

INFORMATION ITEM

Amended Agency Capital Plan

Attached for your review and information is an amended capital plan for the Department of Veterans Affairs. The following changes have been made to the agency's plan since June.

Changes to current projects:

EKVC Cooling Tower Replacement	Project moved from the 2024-26 biennium to the first biennium.
THVC Steam Boiler Replacement	Project moved from the 2022-24 biennium to the first biennium. The project scope has decreased from \$900,000 to \$300,000.
WKVC HVAC Equip. Replacement	The project scope changed from \$1,150,000 to \$1,000,000.

New projects added:

Driveway/Parking Repaving Pool Project, 2022-24 biennium, \$1,752,000
EKVC and WKVC Roof Replacement Pool Project, 2024-26 biennium, \$1,000,000
EKVC Interior Makeover and New Storage Building Project, 2024-26 biennium, \$1,000,000

Deleted Project:

THVC Person Center Care Modernization, 2024-26 biennium, \$20,500,000

CAPITAL PLANNING ADVISORY BOARD

**2020-2026
Agency Capital Plan**

Staff Analysis and Comments

AGENCY:

Department of Veterans Affairs

OVERVIEW

Pursuant to KRS Chapter 40, the Kentucky Department of Veterans Affairs (KDVA) is responsible for providing services to Kentucky's 330,000+ veterans. KDVA is responsible for counseling and assisting veterans in applying for the state and federal benefits for which they and their families may be entitled. These benefits include education, training, and retraining services; health, rehabilitation, and housing services; employment services; and financial assistance as may be provided for in federal, state, and local laws. Effective December 16, 1998, responsibility for operating the Kentucky state veterans nursing homes was transferred to KDVA. KRS 40.315, enacted during the 1998 Regular Session, directs that the KDVA establish, operate, and maintain state veterans cemeteries.

KDVA carries out its responsibilities with three primary programs and a centralized support staff:

- 1) Veterans benefits counseling/advocacy: A benefits branch management office in Louisville, Kentucky, provides oversight to 20 field offices throughout the commonwealth, along with the appeals management program that assists veterans in obtaining federal and state benefits.
- 2) State veterans nursing homes: Thomson-Hood Veterans Center, 285 beds, in Wilmore, Jessamine County, built in 1992; Paul Patton Eastern Kentucky Veterans Center, 120 beds in Hazard, Perry County, built in 2002; Eddie Ballard Western Kentucky Veterans Center, Hanson, Hopkins County, 156-bed facility built in 2002; and Radcliff Veterans Center, 120 beds in Radcliff, Hardin County, with the first veterans admitted in April 2017.
- 3) State veterans cemeteries: KDVA operates five state veteran cemeteries: Veterans Cemetery West in Hopkinsville, opened March 2004; KY Veterans Cemetery Central in Radcliff, opened June 2007; Kentucky Veterans Cemetery North in Williamstown, opened August 2008; KY Veterans Cemetery North East in Greenup County, opened October 2010; and KY Veterans Cemetery South East in Hyden, opened in May 2018.

PROPOSED PROJECTS – Funding summary by source (revised based on plan amendments)

	<u>2020-2022</u>	<u>2022-2024</u>	<u>2024-2026</u>	<u>Total</u>
General Fund	\$12,754,000	\$5,209,000	\$3,813,000	\$21,776,000
Federal Funds	<u>20,898,000</u>	<u>5,031,000</u>	<u>2,438,000</u>	<u>28,367,000</u>
Total	\$33,652,000	\$10,240,000	\$6,251,000	\$50,143,000

**2020-2026 CAPITAL PLAN
PLAN OVERVIEW
FORM SYP-P1**

Branch:
Cabinet/Function:
Agency/Institution:

Executive Branch
Cabinet of the General Government
Department of Veterans Affairs

The Kentucky Department of Veterans Affairs (KDVA) has two distinct programmatic areas, which historically has capital related needs: veterans centers and cemeteries.

KDVA has received grants from the U.S. Department of Veterans Affairs (VA) to construct cemeteries in regions of the commonwealth where veterans require greater access to veterans cemeteries. The current plan calls for cemeteries in western, central, northern, northeastern, and southeastern Kentucky. The federal grants pay 100 percent of the cemetery construction costs (site development/administration and maintenance buildings) but do not cover land acquisition. The grants also provide 100 percent of the cost of renovations/expansions; however, continued maintenance of the grounds, facilities, etc. is not covered and is an expense of the state.

KDVA owns and operates four veterans nursing homes providing skilled long-term nursing care for veterans in central, eastern, and western Kentucky. The VA allows state veterans nursing homes to apply for construction, renovation, and expansion grants. All renovations to nursing homes must now be done in the community living concept (CLC) in order to receive grants from the VA. KDVA is requesting funding to construct a 90-bed veterans nursing home in Bowling Green, Warren County, Kentucky for veterans throughout the south central region of Kentucky. The proposed facility will primarily serve 17 counties with an underserved veteran population of over 28,000 and a secondary service area of seven counties with over 14,000 veterans. Of the 24 counties served by this facility, the largest concentration of veterans can be found in Warren County at nearly 8,000. KDVA will follow the VA grant application process for the request of 65 percent of the cost of the project, the remaining 35 percent will require state funding. The current state budget (HB 200) allows for the issuance of bonds on this project.

KDVA is also requesting continuation of its maintenance pool funding. Nursing facilities operations are ongoing 24 hours a day, seven days a week, and must meet certain federal and state operational regulations in order to remain open and provide care to its residents. As buildings age, technology advances, and regulations change, more maintenance will be required in skilled nursing care settings. In addition, the cemeteries are also in need of maintenance funds as well. In FY 2018, projects such as replacement equipment purchases, generator repair and replacement, and asphalt patch and seal were the projects funded. Maintenance on four nursing homes and cemeteries is very costly.

KENTUCKY DEPARTMENT OF VETERANS AFFAIRS
Proposed Projects Involving the General Fund (cash or bonds)

(amounts in **bold** are the total budget)

2020-2022

(Projects listed by agency priority; descriptions are from the agency submission)

- 1. 2020-2022 Maintenance Pool KDVA** **\$1,000,000**
This pool will fund small maintenance projects and may include projects such as an additional staff parking lot and an equipment storage building at Kentucky Veterans Cemetery Central in Radcliff.
(C-PI)
CPAB Staff Notes

 - *Maintenance pools in the amount of \$2,500,000 are planned for 2022-24 and 2024-26 also.*
 - *The current maintenance pool authorization in House Bill 200, 2018-2020 Executive Budget, is \$800,000 investment income.*

- 2. THVC Dishwasher and Hood Vent Replacement** **\$200,000**
Thompson Hood Veterans Center needs to replace the existing kitchen dishwasher and hood vent. The current dishwasher is 20 years old and has been out of service for over 60 days in the past year. Repair costs and service contracts have exceeded \$20,000. These items must be in working order to comply with state and federal sanitary regulations. When the dishwasher is not operational, expensive paper products must be used. (EQ)
CPAB Staff Notes

 - *NEW project – has not been listed in a previous capital plan.*
 - *The dishwasher replacement is estimated to cost \$142,000, and \$58,000 for the hood vent.*

- 3. Construct Bowling Green Veterans Center** **\$30,000,000**
Construct a 90-bed (approximately 140,000-square-foot) veterans nursing home in Bowling Green utilizing the community living concept model. This model allows residents to live as close as possible as they would in their own homes. Private rooms and centralized meal preparation areas, amongst other things, are aspects of the community living concept, which is now a requirement for construction of new nursing homes within the VA grant-supported system. An 18-20-acre building site at the Kentucky Intermodal Transpark will accommodate the new facility. The proposed project will primarily serve 17 counties with an underserved veteran population of over 28,000, and a secondary service area of seven counties with over 14,000 veterans. Of the 24 counties served by the project, the largest concentration of veterans can be found in Warren County at nearly 8,000. Kentucky's current veteran population is over 330,000. Currently, there are four veterans nursing homes in Kentucky. The location of a new home in Warren County would fill a void of underserved veterans of a primary service area. This location is also recommended as the fifth site of a state veterans nursing home as was identified as part of a feasibility study conducted in 2016. (C-O)
CPAB Staff Notes

 - *During 2017 Regular Session, Senate Bill 13 was passed to authorize the Department of Veterans Affairs' federal funds and bond funds in fiscal year 2016-2017 for the construction of this project. On April 11, 2017, the Governor vetoed part of the bill (line items vetoed – Acts, ch. 194) which requires the state to pay back bonds supporting this nursing home before it spends money on debt. The project was reauthorized in the current budget, however, it has not been undertaken due to absence of the federal funds.*
 - *The facility is estimated to employ approximately 190 individuals with an expected payroll of \$5.3 million per year at peak capacity. Total annual operating budget is anticipated to be \$11 million.*
 - *The community living concept model requires a different, more expensive complement of caregivers and veterans homes in other states that use the concept report an increase in cost over traditional nursing home care. It will cost KDVA more to take care of fewer residents.*

- 4. EKVC Cooling Tower Replacement** **\$400,000**
Eastern KY Veterans Center (EKVC) is a 120-bed facility providing long-term nursing care for veterans. EKVC is 19 years old and now requires new cooling towers. The age of these cooling towers pose an increased health issue as these towers are an ideal place for legionella to flourish due to accumulated

algae, mold, or bacteria mixing with the towers' warm water. This creates a perfect environment for bacterial growth. EKVC needs newer, effective units to prevent the health issue. (EQ)

5. Driveway/Parking Repaving Pool \$1,752,000

This pool project will fund asphalt paving projects for the Thomson-Hood Veterans Center (THVC) in Wilmore and the KY Veterans Cemetery Central in Radcliff. The road system is over 13 years old and needs to be resurfaced with asphalt pavement. The road system infrastructure is crumbling, riddled with potholes, and may potentially cause safety hazards for the visitors. Neither facility's road system has been resurfaced and stripped. KY Veterans Cemetery Central also needs a new parking lot. (C-PI)

6. THVC Steam Boiler Replacement \$300,000

This project will replace existing steam boilers at the end of their maximum life and replace them with an energy-efficient gas water heating system. Replacing the existing boilers with a new system offers significant benefits such as energy savings, a more comfortable facility, tenant retention, improved heating reliability and increased property value. The boilers are 23 years old and are exhibiting failures such as overheating. In order to prevent an emergency, replacement is necessary. (EQ)

2022-2024

Maintenance Pool	\$2,500,000
THVC 2 Unit Renovation	6,740,000
WKVC HVAC Equipment Replacement	1,000,000

2024-2026

Maintenance Pool KDVA	\$2,500,000
EKVC & WKVC Roof Replacement Pool	1,000,000
EKVC Interior Makeover and New Storage Building	1,000,000
THVC Kitchen Renovation	1,751,000

KENTUCKY DEPARTMENT OF VETERANS AFFAIRS
2018-2020 Maintenance Pool Allocations
(\$800,000 Investment Income)

<u>Project</u>	<u>Estimated Cost</u>	<u>Status</u>
EKVC Floor Project	\$175,000	Underway
KVCW Columbarium Wall Expansion	9,588	Completed
KVCW Replace Windows	11,067	Completed
KVSE Building and Fence Repairs	127,500	Underway
KVSE Concrete Pad	4,850	Completed
WKVC Repair/Remove Skylight	42,000	Underway

Abbreviations:

EKVC – Eastern Kentucky Veterans Center
KVCW – Kentucky Veterans Cemetery West
KVSE – Kentucky Veterans Center South East
WKVC – Western Kentucky Veterans Center

**FINANCE AND ADMINISTRATION CABINET FOR VETERANS AFFAIRS
 QUARTERLY CAPITAL PROJECTS STATUS REPORT**

Project Title	County	Authorization	Status	Percentage Complete
Construct Bowling Green Veterans Center	Warren	SB13 - 2017 RS	Awaiting Initiation by Agency	
Construct Fourth State Veterans Nursing Home	Hardin	2008-2010	Complete/Not Closed Out	100
Construct State Veterans Cemetery - Southeast Kentucky	Leslie	2006-2008	Complete/Not Closed Out	100