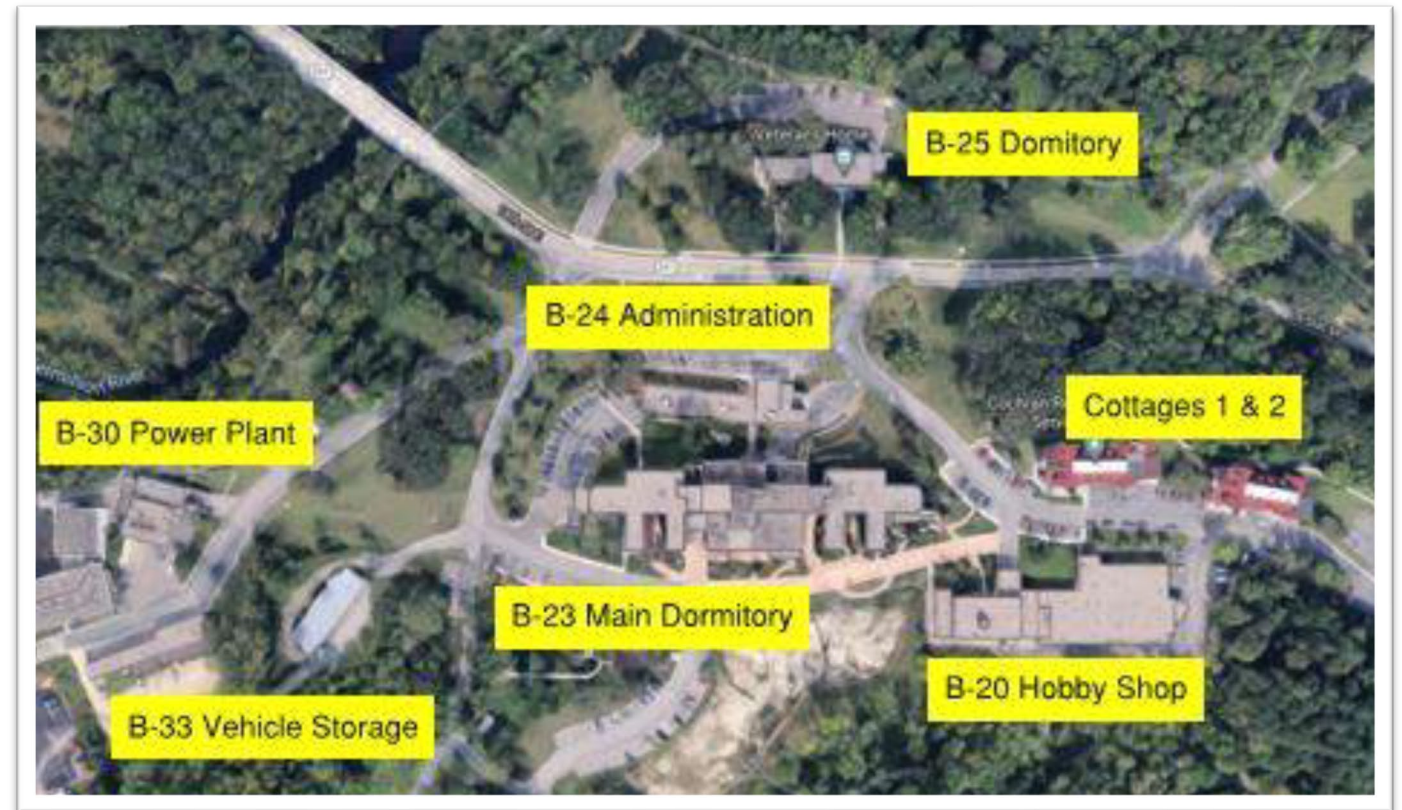
MVH-Hastings Home Campus Details





MVH-Hastings Home Campus Details

- Three buildings on campus, Bldg. 1, Bldg. 2 and Bldg. 25 are at or past the end of their useful life and are nearing failure.
- A key concern in Building 25 is substandard and failing ventilation systems requiring significant remediation to address the presence of mold and related health concerns.





MVH-Hastings Campus Assessment and Master Planning

- MDVA established a master planning team and embarked on a physical condition assessment study and development of a campus master plan.
- Goals were to determine the best approach to improving the MVH-Hastings for both Veteran residents and overall campus experience.



State of Minnesota Department of Veterans Affairs MASTER PLAN STUDY

Minnesota Veterans Home - Hastings
Hastings, Minnesota
RECS Project Number: 75HA0044

April 30, 2021

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MVH-Hastings Home Campus: Master Plan Recommendation

- The recommendation is to demolish 5 buildings, including Buildings 23 & 24, to be replaced with one building which consolidates Veterans housing, services, and support spaces.
- The project timeline is 42-months for all phases including predesign, design, site-preparation, demolition & construction.

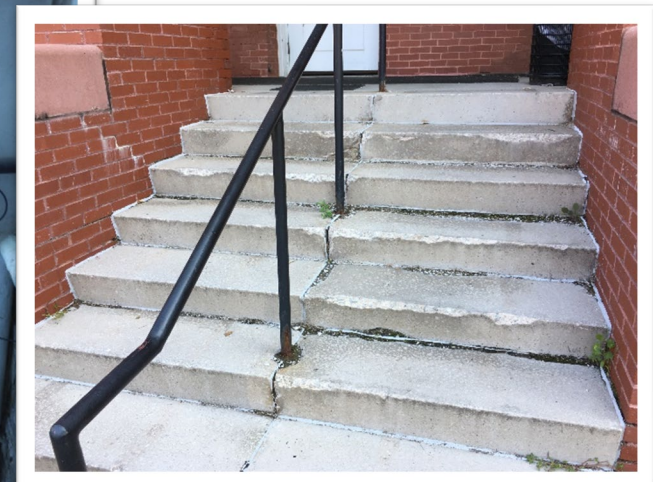
Capital Improvement Plan: Hastings





Agency-wide Asset Preservation Priority #3

- \$10.3 million for Asset Preservation improvements and betterments of a capital nature at the Minnesota Veterans homes in Minneapolis, Hastings, Fergus Falls, Silver Bay, and Luverne





Asset Preservation

- The Minnesota Veterans Homes and State Veterans Cemeteries occupy 1.2 million square feet in 64 buildings – nine of which have 24/7 occupancy – with a replacement value of \$349.7 million dollars.
- This request is to renovate and upgrade these buildings and will address building repair items that go beyond the day-to-day maintenance needs of each facility. This request will also ensure facilities used to care for 700+ residents are in good condition.



Asset Preservation

- This request would update a variety of residential building components and would serve to maintain safe and healthy environments for residents, staff and the general public, while increasing building system efficiencies.
- Examples of projects in this request include:
 - Roof replacements
 - Chiller repairs
 - Tuck-pointing
 - Elevators repairs
 - Window and door replacement
 - Mechanical and electrical system repairs and replacements
 - Water damage repair
 - Repairs to high pressure boilers.



Summary of Asset Preservation Requests

Project Title	Total 1's & 2's (FCA ratings) Requested	City	County	Region
Asset Preservation				
Luverne Veterans Home	\$1,716,378	Luverne	Rock	Southwest
Minneapolis Veterans Home	\$7,858,491	Minneapolis	Hennepin	Metro
Silver Bay Veterans Home	\$506,904	Silver Bay	Lake	Northeast
Fergus Falls Veterans Home	\$218,227	Fergus Falls	Otter Tail	Northwest
Total	\$10,300,000			



Summary of State Funds Requested

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Additional Information

Priority Ranking	Project Title	Funding in the Past	Deferred maintenance eliminated	Nonstate funds available	Impact on operating budget
1	New Veterans Homes Construction Cost Increase	Yes	N/A	Federal funds committed	Reimburse operating budget funds
2	MVH-Hastings Home Campus Upgrade	No	Yes	Federal matching available	Decrease due to efficiencies
3	Asset Preservation	Yes	Yes	Federal matching available	Decrease due to efficiencies

Questions

