



Oregon

Kate Brown, Governor

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TO: Oregon Legislative Assembly and the Legislative Administrator

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Executive Summary of the Legislative Report: HB 4038 (2018) Report on the Progress of Establishing the Roseburg Oregon Veterans' Home

Overview

The Oregon Department of Veterans' Affairs (ODVA) is pleased to submit this Executive Summary of the Legislative Report on the progress of establishing the Roseburg Oregon Veterans Home. House Bill 4038 (2018) directed the Director of the Oregon Department of Veterans' Affairs to "study the progress of the establishment of the Roseburg Oregon Veterans' Home authorized under ORS 408.385 and shall report the findings of the study to the Legislative Assembly no later than September 1, 2018."

In addition, ODVA recommends to the Legislative Assembly that the Roseburg Oregon Veterans' Home be built on the grounds of the Roseburg campus of the Roseburg Veterans Affairs Health Care System. The United States Department of Veterans Affairs (USDVA) has agreed to transfer more than 13 acres on the campus to the State of Oregon for the purpose of siting the new veterans' home, a skilled nursing facility, which would be adjacent to the new main hospital on the campus.

History of Oregon Veterans' Homes

ODVA established two veterans' homes in Oregon that are owned by the state and were financed in large part by grants from the United States Department of Veterans Affairs (USDVA). The Oregon Veterans' Home in The Dalles, opened in 1997, is a skilled nursing facility that can accommodate up to 151 residents. The \$40 million Edward C. Allworth Veterans' Home, located in Lebanon, is the second Veterans' Home in Oregon and opened in September 2014 and has a total capacity of 154 residents. ODVA contracts with an operator to manage the day-to-day operations of both homes. The Legislature directed ODVA to establish a third veterans' home in Roseburg under ORS 408.385.

United States Department of Veterans Affairs Construction Financing for State Veterans Homes

The United States Department of Veterans Affairs (USDVA) State Home Grant Program is a partnership between the USDVA and the States to construct skilled nursing facilities and for renovations to existing homes. USDVA may participate in up to 65 percent of the cost of construction; the remaining 35 percent of construction costs are provided by state and local funds and must be in place before consideration of a grant application. Grant funds may be used only for construction costs and not for land acquisition.

Basic Grant Application. The state must meet three fundamental requirements to receive grant funds. First, it must have prepared a detailed and complex grant application. Second, it must be ranked high enough on the priority list to be eligible for funding. Third, it must provide proof that the remaining 35 percent of total construction costs are available from state or local resources.

Grant Funding Priorities. First priority is accorded to feasible applications which States have provided “sufficient State funds” so that the project may proceed upon award of the grant without further State action being required to make such funds available. The first priority is further prioritized as 1) remedies for life/safety deficiencies; 2) states that have not previously applied for a construction grant for a nursing home; 3) “great” need for beds in a state; 4) renovation other than 1); 5) “significant” need for beds in a state; and (6) “limited” need for beds in a state. Note that Oregon is in the “Limited” needs category.

“Sufficient State Funds:” The 35 Percent Match. “Sufficient State Funds” funds means the State’s 35 percent matching share. These funds must be available and an authorized State official must certify that these funds are available as well as how long the funds will remain available. These matching funds are not necessarily “state government funds.” Note that all funds for Oregon’s 35 percent matching share for the Lebanon Home, in the amount of \$14 million, was provided by Linn County and no State of Oregon state funds were used. The City of Lebanon purchased and then donated the land to the State..

Partnership with the USDVA on the Roseburg Oregon Veterans Home

Letter of Intent. On July 3, 2018, following a significant number of discussions and negotiations with the USDVA, particularly with the Roseburg VA Health Care System, ODVA wrote a Letter of Intent to Recommend that ODVA Establish an Oregon Veterans’ Home on Roseburg VA Health Care Campus. The letter stated that ODVA, with the commitment of Governor Brown, will “recommend to the Legislative Assembly, no later than September 1, 2018, that an Oregon Veterans’ Home be built on the grounds of the Roseburg campus of the Roseburg VA Health Care System.” As stated in the letter of intent, the USDVA has generously agreed to transfer approximately 13.2 acres to the State of Oregon, via a federal land grant, for the purpose of establishing the veterans’ home.

Veterans’ Home Concept. The Roseburg Oregon Veterans Home would be based on the Lebanon Home as a model. The home would be built to provide 120 to 150 beds. The current concept is to have the new main hospital for Roseburg sited and constructed adjacent to the Veterans' Home, which will be greatly beneficial to the residents of the home and to their families. The Roseburg VA will build a new main hospital adjacent to the Roseburg Veteran home and will build the parking lots that provide access to these buildings. In addition, the Roseburg VA will pay for the majority of the planned utility lines.

Potential Costs

Oregon Department of Veterans' Affairs has done a very rough estimate of the costs of a Roseburg Veterans Home based on the costs of the Lebanon Home. It is important to note that the \$40 million for the Lebanon Home was based on costs of construction in 2012 for a 154 bed skilled nursing facility. Assuming \$40 million in total costs for a skilled nursing facility in Roseburg based on the Lebanon Home model:

- \$40 million facility with construction beginning in 2018: 126 beds. (\$45M for 150 bed facility)
- Each year of delay in construction after 2016, the construction escalation costs at 6 percent per year

The Federal VA will donate the land, parking lots, and some of the infrastructure costs (utilities). Therefore, the ODVA will need to pay additional costs that are unknown at this time. As stated, the U.S. Department of Veterans Affairs will only provide 65 percent of the costs of construction and the state will need to match with 35 percent of the costs through state, local and county funding. Assuming \$40 million for the total costs:

- USDVA would provide approximately \$26 million
- The state and local partners need to provide \$14 million: \$10.5 million in approved capital construction bonds, leaving an additional \$3.5 million needed in additional funds

Full report: <https://www.oregon.gov/odva/Connect/Pages/Reports.aspx>

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