

STATE OF CALIFORNIA
Capital Outlay Budget Change Proposal (COBCP) - Cover Sheet
 DF-151 (REV 02/20)

Fiscal Year 2020-21	Business Unit 8955	Department Veterans Affairs	Priority No.
Budget Request Name 8955-047-COBCP-2020-MR	Capital Outlay Program ID 7015	Capital Outlay Project ID 0000706	

Project Title
 Veterans Home of California, Yountville: Skilled Nursing Facility

Project Status and Type

Status: New Continuing Type: Major Minor

Project Category (Select one)

CRI (Critical Infrastructure)
 WSD (Workload Space Deficiencies)
 ECP (Enrollment Caseload Population)
 SM (Seismic)
 FLS (Fire Life Safety)
 FM (Facility Modernization)
 PAR (Public Access Recreation)
 RC (Resource Conservation)

Total Request (in thousands) \$ 317,093	Phase(s) to be Funded Design-Build	Total Project Cost (in thousands) \$ 324,441
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Budget Request Summary

The California Department of Veterans Affairs (CalVet) requests \$317,093,000 from the Public Buildings Construction Fund to proceed with the Design-Build phase for a new Skilled Nursing Facility at the Veterans Home of California-Yountville (VHC-Yountville). The approximately 285,000 square foot facility will house 240 skilled nursing beds and will be constructed on the VHC-Yountville campus. The USDVA has accepted CalVet's pre-application (assigned FAI #06-071) and CalVet is actively working on documents to meet award requirements for federal funds.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	CCCI 6924
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Requires Provisional Language <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Budget Package Status <input type="checkbox"/> Needed <input type="checkbox"/> Not Needed <input checked="" type="checkbox"/> Existing
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Impact on Support Budget

One-Time Costs Yes No Swing Space Needed Yes No
 Future Savings Yes No Generate Surplus Property Yes No
 Future Costs Yes No

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Department Director	Date	Agency Secretary	Date

Department of Finance Use Only

Principal Program Budget Analyst ORIGINAL SIGNED BY SALLY LUKENBILL	Date submitted to the Legislature 5/14/2020
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A. COBCP Abstract:

VHC-Yountville Skilled Nursing Facility (SNF) – \$317,093,000 Public Buildings Construction Fund authority to proceed with the design-build phase. The project includes a 285,000 square-foot facility with 240 skilled nursing beds and will be constructed adjacent to the existing Holderman building on the VHC-Yountville campus. Total project costs are estimated at \$324,441,000, including a study (\$250,000), performance criteria (\$7,098,000), and design-build (\$317,093,000). The amount for the design-build phase includes \$268,623,000 for the construction contract, \$8,059,000 for contingency, \$7,753,000 for architectural and engineering services, \$12,000,000 for agency retained items, and \$20,658,000 for other project costs. Performance criteria was funded in the 2018 Budget Act and is scheduled to be completed April 2020 and approved May 2020. The design-build phase is scheduled to begin July 2020 and be completed November 2023.

B. Purpose of the Project:

The California Department of Veterans Affairs (CalVet) requests \$317,093,000 Public Buildings Construction Fund authority to proceed with the design-build phase of a new Skilled Nursing Facility at VHC-Yountville. The facility is anticipated to be three to four stories, built with steel and reinforced concrete, and will include kitchens, dining rooms, exam rooms, elevators, nursing stations, laundry facilities, storage, fencing, parking, roadways, emergency generators, utilities, and other improvements. The approximately 285,000 square foot facility with 240 skilled nursing beds will be constructed on approximately 11 acres adjacent to the existing Holderman building on the VHC-Yountville campus. Total project costs are estimated to be \$324,441,000, including a study (\$250,000), performance criteria (\$7,098,000), and design-build (\$317,093,000).

Background:

The existing Holderman building, which currently houses the SNF program, is poorly configured and does not provide the comfort and quality of life that CalVet is required to provide its residents in accordance with USDVA standards. With the changing nature of long-term care, which emphasizes a non-institutional character in both physical plant and operations, CalVet determined that there was a need for the evaluation of the VHC-Yountville campus. CalVet completed the agency's Strategic Master Plan in January 2020 and a comprehensive Facilities Master Plan (FMP) for the VHC-Yountville in January 2013. That FMP identified ongoing facility needs, provided an outline of short, medium, and long-term needs for the VHC-Yountville campus, and recommended alternatives for the appropriate use of the existing buildings and surrounding property.

The FMP also identified deficiencies within the existing VHC-Yountville buildings and found that housing programs necessary for basic care delivery, in addition to privacy and maximized independence, are poor at all levels of care. The FMP concluded that a program of phased upgrading of all levels of care is the greatest need at VHC-Yountville. The current SNF is the level of care with the most severe deficiencies; therefore, the new replacement SNF is the highest priority in the phased upgrading of the campus. CalVet spends millions of dollars each year on maintenance and repairs at the Yountville Home, with tens of millions more in unbudgeted deferred maintenance. Holderman provides for all care operations, with an ambulatory care clinic, a pharmacy, a medical records center, and various other services. Despite the building's importance, it requires considerable repairs and modernization efforts, specifically to Holderman's SNF units. The typical room is relatively narrow and is shared by two residents, and each pair of rooms has a shared restroom, totaling four residents per restroom. These units are arranged in long corridors analogous to those found in Depression era hospitals and are not reflective of the homelike environment found in newer veterans homes. The new SNF facility will ameliorate extensive fire-life-safety risks and other building system deficiencies as well as provide a more conducive homelike environment to foster a feeling of family and help support mutually beneficial relationships between residents and staff.

Problem/Program Need:

1. The Holderman Building: The Holderman building was built in 1932 and was designed to function as a hospital. The hospital closed in 2009 and is currently being used as a long-term

care facility for which it was not originally designed or configured. The Holderman building currently houses 156 SNF beds. Nearly all of the SNF rooms in the Holderman building are double-occupancy and are smaller than the single-occupancy rooms for skilled nursing care at the newer Veterans Homes in Fresno and Redding. In addition to the double-occupancy rooms, residents also share community restrooms, increasing the likelihood of the transmission of infectious diseases such as COVID-19.

The Holderman building is a four-wing, three-story concrete structure with all rooms lining long, narrow hallways which are easily congested as clinical staff and residents in wheelchairs move from point to point. There are very limited gathering and dining spaces, and few spaces that can be adapted for social activities. For large gatherings, residents must be wheeled to the Holderman building central recreation area. Like the wards, the recreation area has a strong institutional feel. This current space does not meet the United States Department of Veterans Affairs (USDVA) standards nor is it compliant with the Code of Federal Regulations (CFR), which includes the need to create a natural, home-like environment, and maximize the residents' degree of personal autonomy and freedom.

F. Roosevelt Building: Both the physical plant and the location of the F. Roosevelt building are not suitable for the memory care program. The existing facility has long hallways, sloped and alternating ramps, and viewable exit doors, all of which are not conducive to a safe and secure environment for memory-care patients. In addition, the layout of the F. Roosevelt building requires that residents share rooms and restrooms, increasing the likelihood of behavioral problems and the spread of communicable diseases in this fragile community.

Finally, the new SNF will house the central health services offices, which are currently located in the Holderman building. The remote location of support units for memory care residents creates a number of logistical and programmatic challenges, as these residents must be regularly transported to a secondary location to receive medical, therapeutic, dental, dietetic, and podiatric services. It is anticipated that the existing Memory Care facility will be converted into a Residential Care Facility for the Elderly once the new facility is constructed.

C. Relationship to the Strategic Plan:

This project falls in line with the Strategic Goal 1 – Provide the highest quality care and services for our veterans and their families.

D. Alternatives:

Approve \$317,093,000 from the Public Buildings Construction Fund for the design-build phase of the SNF project.

1. Alternative #1: Approve the request to proceed with the design-build phase of the project.

This alternative will allow CalVet to keep the project on track and align fiscally with USDVA State Home Construction Grant Program funding. This project provides a facility that is consistent with the changing nature of long-term care, which emphasizes a non-institutional character in both physical plant and operations. In addition, it will provide for the consolidation of all SNF units into one central location, creating both operational and program efficiencies. This project will also be designed to meet current USDVA and California Department of Public Health (CDPH) standards.

The USDVA has accepted CalVet's pre-application (assigned FAI #06-071) and CalVet is simultaneously seeking Federal Funds Reimbursement from the USDVA Home Construction Grant Program. Due to project costs increasing by more than 10 percent, CalVet had to withdraw its initial 2018 application and resubmit a new application with revised project costs. If approved, the USDVA Home Construction Grant will reimburse approximately 65 percent of total allowable project costs.

a) Summary of Scope: The project scope includes a 240-bed skilled nursing facility on approximately 11 acres adjacent to the existing Holderman building on the VHC-Yountville campus. The facility is anticipated to be three to four stories, built with steel and reinforced

concrete, and will include kitchens, dining rooms, exam rooms, elevators, nursing stations, laundry facilities, storage, fencing, parking, roadways, emergency generators, utilities, and other improvements. The project will be designed to meet or exceed LEED Silver standards.

- b) **Cost:** \$317,093,000
- c) **Funding Source:** The Public Buildings Construction Fund (simultaneously seeking Federal Funds Reimbursement from the USDVA Home Construction Grant Program).
- d) **Program/Facility Management Benefits:** Space standards for the proposed SNF are similar to those implemented at the state's newest Veterans Homes, including taking an approach that provides maximum operational flexibility over the life of the facility as well as the ability to provide the highest standards of care. Specifically, designing the entire facility for memory care allows the facility to provide memory and non-memory care skilled nursing levels of care depending on the make-up and needs of the residents.
- e) **Impact on Support Budget:** The design of the new SNF will impact current operations of the VHC-Yountville skilled nursing program. The new building is being designed to meet current USDVA and CDPH standards, as well as current nursing requirements, and upon completion is projected to require additional staffing.
- f) **Pros:**
 - 1. The new SNF will provide the highest quality of care and services to California's veterans.
 - 2. Once the new SNF is built, the existing Holderman building would be available for alternative residential space, an additional administrative and support services building, or other programmatic uses.
- g) **Cons:**
 - 1. The duration to complete a project takes several years.
 - 2. A new SNF building will require additional staff and will require a General Fund increase in the VHC-Yountville support budget after the construction is complete.

2. **Alternative #2: Survey and renovation of the existing Holderman building.**

a) **Summary of Scope:**

Initial analysis indicates that efforts to correct the many deficiencies with the Holderman building (including remodeling the wards, window replacement, and a general modernization of the 1932-era hospital design) would be more costly and less effective than constructing a new long-term care facility designed from the ground up. Furthermore, changing the "bones" of the building would be very challenging given the Holderman building's designation as a National Historic Landmark within a National Historic District.

- b) **Cost:** The DGS Project Management Branch indicated that the renovation of a 1930s building up to current space and licensing standards, which includes structural reinforcement, upgrades to all infrastructure components of the building, removal of hazardous materials, upgrades related to fire and life safety deficiencies, sensitivity of the historic significance of the building, as well as temporary swing space for residents during construction, will likely exceed the cost of a new building.
- c) **Funding Source:** General Fund, the Public Buildings Construction Fund, and federal funds.
- d) **Program/Facility Management Benefits:** Renovation of the current SNF building will generally improve the care of aged and disabled veterans in a safe, comfortable, home-like environment in compliance with both California and federal laws and regulations.
- e) **Impact on Support Budget:** Unknown – While increasing the effectiveness and efficiency of the Holderman building will lower energy and maintenance costs, the actual cost over time is unknown.

f) Pros:

1. Space standards for the renovated SNF building will be the same as those being implemented at the state's newest Veterans Homes in Fresno and Redding.
2. The renovation of the existing Holderman building will lower maintenance and utilities costs.

g) Cons:

1. The health and safety of the residents will be negatively impacted by the Holderman building renovation as there are no alternative active licensed beds to transfer current SNF residents into during renovation.
2. Renovation will reduce the number of licensed SNF beds at the current facility in order to meet the same USDVA space standards as the Veterans Homes in Fresno and Redding.

3. Alternative #3: Do nothing.

a) Summary of Scope: Denying this project request would result in VHC-Yountville being in conflict with CalVet's goal to provide the highest quality of care and services for our veterans and their families.

b) Cost: None.

c) Funding Source: N/A.

d) Program/Facility Management Benefits: None.

e) Impact on Support Budget: Future deferred maintenance costs to keep the building safe and operable will continue to increase.

f) Pros:

1. No capital outlay funding required.

g) Cons:

1. To do nothing conflicts with CalVet's goals and is in conflict with the USDVA single bedroom space standards for long-term care residents.
2. If CalVet does nothing, this will be perceived by stakeholders and the community as CalVet deprioritizing the quality of care that the VHC-Yountville residents receive.
3. If this request is denied, it will result in increased critical system breakdowns, a higher frequency of equipment failures and repairs, increased operations and maintenance costs, and additional stress on the Holderman building.

E. Recommended Solution:

1. Which alternative and why?

The recommended solution is: Alternative #1, to proceed with the design-build phase of a new SNF. This alternative will allow the project to move forward in the USDVA grant application process to design and construct a new facility with the latest standards set forth by the USDVA and CFR guidelines for State Home and Nursing Home Care Facilities, which includes: a natural, home-like environment that provides residents with the maximum degree of personal autonomy and freedom.

2. Detailed scope description.

CalVet will construct a 240-bed skilled nursing facility on approximately 11 acres adjacent to the existing Holderman building on the VHC-Yountville campus. The facility is anticipated to be three to four stories, built with steel and reinforced concrete, and will include kitchens, dining rooms, exam rooms, storage, elevators, nursing stations, laundry facilities, fencing, parking, roadways,

emergency generators, utilities, and other improvements. As the project progresses, CalVet will continue working with DGS on the project design and delivery to reduce project costs and duration, and incorporate both operational and program efficiencies to the extent possible.

3. Basis for cost information.

An updated detailed cost estimate dated 1/10/2020 and completed by DGS.

4. Factors/benefits for recommended solution other than the least expensive alternative.

Alternative #1 will allow the project to move forward with the USDVA grant application process continuing with the design-build phase of the new SNF which will be built to the latest standards set forth by the USDVA and CFR guidelines for State Home and Nursing Home Care Facilities.

5. Complete description of impact on support budget.

The design of the new SNF will impact the current operation of the VHC-Yountville skilled nursing program with a projected need for additional staff. The new building is being designed to meet current USDVA and CDPH standards, as well as current nursing requirements and will have an impact on the General Fund due to increased staffing needs.

6. Identify and explain any project risks.

Potential Environmental and State Historic Preservation Office issues identified in the Environmental Impact Report for the project could possibly impact the final design of the building and/or its construction.

7. List requested interdepartmental coordination and/or special project approval (including mandatory reviews and approvals, e.g. technology proposals).

CalVet is actively seeking federal funding reimbursement through the USDVA State Home Construction Grant Program. Coordination of all SNF design efforts as well as final grant approval will be coordinated through the CalVet's grant program and reviewed/approved by DGS and the Department of Finance.

F. Consistency with Government Code Section 65041.1:

Does the recommended solution (project) promote infill development by rehabilitating existing infrastructure and how? Explain.

Yes. The new SNF project promotes infill development through the proper usage of existing land and incorporates planned growth for the entire campus. The development of the VHC-Yountville campus serves to improve the local economy and will take direct advantage of the changing nature of long-term care, emphasizing a non-institutional character in both physical plant and operations.

Does the project improve the protection of environmental and agricultural resources by protecting and preserving the state's most valuable natural resources? Explain.

Yes. The new SNF project will meet both state and federal environmental evaluation requirements. The impact of the project to existing property will be kept to a minimum.

Does the project encourage efficient development patterns by ensuring that infrastructure associated with development, other than infill, support efficient use of land and is appropriately planned for growth? Explain.

Yes. The new SNF project is a key part of the FMP completed in January 2013. The FMP identifies the ongoing facility needs of the VHC-Yountville campus, recommends alternatives for the appropriate use of existing buildings and land, and incorporates planned growth for the entire campus.