

DEPARTMENT OF MILITARY & VETERANS AFFAIRS

5-Year Capital Outlay Budget Plan

FY 2024-2028

October 28, 2022

I. Michigan National Guard

Background

The Michigan Army National Guard continues to organize, prepare, and execute its vision for the new era of opportunities available to us as one of the most unique, innovative, and dynamic State Military Departments in the Nation. Working together with our political leadership, and both public and private industry partners we are driving creative solutions to historical shortcomings in facility designs and functionalities. With the State of Michigan's generous \$55 Million investment combined with an anticipated 100% match from the Federal Government, \$110 Million will be flowing into MING readiness centers. This will prepare our facilities for current and future changes to mission, diversity, and force structure. Working with our intergovernmental and private industry partners we are capitalizing on creative complementary missions, enabling us to share and compete for increased resources in a diminishing economy.

The collaboration created between the MING, The Governor's Office, and State Congressional Leadership has facilitated the single greatest Armory Infrastructure Improvement Program in the history of the Michigan National Guard. This investment will last generations and will create greater demographic opportunities for inclusion into the MING force structure. These positive transformations are a direct result of the vision, patronage, and forethought of the current legislative leaders who provided the necessary economic assistance for future and prolonged building success.

As the National Guard, we strive to be fully manned, trained and equipped to accomplish domain convergence during any assigned State or Federal mission. Critical to our overall readiness remains the construction of new modern facilities. Our ability to improve Readiness Centers (RC) by means of Sustainment, Restoration & Modernization, and improve and construct Readiness Centers by military construction (MILCON) are integral to mission accomplishment, our ability to defend the nation, and protecting the lives and property of the State of Michigan's citizens.

Programming Changes

Because of anticipated competition for federal and state funds, the Construction and Facility Management Office (CFMO) has been proactive in contracting master plans for our two training sites, our airfield, our readiness centers, and our facility maintenance shops. With these initiatives, CFMO is developing short, mid, and long-term goals that are aligned with the DMVA Strategic Plan. This will include upgrading and right-sizing readiness centers and facility maintenance shops statewide, and where practical, purchasing buildings that meet our requirements and location needs. At Camp Grayling, we will be focusing on achieving the classification of an ARNG "National Initiative Pick" training location. This title recognizes the installation as a key ARNG readiness location, increasing the potential for MILCON projects needed to achieve key outcomes within the DMVA Strategic Plan. This will enable it to provide

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training for regional states' National Guard units, United States Army Reserve units, and the Active Component. As this occurs, we will additionally focus on developing Fort Custer's capacity for increased numbers of squad-level missions and overflow from Camp Grayling.

Facility Assessment

- a. Overview. MIARNG operates and maintains 39 readiness centers, 9 maintenance facilities, 4 aviation facilities, and training installations at Camp Grayling and Fort Custer.
- b. Facility Age. MIARNG readiness centers range in age from 67 to less than 7 years old. The functional lifespan of a readiness center is 50 years. The chart below provides a breakdown of the range of age of active readiness centers.

Over 50 years old	11
26-50 years old	17
10-25 years old	7
Less than 10 years old	4

- c. Property size. MIARNG readiness centers are situated on parcels that range in size from 2 acres to more than 58 acres. The National Guard Bureau standard for acreage for readiness centers is no less than 15 acres with 20 acres being desirable. The chart below provides a breakdown of the range of size of our active state-owned readiness center acreage:

2-14 acres	27
15-20 acres	2
More than 20 acres	10

- d. Utilization. National Guard Bureau Pamphlet 415-12, Army National Guard Facilities Allowances, prescribes the size and utilization of space in readiness centers. In all but the most recently constructed readiness centers, the number, and size of classrooms, offices, food preparation, and storage areas are significantly below the standard, resulting in grossly inadequate facilities. However, the influx of State and Federal funding (\$100M expected in FY23) will greatly enhance our ability to meet these requirements.
- e. Functionality. Due to changing political climate and the war on terror, the military unit force structure has also increased. Since many of the MIARNG's readiness centers have reached their lifespan, they need to be extensively upgraded to meet current codes, technological infrastructure, accessibility standards, and logistical mission requirements to match the increases in operations tempo. Most of the readiness centers are not large enough to provide the classroom, storage, office, administrative space, and fire protection required to meet these standards. Changes in training technologies have placed additional emphasis on simulators and other computer-aided training requiring increased electrical and data infrastructure. The building shell at these readiness centers continues to be of serious concern, leaving many of our facilities in a state that does not meet current

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requirements for training soldiers. Over 38% of the readiness centers were built prior to 1972. The windows, doors, and other internal infrastructure continue to age and degrade requiring more and more repairs to keep them in service. Additionally, many armories do not meet force protection standards. Because of these facilities' inadequacies, MING Leadership at The Adjutant General level secured funding for the re-design of over 20 substandard armories. The funding, and subsequent designs, allowed us to compete and secure construction funding for future years.

- f. Replacement Value. The current plant replacement value for our readiness centers is \$591,451,483. However, the replacement value of the existing infrastructure must take into consideration the changes in military force structure and unit composition mentioned in Para e above. Therefore, replacement readiness centers will be larger and have additional required features and capabilities. The estimated replacement cost of all active state and federally-owned readiness centers is provided in the following chart (the chart does not include the JFRC Headquarters Readiness Center).

Type of Readiness Center	Number	Cost Per Readiness Center	Total Cost
Single Unit Readiness Centers	23	\$16 million	\$368 million
Multiple Unit Readiness Centers	16	\$23 million	\$368 million
Total	39		\$736 million

- g. Utilities Systems. In most instances, utilities (electric, gas, water/sewer, and telephone) for each complex are provided by private or public utility companies. These companies are responsible for the upgrade and maintenance of systems to the point of delivery. Upgrade and maintenance of the internal utility infrastructure (heating, ventilating, and air conditioning systems, water pipes, electrical lines, etc.) are the responsibilities of the MIARNG. Because of the age of many of the readiness centers, there are continuous repair and maintenance requirements for internal utility systems to include work to meet code requirements. Unless the older readiness centers are replaced, extensive repairs are anticipated to electrical, heating, and plumbing systems. Repair and maintenance cost estimates for the next five years can be found in Para b.

In a continued effort to effect energy efficiency, we utilize numerous energy reduction measures when designing new or remodeled facilities. These measures also help in meeting the energy reduction goals that are set forth by the federal government requirements. They include such actions as installing lighting fixtures with occupancy sensors, LED lights in facilities, motion sensors in parking lots, double pane windows, high-efficiency boilers, increasing the roof and wall insulation R factors, installing demand control ventilation systems, microgrid, and low-flow flush valves on bathroom fixtures. We continue to install advanced meters in our facilities, as federal funding is received, to measure utility consumption more accurately. During FY20, we hired a Sustainability Manager and awarded another phase of our energy audit contract.

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- h. Utility Savings. Energy resiliency and independence are also a focus for our facilities. Within the next 5 years, we will focus on implementing solar systems (Solar array and battery backup) at 14 armories, with a total solar capacity of 772kW and 1.35mWh of battery backup. The cost to fully implement these solar systems will be \$3,563,213 and save \$189,145 annually at current utility rates. This represents a reduction in our overall electric costs of 6.8% per year and increases our energy resiliency at these specific sites. This effort helps move the MIARNG in the correct direction to achieve both state and federal net zero initiatives. In conjunction with solar system implementation, we continue to reduce the energy use intensity of our buildings through the addition of energy-efficient building systems including, roofs, windows, doors, lighting, and heating systems.
- i. Condition of Facility Infrastructure. The primary supporting infrastructure surrounding each readiness center is parking surfaces. These include paved and unpaved, Government Owned Vehicle (GOV) and Privately Owned Vehicle (POV) areas. At 31 of our readiness centers, the GOV and POV parking areas do not meet National Guard Bureau criteria. In inclement weather, movement of heavy vehicles on these surfaces cause substantial damage and requires subsequent repair of the parking areas as several are in general degradation status and all 31 are rated poorly. As units are modernized and become more mobile, additional parking requirements for organizational equipment is generated. The required fenced, secure parking areas with security lighting are inadequate. At older locations with minimal acreage, there is insufficient space for GOV and POV parking.
- j. Adequacy of Utilities and Infrastructure. As outlined in Paras g and h above, several readiness centers require repair and preventive maintenance, including replacement of infrastructure (utilities, roofs, boilers, windows, doors, flooring), to prevent failure of the structural component.
- k. Capacity for Future Development on Existing Land. In some instances, adequate acreage exists to replace readiness centers at the same locations. However, for many of the readiness centers exceeding their useful lifespan, there is no available space for replacement or future development. Most of these readiness centers are in the built-up areas of the communities. Looking for better long-term locations for future armories will be a focus in upcoming master planning.

Implementation Plan. It is the intent of the Adjutant General of Michigan that the Michigan Army National Guard will systematically renovate older facilities with major condition and/or configuration deficiencies with modern and energy-efficient facilities. We will strive to enhance existing facilities by bringing them into compliance with current standards and being more energy efficient. Further, within our existing armories, we have positioned our formations throughout the State to best support our Recruiting and Retention missions. However, we must divest some existing facilities and invest in new facilities to meet Michigan's changing demographics. Obsolete and excess facilities shall be disposed of in accordance with federal and state regulatory requirements and law.

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a. Facility Replacement.

1) New Construction. These projects construct National Guard facilities that support individual and collective training, administrative, automation, and communications and logistical requirements for the MIARNG. These projects will achieve TAG's goals and objectives by constructing new facilities that will consolidate units. These projects address gross deficiencies in quality and mission functionality while providing a safe environment for equipment security and accountability. These projects optimize the MIARNG's ability to recruit and retain soldiers, and to train and successfully mobilize units. Funding these projects will eliminate the continued use of inadequate facilities which degrade unit morale and impedes critical training requirements to support the homeland and unit deployments.

a) In support of the DMVA Strategic Plan dated 20210310, the potential MILCON projects are as follows:

1. Priority Number 0001, National Guard Readiness Center, Livingston County, MI. Occupy new Readiness Center NLT 1 January 2026. This facility will be built on State land with the opportunity for a dual-use campus with MDOC. Acquiring property NLT Q2 2023 and securing State match funding NLT 2024. The estimated total cost of the project is \$36,000,000 with the State's contribution equal to 25% of the total cost.
2. Priority Number 0002, National Guard Readiness Center, Wayne County, MI. Occupy new addition to existing Readiness Center NLT 1 January 2031. Purchase property NLT 2024 and secure State match funding NLT 2029. The estimated total cost of the project is \$36,000,000 with the State's contribution equal to 25% of the total cost.
3. Priority Number 0003, National Guard Readiness Center, Macomb County, MI. Occupy new Readiness Center NLT 1 July 2030. This facility will be built on State land with the opportunity for a dual-use campus with MVH (see MVH 5-year plan). Secure State match funding NLT 2027. The estimated total cost of the project is \$36,000,000 with the State's contribution equal to 25% of the total cost.
4. Priority Number 0004, National Guard Readiness Center, Kent County, MI. Occupy new Readiness Center NLT 1 July 2034. This facility will be built on State land. Purchase property NLT 2024 and secure State match funding NLT 2032. The estimated total cost of the project is \$36,000,000 with the State's contribution equal to 25% of the total cost.

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2) Facilities Sustainment and Modernization. These projects sustain and modernize our existing facilities to implement new or higher standards, accommodate new functions, or replace building components that typically last more than 50 years. The federal government/state government cost share is typically 75/25 of the total estimated cost. The projects listed below identify those on our 5-year plan to modernize:

SITE	DESCRIPTION	STATE \$	FEDERAL \$
Grand Ledge	Armory modernization >Provide current standard facility	\$750,000	\$2,250,000
Kalamazoo	Armory Requirements >Provide current standard facility	\$1,262,500	\$3,787,500
Kalamazoo	Parking Lot/ Motor Vehicle Storage / Force Protection >Provide current standard facility	\$750,000	\$2,250,000
Washtenaw	Armory Requirements >Provide current standard facility	\$1,100,000	\$3,300,000
Lansing	Entry Control Point >Provide current standard facility	\$750,000	\$2,250,000
Battle Creek	Entry Control Point >Supports unit movement	\$1,000,000	\$3,000,000
Calumet	Motor Vehicle Storage >Provide current standard facility	\$750,000	\$2,250,000
Detroit Light Guard	Armory Requirements >Provide current standard facility	\$750,000	\$2,250,000
Traverse City	Motor Vehicle Storage >Provide current standard facility	\$500,000	\$1,500,000
Howell	Motor Vehicle Storage >Provide current standard facility	\$500,000	\$1,500,000
Detroit Light Guard	Parking Lot >Provide current standard facility	\$500,000	\$1,500,000
TOTALS:		\$8,612,500	\$25,837,500

b. Facility Infrastructure Upgrade/Repair/Maintenance. Many of our readiness centers require upgrading to meet ADA, training, and functionality requirements. Other locations require an upgrade of readiness center infrastructure to reduce resultant repair/maintenance costs. The federal government provides reimbursement to the state, normally 50/50, for maintenance repairs on state-owned facilities. As existing facilities continue to age and deteriorate, repair and maintenance requirements will increase. The following repair/maintenance cycle chart provides details for each:

Type of Project	# per year	Total Cost
Boiler replacement	2	\$800,000.00
HVAC replacement	4	\$800,000.00
Roof replacement	2	\$1,000,000.00
Door repair/replacement	10	\$400,000.00
Controls Improvements	6	\$450,000.00
Masonry Repairs	4	\$400,000.00
Replace Fire Alarms	7	\$420,000.00

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Site Lighting Repair/Replacement	6	\$1,000,000.00
Install Generator	3	\$1,500,000.00
Force Protection Improvements	2	\$500,000.00
Electrical Upgrades	1	\$250,000.00
Fuel Tank Replacement	1	\$380,000.00
Loading Dock	1	\$100,000.00
Water System Repairs	1	\$125,000.00
TOTALS		\$8,125,000.00

- c. Real Property Acquisitions. National Guard Bureau approval is required for Readiness Center acquisition or new construction since they are authorized by law to be funded 75% federal and 25% state. Real estate may not be considered within the state share; therefore, the State must provide ownership of property in fee.

SITE	DESCRIPTION	STATE \$
Ingham County	Property purchase >Supports new Readiness Center	\$3,000,000
Woodland Correctional Facility	Property purchase >Supports new Readiness Center	\$0
Wayne County	Property purchase >Supports new Readiness Center	\$3,000,000
Kent County	Property purchase >Supports new Readiness Center	\$5,000,000
Genessee County	Property purchase >Supports new Readiness Center	\$4,000,000
	TOTAL	\$15,000,000

- d. Impact of addressing infrastructure repairs and upgrades over time. With an adequate long-range Capital Outlay Plan, the MIARNG can program the replacement of aging and deteriorating readiness centers, thus deferring or rescheduling infrastructure repair, maintenance, and upgrade projects. However, some of the repairs accomplished each year are of an emergency nature, where deferment would cause further damage or create a safety risk.

- 1) Addressing infrastructure repairs or upgrades includes maintaining and/or improving the facilities, which are utilized not only by National Guard members during training assemblies but for emergency use for domestic operations. Properly maintained facilities reflect positively on the image of the Michigan Army National Guard and the Michigan Department of Military and Veterans Affairs. Unsafe environments are reduced, thereby creating a better environment for our soldiers, families, and community. By completing the program repairs, it

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positively affects the ability of assigned units to conduct required training and increase their readiness.

- 2) Addressing infrastructure repairs and upgrades over time fall in line with the DMVA's personnel model and federal funding amounts, as we do not have the personnel or federal matching resources to address all infrastructure deficiencies immediately. Additionally, if the Department were to request funding and schedule all repair/upgrade requirements immediately, there would be an adverse effect on the ability of units to conduct training if many of our readiness centers were undergoing extensive repairs/upgrades.
- e. Rate of Return on Expenditures - The Capital Outlay Budget Plan will provide the following operational savings:
- 1) Unit Readiness - By completing the program repairs, it positively affects the ability of assigned units to conduct required training and increase their readiness. The new construction and property purchases will better align with our demographics to fully resource personnel.
 - 2) Utility Savings - The MIARNG has realized savings in utility costs because of its ongoing efforts to replace non-energy efficient roofs, windows, doors, Lighting, and heating systems. The scheduled replacement of these items in selected readiness centers over the next five years will further enhance the savings. In addition to energy-efficient building components, we plan to add 772kW of solar generating capabilities and 1.35MWh of battery backup to 14 of our armories over the next 5 years. This will help to control our high escalating electric costs by locking in our electric rate at 10.98 cents per kWh for the next 30 years. Michigan's current average is 18 cents/kWh.
 - 3) Readiness Center Replacement - The capital investment of replacing older readiness centers is recouped during the first 20 years of the life of the readiness centers. In many instances, the DMVA has spent many times more than the state's share of new readiness center construction in repairs/maintenance costs.
 - 4) Energy Resiliency and Independence. Will allow for continuing state and federal operations in the event of utility company-provided electrical, water, gas, and sewer are disrupted as the result of natural or manmade events.

II. Michigan Challenge Programs

Background

The Michigan Youth Challenge and Job Challenge academies educate, train, and mentor at-risk youth in a quasi-military environment at no cost to participants, giving young people the skills to become productive and responsible citizens. Applying the military model to alternative education, the programs promote competency development through academic opportunities, life skills, and vocational preparation.

Programming Changes

It is the intent of the department to design, construct and furnish a 139,000 square foot Michigan Challenge Program campus to co-locate the Youth Challenge and Job Challenge programs in one facility that supports training, administrative, and logistical requirements for the MIARNG. This facility will be built on federal land at Fort Custer. The total estimated cost is \$61 million.

Facility Assessment

Michigan Youth Challenge currently operates out of a building near Fort Custer leased from USDVA; Michigan Job Challenge currently operates out of Fort Custer facilities. Michigan Youth Challenge used to lease two buildings from USDVA, and USDVA canceled one of these leases. If the other lease were to be canceled, the program would have nowhere to operate. It is important that the program remains in the Augusta area because of lasting partnerships with Marshall Public Schools, the Kellogg Community College Regional Technical Training Center, and Zero Day.

The current Michigan Youth Challenge facility has gross deficiencies in housing, training, administrative, logistical, and storage facilities. Its size also limits the programs' anticipated future growth, especially given the added space required for social distancing due to the COVID-19 pandemic.

Implementation Plan

The proposed Michigan Challenge Program campus models the Lincoln Challenge Program campus and is designed to house up to 400 program participants and 100 staff members in a combined facility encompassing 139,000 square feet. The campus includes a housing/dining/office/academic/gymnasium and logistics building and includes the following items that are integral to the facility: Backup/Emergency Generator and Organizational Vehicle Parking (Paved). Comprehensive interior design services are requested. This facility will be designed to meet Industry Standards as well as all local, State, and Federal building codes and as per Public Law 90-480. Construction will include all utility services, information systems, fire detection and alarm systems, roads, walks, curbs, gutters, storm drainage, parking areas, and site improvements. Facilities will be designed to a minimum life of 50 years in accordance with DoD's Unified Facilities Code (UFC 1-200-02) including energy efficiencies, building envelope and integrated building systems performance as per ASA(IE&E) Sustainable Design and Development Policy updated 2017. Access for individuals with disabilities will be provided. Antiterrorism measures in accordance with the DoD Minimum Antiterrorism for building standards will be provided.

III. Michigan Veteran Homes (MVH)

Background

The Michigan Veteran Homes provide quality long-term care for veterans and their eligible family members through a federal-state partnership with the United States Department of Veterans Affairs (USDVA). High-quality care for this phase of life is central to the “member for life” concept. The MVH operates three homes located in Grand Rapids, Marquette, and Chesterfield Township (Macomb County).

The State of Michigan’s veteran homes have a distinguished tradition of meeting the ever-changing needs of Michigan veterans. Service programs are developed to be efficient, and effective, enhance the quality of life, and be accountable to the public purpose that underlies the Homes. The Homes are a symbol of America's promise to her veterans, that in return for their sacrifices and call to duty they would be cared for in time of need.

Governance.

In 2017, the Governor signed legislation creating a Michigan Veterans Facility Authority, an entity that assumed oversight responsibilities of all newly constructed MVH facilities and, beginning in 2021, the D.J. Jacobetti veteran home located in Marquette, Michigan. The Michigan Veterans’ Facility Authority was created to provide a new direction, tasked with overseeing MVH’s transition to a more modern long-term care operating model. A key aspect of this transition involved MVH’s movement away from a traditional “institutional” approach to the provision of skilled nursing services, and implementation of a modern “person-centered” model.

To this end, board members serving on the MVFA must have professional knowledge, skill, or experience in long-term care, health care licensure or finance, or medicine. Additionally, approximately half of the board members are veterans themselves. Representing the Department, the Director of the DMVA or his/her designee currently serves as a non-voting member of the board.

Leadership

Prior to 2016, Michigan’s two veteran homes located in Grand Rapids and Marquette had operated as independent entities of one another, housed within the DMVA. In 2016, to improve consistency in both strategic and operational oversight of the homes, the Department created a centralized leadership team.

Programming Changes

Market data indicates that, across the country, state veteran homes serve a substantially different population than other long-term care facilities. Veterans and family members seeking care at one of MVH’s facilities are looking for a long-term care setting that strives not only to meet any distinct medical needs they may have but also to accommodate the expectations they may have for living in a unique veteran-centric community.

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To do this, MVH embraces the principles and goals articulated under the long-term care “culture change” philosophy to transition away from an institutional care approach toward a veteran-centric “person-centered” care model. Specifically, culture change refers to the progression from institutional or traditional models of care to more individualized, member-directed practices that embrace choice and autonomy for our members and providers. Culture change is an approach anchored in values and beliefs that return the locus of control to our members and those who work closest to them. Its ultimate vision is to create a culture of aging that is inclusive, life-affirming, satisfying, humane, and meaningful.

Core culture change elements that facilitate meeting the unique needs of our members include:

- Member direction in care, daily activities, and policy development
- Home-like atmosphere
- Close relationships between members, family members, staff, and the community at large
- Staff empowerment
- Collaborative decision making
- Quality improvement processes and culture

MVH’s ultimate goal is to provide an environment where our members can continue to live and, most importantly, make their own choices and have control over their daily lives. This kind of care not only enhances the quality of life for our members and staff but also creates opportunities for MVH to continue to improve the quality of care our organization provides.

New Home Construction

VA demographic data indicates that Michigan’s total veteran population in 2020 was approximately 562,000 veterans, with 289,578 veterans (51.5%) over the age of 65. Of these veterans, over 200,000 are likely to need long-term care in the next 7 years. Although the VA anticipates that the total veteran population in all states will decrease as Vietnam-Era veterans begin to pass away, the VA’s most recent population estimates show Michigan will continue to have over 170,000 veterans over the age of 65 in 2040. While many of those veterans will receive care from family members or other care providers, MVH’s strategic vision includes not only the replacement of existing aging infrastructure in Grand Rapids and Marquette but also the expansion of the number of homes where we directly serve veterans to meet the current and anticipated needs of our veterans.

To meet the long-term care needs of veterans across Michigan, MVH developed a multi-facility bed replacement plan for the State of Michigan. The goal of this multi-phase plan is the gradual replacement of the beds previously certified in the State’s large institutional nursing facilities (758 in Grand Rapids, 206 in Marquette) in a manner that accomplishes SG3’s strategic objectives.

Phase I: COMPLETE (June 2022)

The first phase, completed in June 2022, included the construction of two new facilities in Grand Rapids (replacement of existing Grand Rapids home) and a second in southeast Michigan (new location in Chesterfield Township).

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Notably, nearly one-third of Michigan’s veteran population currently lives in the tri-county metropolitan area of Wayne, Oakland, and Macomb counties, surrounding the city of Detroit. Prior to the opening of MVH at Chesterfield Township in 2021, the more than 100,000 veterans aged 65+ living in these three counties had to travel approximately three hours (160+ miles) to reach the closest state veteran home in Michigan, located in Grand Rapids.

Although the last year of construction occurred during the emergence of the COVID-19 pandemic, both projects were completed on schedule and within budget. The phase I timeline is outlined below.

December 2016	The State of Michigan approved funding to construct two new veteran homes: one in Grand Rapids on the current site of the existing Grand Rapids Home for Veterans, and one in southeast Michigan, in or near the Detroit area, to accommodate the significant need and population of veterans in this region.
April 2017	The State of Michigan submitted an application to the USDVA construction grant program requesting FY18 funding for the construction of two new homes.
April 2018	Michigan was selected for USDVA new build grants for Grand Rapids and Southeast Michigan.
August 2018	The USDVA conditionally approved the State of Michigan for FY18 State Home Construction Grant funding for the proposed projects in Grand Rapids and Southeast Michigan, pending submission of final grant documentation no later than March 19, 2019.
April 2019	The USDVA finalized the State of Michigan for FY18 State Home Construction Grant funding for the proposed projects in Grand Rapids and Southeast Michigan
Spring 2019	Construction of new veteran homes began at both Grand Rapids and Southeast Michigan sites begin.
Spring 2021	Fall 2021: Substantial completion of construction in Spring 2021 (for MVH at Chesterfield) and Fall 2021 (MVH at Grand Rapids)
Spring 2022	Scaling up of operations for full occupancy at both facilities completed mid-FY22.

Phase II: IN PROGRESS

The second phase in this plan is the construction of two new facilities, including (1) a replacement for the DJJHV facility in Marquette and (2) a new facility in either SE Michigan (Detroit Metro) or Flint/Saginaw region.

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In FY21, MVH moved the Marquette replacement project up in priority from previous capital outlay plans. While MVH successfully pursued partial CMS certification of the existing DJJHV facility (Marquette) construction of a replacement facility in Marquette has been moved up on MVH’s prioritized list for new construction because of challenges associated with the current facility’s age.

In 2022, MVH received state match funding to pursue new construction for a Marquette-region home and submitted the required documentation to be considered for the USDVA’s State Home Construction Grant Program FY23 grant cycle.

Current Timeline for Phase II Construction Projects

August 1, 2022	MVH submitted a certification of state match to USDVA State Home Construction Grant Program (SHCGP) for consideration for FY23 federal grant funding. <i>Complete</i>
Fall 2022 - Spring 2023	Identification of site for MVH @ DJ replacement facility. <i>In Progress.</i>
Spring 2023	SHCGP Announcement of FY23 Conditional Grant Recipients
June 2023	Submission of preliminary design and budget documents to SHCGP to receive conditional grant approval (*conditioned on Michigan selection for FY23 cycle)
December 2023	Submission of final design and budget documents to SHCGP to receive final grant approval.

Construction duration for a new veteran home is typically 24 – 36 months, dependent on location, site, and timing of construction commencement. State match funding provided for any other homes (ie: Detroit Metro or Flint/Saginaw) would follow a grant cycle timeline similar to the timeline outlined above, beginning the August following the date state match is secured.

Phase III: PROPOSED

To meet the demand for services in the state, MVH has proposed the construction of three additional veteran homes in Phase III, including 1.) Detroit Metro or Flint/Saginaw (whichever was not selected as part of Phase II), 2.) I-95 Corridor; 3.) Upper Lower Peninsula.

Grand Rapids Campus: Use of Vacated Buildings. MVH completed construction of the new VA and CMS-certified facility in Grand Rapids in late 2021, with full occupancy beginning after the building’s certification in 2022. Support for this project was provided, in large part, due to the significant investments required to make the physical plant changes necessary for CMS certification of the older buildings currently being used to provide skilled nursing services on the campus (Mann, McLeish). Future use for the older buildings located on the Grand Rapids

campus has not yet been identified. *Additional information on these buildings is outlined in Section B: Michigan Veteran Homes @ Grand Rapids.*

Grand Rapids Veterans Cemetery Beautification and Columbaria Expansion. A registered veterans' cemetery occupies approximately 11 ½ acres on the north end of the grounds. This cemetery is home to more than 5,300 interred veterans and dependents, with graves dating back to 1865. Burial in the cemetery is limited to people who are residents of the Home at the time of their passing and their dependents. The cemetery is maintained and operated by current MVHGR facilities staff, with ongoing maintenance of this site funded out of the MVHGR operational budget.

As of October 2022, the cemetery has approximately 60 burial spaces remaining and fewer than 10 columbaria spaces remaining. Although due to a lack of space, MVH will cease full-body burials after the remaining spaces have been occupied, MVH intends to initiate an FY23 capital fundraising project to make needed improvements to the cemetery, including the construction of a memorial space and additional columbaria. Although specific plans are currently in development, MVH would also like to establish a trust that would provide fundraising for ongoing maintenance of the site.

A. Michigan Veteran Homes @ D.J. Jacobetti

1. Facility Assessment

- a. Overview. The State of Michigan established MVHDJJ in 1981, acquiring the former St. Mary's Hospital building for the operation of a state veteran home. The current structure, operated as a long-term care facility, comprises a 4-story building plus a penthouse, totaling 103,192. The Home is constructed of masonry and brick veneer walls with interior plaster finishes. The building, along with the adjoining parking lots, are located on one square block in downtown Marquette and utilize >95% of the available land on the site.

St. Mary's Hospital (now MVHDJJ) was originally built in 1954 with additions completed in 1964, 1967, and 1988. The facility's most recent construction project, undertaken in 1988, was the addition of a 50-bed addition wing, which included an independent heating system and a shared chilled water-cooling system (updated 2012).

Although certified to provide care to 184 skilled-nursing beds and 22 domiciliary beds, the facility engaged in a census reduction and currently provides care to a maximum of 116 skilled nursing beds and four domiciliary beds.

- b. Utilization. The Home typically maintains a skilled nursing occupancy rate of approximately 95%. This was not true during FY20 and FY21 due to the COVID-19 pandemic and admissions restrictions during active outbreaks. Because the census

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decline caused by the admission restrictions coincided with the need to decline the census in preparation for a possible move to a new location, the current skilled nursing census is capped at 116 members and the domiciliary program is being phased out.

c. Mandated Facility Standards for Program Implementation.

U.S. Department of Veterans Affairs under Nursing Home Care Standards for State Veterans Homes for all aspects of clinical care, food standards, and life/safety standards.

Michigan Department of Licensing and Regulation, Bureau of Fire Services for all applicable NFPA standards, Life Safety Code, and OSHA and MIOSHA General Industry Standards.

Life Safety Codes are enforced by the State Fire Marshall.

The Home is partially Centers for Medicare & Medicaid Services (CMS) certified and complies with all applicable requirements of CMS and the conditions of participation.

d. Functionality. The building is close to 70 years old and many of the critical infrastructure systems are 50+ years old and have reached the end of their useful lives. Existing facility issues include deferred maintenance, deferred renewal, near-term anticipated renewal, infrastructure improvements, and code non-compliance issues. Some of the major systems requiring immediate/short-term improvements are outlined in section 2.b.

e. Replacement Value. Based on State of Michigan OFM Property Accounting Ledger Report for the Fiscal Year ending 9/30/2018: The historic Cost is \$12,718,769.20 and the Book Value is \$4,802,422.22. The replacement cost of building in order to qualify for SHCGP match funding (and to be in line with current skilled nursing/LTC standards) is anticipated to be \$34M in state funding (\$100M total project budget, \$66M in federal SHCGP support, \$34M in grant match funding).

f. Utilities Systems. All resident areas of the Home are air-conditioned, although some staff and utility areas are not. The electrical system was updated in 2006 with the installation of a new emergency generator, transfer switch, and replacement of many power panels and feeders. In addition, corridor lighting was upgraded to meet NFPA Life Safety Code. An automated fire suppression sprinkler system was installed in 2006, providing coverage to the entire building. Previously, only hazardous areas and a portion of the nursing units were sprinkled.

Plumbing System: Although a portion of the plumbing system in the oldest part of the building has been replaced since the building's 1954 construction, the current condition of the plumbing system is of significant concern. Due to the system-wide deterioration of cast-iron sewer drains, frequent repairs are necessary on an ongoing basis as waste and vent piping disintegrates, causing frequent sewer leaks.

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Additionally, elevated levels of lead have been tested in the water, indicating replacement of the water piping should be undertaken before reaching unacceptable levels. Initial estimates indicate, because of the system-wide nature of the plumbing system issues, a project to replace the water and sewer piping would cost approximately \$20M+ and require either a total or partial shutdown of the facility for a minimum of a year.

Electrical System: Because of the added equipment/load to operate a modern medical facility (compared to that required 40 years ago when the building was acquired), the electrical system has reached its capacity. The system is in dire need of increased capacity by upgrading to the main switchgear, transformers, and associated panels. Initial estimates indicate a project to upgrade the electrical system would cost up to \$10M, and a partial shutdown of the facility for a minimum of six months.

Backup Power System: The existing generator is an indoor unit, noisy, and old but in working condition. It lacks the capacity to back up the entire HVAC system, emergency outlets, and fire & life safety equipment. Two 1000 KW generators are required to provide adequate power to the facility. The cost is approximately \$2M.

HVAC System: Several Air Handlers and Chillers are over 40 years old and reached the end of their useful lives requiring frequent repairs. Many parts have been discontinued requiring customized parts/repairs made and long periods of downtime. A project to Upgrade the HVAC system would cost approximately \$25M, and either a total or partial shutdown of the facility for a minimum of a year.

Heating System: The heating system was upgraded in 1998 and is in fair condition. All emergency re-tubing was completed in 2017.

g. Assessment of Infrastructure.

Roofing System: Although some of the roofing has been updated and is in adequate condition (the most recent upgrade occurred in 2015 on our Part F wing), much of the current flat rubber roofing system requires frequent repairs for various leaks. The roof leaks during heavy rain and damages ceiling tiles and the wall system. A roof replacement project is estimated to cost up to \$10M.

Parking: Available facility parking available is barely adequate at this time to accommodate both staff and volunteers, visitors, and families at the Home (when not shut down due to COVID restrictions). Although the Home used to have access to use an adjacent abandoned parking lot (non-State owned) to meet the facility's parking demands, this option is no longer as the building has been renovated for low-cost housing and parking is for residents only.

h. Adequacy of Utilities and Infrastructure. The building and many of the infrastructure systems are over 50 years old and reached the end of their useful lives. Existing

facility requirements including deferred maintenance, deferred renewal, near-term anticipated renewal, infrastructure improvements, and code non-compliance issues. Although outlined in detail in sections 6 and 7, issues of greatest concern include the plumbing system, electrical system and backup power system, HVAC system, portions of the roofing system, and parking repairs and expansion.

- i. Assessment of Existing Land. Existing land is adequate for current operations, but additional structure, land, or solutions would need to be developed to ensure sufficient parking is available for members, employees, and visitors if operations were to continue the current structure long-term.

2. Implementation Plan

As outlined in the facility assessment (sec. A. 1.), the current facility is close to 70 years old and was originally constructed as a hospital. Because of this, it now requires significant (and costly) investment in upgrading its aging major infrastructure systems. Additionally, because it was originally constructed as a hospital, it is not possible to retrofit the entire building to meet current CMS facility standards without a complete internal demolition of the facility.

- a. Replacement of Existing Building with New Construction.

Operational Benefits. Construction of a new building with a modern and up-to-date physical plant and living environment allows MVH to maximize its nursing census and ability to collect all available federal and restricted revenues, in turn minimizing the State's cost to operating MVHDJJ. Moreover, it would provide an environment that significantly improves the overall quality of life for residents, with an inviting and home-like atmosphere (rather than a hospital-like atmosphere). This improved physical environment also helps better attract and retain potentially qualified applicants to ensure the continuity of revenue for sustained operations.

Cost. Given the 65% federal grant funding available to the state through the USDVA's State Home Construction Grant Program (SHCGP) for new construction and the significant cost associated with attempting to upgrade and retrofit the existing facility, MVH requested state match funding for the construction of a replacement facility. Not only would the State's share of the new construction be the same or less than an attempted renovation, but a replacement would provide a new state-of-the-art facility, rather than a retrofitted building that is sub-optimal for the provision of skilled nursing services.

In 2022, MVH received state match funding that allowed MVH to submit a request to the USDVA SHCGP for consideration for federal funding for an MVHDJJ replacement construction project in the FY23 grant cycle. MVH submitted documentation certifying the availability of the state match in August 2022 and

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anticipates learning whether it has received federal funding for the FY23 grant cycle in the second quarter of FY23.

- b. Operation of Existing Building Through Completion of New Construction. MVH anticipates the completion of construction of the replacement building to occur in late FY26 or early FY27. During the construction period, MVH will continue to utilize the existing MVHDJJ building for operations.

Given current plans to move forward with new construction, only capital outlay expenditures required for critical life safety projects and major system failures are recommended/would be pursued. The following projects would not be pursued *except in the event of a major failure while members still live in the current facility*. Given the current new construction timeline, MVH anticipates the life of systems can be extended through the construction of replacement, though the building will require frequent “stop-gap” repairs to keep systems operational.

Major Projects in Priority Order/Estimated Costs

FY 2023 – Completion of New Building Construction (AS NEEDED)

Item	Description	Cost
Water Heater Replacement with Recirculating lines	Tie both water mains together within building to create redundancy in the event of water loss and replace end of line water heater.	\$105,000
HVAC System Upgrades Minimum Needed Immediately: Replace 1 chiller, 1 air handler	Although the HVAC items identified for minimum are of the greatest immediate concern, several additional air handlers and chillers are over 40 years old and reached the end of their useful lives requiring frequent repairs. Many parts have been discontinued requiring customized parts/repairs made and long periods of downtime. Because of this, the entire HVAC system should be upgraded for continued use of the building past the next 3 – 5 years (recommendation would be to do this all at one time, rather than replace only those are past life cycle)	Minimum: \$600,000 <i>Includes Chiller (\$500,000) and Air handler (\$100,000)</i> Full system upgrade: Unknown <i>Estimated projected cost up to \$20M</i>
Elevator Replacements	Existing elevators have been in place likely since 1981 or prior, and parts are almost obsolete. The entire system requires replacement/upgrade. <i>Note: Partial replacement of lobby elevators is underway and was funded by the federal government through the State Home Construction Grant Program to ensure access to the building’s designated COVID unit (~\$700k). The estimated cost reflects</i>	\$1,000,000

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	<i>repairs of the remaining elevators close to the end of lifecycle.</i>	
Replacement of Interior Piping System <i>But see description</i>	All interior piping is at life cycle and beginning to fail, which includes leaking pipes and the necessity to “chase leaks” on near-constant basis. Fully addressing the issue requires the complete replacement of the facility’s heat piping, drain piping, and water supply. This would require total interior demolition of the building and replacement. Given the current plans for the construction of a new facility, MVH will continue to make necessary minor section repairs to hold off total system failure (approx. \$20 – 30k each time for replacement of 10-20 ft pipe)	Spot Replacement \$20-\$30k for replacement of 10-20 ft pipe as needed. MVH to use Special Maintenance Funding for small as needed repairs lower than \$100k.
Backup Power System	Two 1000 KW generators should be added to provide adequate backup power (the current system lacks the capacity to back up all the HVAC, emergency outlets, and fire and life safety equipment. Because current plans are to pursue new construction, only necessary repairs/upgrades will be made as required.	Unknown <i>Full upgrade estimated projected to cost up to ~\$2M</i>

B. Michigan Veteran Homes @ Grand Rapids

1. Facility Assessment

- a. Overview. Michigan Veteran Homes at Grand Rapids has been providing long-term nursing care for eligible veterans and their dependents on the current campus since 1886. MVH currently provides nursing care at the newly constructed Michigan Veteran Homes @ Grand Rapids, ~130,000 sq.ft. There are several additional buildings located on the campus which, along with the newly constructed skilled nursing facility comprise a total gross square footage of all buildings and structures of approximately 460,000 sq. ft. The entire campus occupies a tract of land of approximately 89 acres.

In addition to the buildings located on the campus, a registered veteran’s cemetery occupies approximately 11½ acres on the north end of the grounds and a 7-acre wooded area and nature trail occupies the south end of the campus which is the site of a nature trail for member recreation.

Buildings located on the grounds are as follows:

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- i. **2950 Monroe** (built in 2021) - ~135,000 sq ft. The newly constructed building consists of four 32-resident “neighborhoods” attached to a central community center. The community center contains the administrative suite, central kitchen, chapel, resident bistro and community room, barber shop, physical therapy gym, and clinics.
- ii. **McLeish Building** (built in 1975) – 164,972 sq. ft. The McLeish Building, located across the campus parking, is the location of the campus pharmacy, laundry support space, and additional office space, all located on the first floor of the building. The second, third, and fourth floors comprise previously occupied nursing care units. One unit on the second floor of this building is currently utilized as the campus’s COVID unit, but the remaining units are not currently in use.
- iii. **Mann Building** (built in 1988) - 121,383 sq. ft. The Mann Building comprises three floors of nursing care units, all of which are currently vacant.

Both the McLeish and the Mann Building are all block/concrete/steel/column construction with brick exteriors and joined end-to-end on the first floor by a breezeway. Both facilities are institutional in design.
- iv. **NCO Club/Clothing Room** building, built in 1906, was wood frame construction with a stucco exterior (4,900 sq. ft.). DEMOLISHED IN FY22, *using special maintenance funding.*
- v. **Maintenance building**, built in 1979, is block construction with brick exterior (10,800 sq. ft.)
- vi. **Power Plant**, built in 1956, is block construction with brick exterior (13,941 sq. ft.)
- vii. **Grounds building**, built in 1974, is metal frame with metal sheeting exterior (2,000 sq. ft.)
- viii. **Storage building**, built in 1998, is metal frame construction with metal sheeting (2,400 sq. ft.)
- ix. **Greenhouse**, built in 1967, is an aluminum frame with glass construction (2,000 sq. ft.)

Other smaller structures located on the campus are as follows:

- x. **Old Ice House** building, built in 1885, is poured concrete construction (1,700 sq. ft.)

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- xi. **Cemetery storage building**, built in 1885, is block construction (110 sq. ft.)
- xii. **Cooling tower structure**, built in 2015, is steel and aluminum construction (110 sq. ft.)
- xiii. **Cannon shelter**, built in 1982, is wood frame construction (1,000 sq. ft.)
- xiv. **Nature trail gazebo**, built in 2000, is wood frame construction (675 sq. ft.)
- xv. **Grotto Park Healing Garden gazebo** built in 2008 is wood frame construction (576 sq. ft.)
- xvi. **Grotto Park Healing Garden pavilion**, built in 2008, is wood frame construction (952 sq. ft.)
- xvii. **Potting Shed**, built in 2013, is wood frame construction (432 sq. ft.)

The Power Plant provides heat, domestic hot water, air conditioning and emergency power for all facilities on the grounds, with exceptions as follows:

- No air conditioning in the maintenance building (offices, conference room, and break area, served by stand-alone unit).
 - No air conditioning is provided to the greenhouse.
 - No air conditioning is provided to the grounds building.
 - No air conditioning, heat, or water is provided to the storage building.
 - No air conditioning or water is provided to the large tractor garage
 - No air conditioning provided to the poppy room/storage building (air conditioning provided to poppy room with stand-alone unit)
 - No air conditioning is provided to the public toilet building.
 - No air conditioning, heat, or hot water is provided to the cemetery storage building.
- b. Utilization. In June 2022, all skilled nursing services were moved from the Mann and McLeish building to the new 128-bed skilled nursing building. Although only COVID-related direct care services are now provided in the McLeish building, pharmacy, laundry, and administrative functions continue in the McLeish Building. Utilization of the buildings is otherwise provided as outlined in Sec. B. 1. a.
- c. Mandated Facility Standards for Program Implementation.
U.S. Department of Veterans Affairs under Nursing Home Care Standards for State Veterans Homes for all aspects of clinical care, food standards, and life/safety standards.

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Michigan Department of Licensing and Regulation, Bureau of Fire Services for all applicable NFPA standards, Life Safety Code, and OSHA and MIOSHA General Industry Standards.

Life Safety Codes are enforced by the State Fire Marshall.

Centers for Medicare & Medicaid Services (CMS) Rules and Regulations

d. Functionality.

MVHGR Skilled Nursing Building (2950 Monroe). Skilled nursing services, including resident living areas and other support spaces (therapy, main kitchen, bistro, activities space, etc.) - 135k sq. ft.

McLeish Building. Four-story structure with basement - 164,972 sq. ft.

- Pharmacy –1,241 sq. ft. *Currently in Use*
- Housekeeping/linen services – 6,525 sq. ft. *Currently in Use*
- Medical supplies – 1,838 sq. ft. *Currently in Use*
- Office Space - ~4,000 sq.ft. *Currently in Use*
- Medical Residential Units- ~100,000 sq ft. *Currently Not in Use*
- Other Support Spaces Located on First Floor & Basement (Commercial Kitchen, Activities Space, Storage etc.) ~50,000 sq. ft. *Currently Not in Use*

Mann Building. Three-story structure, comprised of residential medical units - 121,383 sq. ft. *Currently Not in Use.*

Maintenance, Grounds, Storage, Greenhouse buildings, and other structures.

Multiple buildings (see Sec. B. 1. A. for detailed sq. ft.). Predominant use for buildings is related to campus/plan operations and maintenance support (~44,625 sq. ft.) *Currently in Use*

e. Replacement Value.

Construction of the new skilled nursing facility located at 2950 Monroe was financed by the State Building Authority (state share) and the USDVA State Home Construction Grant Program. The total construction cost was approximately \$65.4M.

The most recent information available for the estimated replacement value of the other buildings on the Grand Rapids campus is based on State of Michigan OFM Property Accounting Ledger Report for Fiscal Year ending 9/30/2018: Historic Cost is \$41,829,596 and the Book Value is \$8,617,083.20.

f. Assessment of Utilities Systems & Infrastructure.

- i. **New Skilled Nursing Building:** All utilities systems are new.

ii. **Mann & McLeish Buildings** (Utilities systems serving both buildings).

Hot Water System	A new domestic hot water plate and frame instantaneous hot water system with back up was installed in 2012. Condition: New/excellent condition.
Cooling System, Chillers	There are two chillers serving the Home's cooling system. One 425-ton chiller was installed in 2014 and is in good condition. This chiller replaced a chiller that became inoperable in August 2013. Prior to this chiller failing, both chillers were running 100% at peak months. The second chiller was installed in the summer of 2015. The old cooling tower was dismantled, and two smaller, more efficient cooling towers were installed in the spring/summer of 2015 to assist with the cooling of the facility. Condition: Good
Boilers	There are three boilers that serve the entire facility providing redundancy in service and ranging in age from 25 years to 8 years. The boilers are high-pressure steam boilers. They are serviced annually to manufacturer and equipment code standards. Condition: Good.
Utility Infrastructure	Much of the utility infrastructure from the power plant to the resident buildings is housed in an underground tunnel system where it is protected from the elements. Steam piping and hot water piping is all heavily insulated for efficiency. Some of the piping over the years has been repaired due to faulty welds or fittings breaking. Condition: Piping is 25 to 40 years old. Redundancies/unnecessary portions of this infrastructure will be eliminated.
Electrical System	The electrical system has had periodic upgrades and is up to the current state and federal code. Four generators serve the Home with standby emergency power. The original was installed in 1973 and is a 12-cylinder Caterpillar diesel with 565kw. It currently only supplies code-required emergency power in resident building including exit signage, site lighting, emergency lighting and boiler power. The Home underwent a project that added three generators to the system in 2015. The generators are located adjacent to the structures. 2 of those service the Mann and

	<p>McLeish buildings. The third powers the power plant cooling system for cooling in all buildings They are powered by diesel fuel supplied in self-contained tanks attached to the generator.</p> <p>Condition: Although generators have been added to electrical system serving the older buildings on the campus, much of the electrical system infrastructure is 25 to 40 years old. Conduits that take the wiring from the power plant to the buildings are all in underground areas (buried) and its current true condition is unknown</p>
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iii. **McLeish Building**

HVAC System	<p>The HVAC is a rectangular duct system, low velocity with original fan coil units located in all patient rooms. This is an inefficient system relative to more modern standards. The air handling units are a duct system and are not designed for today's standards of atmospheric comfort. Most of the heating and cooling controls in the building are pneumatic. Heating is hot water radiant, one pipe mono-flow tee system.</p>
Water & Sewage System	<p>The water system is galvanized mains and risers with copper supply to all fixtures. The galvanized nature of the water system creates a maintenance issue because they rust out and pieces are replaced as they fail with modern piping. The sewage system throughout the building is cast iron, is aged and susceptible to cracking, rusting and breaking.</p>
Electrical System	<p>The electrical system is all copper conductors run in conduit throughout the building.</p>
Fire Alarm System	<p>The fire alarm system, including the ceiling smoke detectors, pull stations, door closers and all annunciating equipment is Seimans. Duct detectors are all wired to the alarm system. In 2009, the building became fully suppressed with a new fire sprinkling system.</p>

iv. **Mann Building**

HVAC System	<p>The HVAC is divided into two parts. Each side is served by separate supply air, return air and make-up air fans. The duct work system is round, high</p>
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	velocity. The heating system in the building is a hot water radiant, two-pipe system.
Water & Sewage System	The water system is galvanized mains and risers with copper supply to all fixtures. The sewage system throughout the building is cast iron.
Electrical System	The electrical system is all copper conductors run in conduit throughout the building.
Fire Alarm System	The entire building is sprinkled with a charged wet type system. The fire alarm system, including the ceiling smoke detectors, duct smoke detectors, pull stations, door closers and all annunciating equipment is Seimans. It is tied to a central alarm system in the McLeish Building.

g. Adequacy of Existing Utilities and Infrastructure.

New Skilled Nursing Building. All utilities and infrastructure are new in 2021.

Mann & McLeish Buildings

- a) The Direct Digital Control system that controls the heating and cooling in the Mann Building is original to the 1988 structure. Due to its age, 80% of the valves have to be manually adjusted to achieve the desired temperatures. Desired temperatures are reached but attaining this is manual and time-consuming. This is a software-based system that contains parts that are no longer available on the market. The pneumatic control heating and cooling system in the McLeish Building is workable, but of old-fashioned design and very manual. The McLeish Building is a one-pipe mono-flow tee system as opposed to a two-pipe system, which would have been more efficient in heating the space. The McLeish building was constructed in 1973- 1975 during the energy crisis when there was a perceived benefit to saving money by putting in a one-pipe system.
- b) The Home is serviced by substations of the local utility company. If the Home loses its primary electrical source from the utility, within five seconds the utility transfers the Home to the secondary source and the Home is under full power. The overall condition of the underground electric, given its age, is unknown. The boiler system in is good working order. The generator system is up to date with 3 new gensets large enough to carry full 100% of the building loads and also supply cooling from the chiller systems.

h. Assessment of Existing Land. The current site is approximately 89 acres. An immediate concern involves the State Veterans Cemetery located on the site. The State Veterans Cemetery occupies 11½ acres of this site and contains around 5,300+ graves. The current projection is that it has approximately two to three years of space left for burials. To extend the active use of the cemetery, a columbarium structure/s will have

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to be erected in the near future for cremains. The roads in the cemetery are in need of replacement and are in poor condition. The landscaping in the cemetery is old and needs consistent maintenance attention and possibly irrigation.

2. Implementation Plan

- a. Skilled Nursing Services (2950 Monroe). In Summer 2021, MVH completed construction on a new skilled nursing facility on the Grand Rapids campus. The building received CMS certification and USDVA recognition in Winter 2021. The relocation of all member residents previously living on the skilled nursing and domiciliary units located in the McLeish and Mann Buildings to the new was completed in June 2022. Because the facility is newly constructed, no major capital projects are proposed for the facility at the current time.
- b. Future Use of Vacated Buildings on Grand Rapids Campus (McLeish, Mann Buildings). In 2017, the former Director of the Michigan Veterans Affairs Agency established a workgroup comprised of members from the Michigan Veterans’ Facilities Authority, the Board of Manager, staff, Veterans, and local interested individuals to make recommendations of possible future uses of the campus. This workgroup made recommendations to the previous Board of Managers and the current Michigan Veterans Facility Authority Board which included consideration of providing Adult Day Care, Behavioral Health Services, non-profit support space, low income assisted or independent living, and emergency response support.

Although there are several capital investments that would be necessary for continued operations of the vacated McLeish and Mann Buildings, the specific investments made would depend on the specific use. As mentioned above, MVH has explored various options regarding these buildings, including potential partnerships in which investments in infrastructure improvements may be made by a third non-state party. Although various options have been explored, no final decisions have been made regarding the continued use of the buildings by the State of Michigan.

Potential Capital Outlay Projects Contingent on Continued Use of Mann/McLeish Buildings* - Major Projects in Priority Order/Estimated Costs

Item	Description	Cost
Elevator Repairs	There are 7 elevators needing repairs. <i>**Two of these elevators are currently being replaced during FY20 and FY21 due to major system failures. GRHV is using Special Maintenance funding to complete projects</i> These repairs must be made to avoid an emergency situation during the years of construction while these buildings will continue to be home to our Veterans. It is likely also these buildings will remain in use	\$1,269,000

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	for many years for Veteran programming and elevator service will be required.	
Mann Building HVAC Control System Upgrade	Replace HVAC temperature control system, which is failing and currently controls temperatures in resident rooms and other clinical areas of building.	\$1,700,000
Mann Building Tuck-Point Repair		\$100,000

- c. Current Uses of McLeish, Mann Buildings & Requirement Associated with Completely Vacating Buildings. Although MVH no longer provides direct care services in the McLeish and Mann Buildings, the campus’ pharmacy, laundry, and administrative office space is still operated out of the McLeish Building. Should the State seek to fully vacate the buildings (ie: mothball buildings or sell them to a third party), a smaller facility housing a pharmacy, laundry and administrative space would need to be constructed. MVH utilized \$250,000 in special maintenance funding to demolish the former NCO club, located next to 2950 Monroe, and this space could be used for the proposed construction, should the State seek to cease all operations in the McLeish and Mann buildings.

The construction cost of a new pharmacy, laundry and administrative building is outlined below and an FY24 investment request has been submitted.

FY 2024 Capital Outlay Requests

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Item	Description	Unit Price	Quantity	Amount
Service	Pharmacy	550.00	1000.00	550,000.00
Service	Laundry Facility	500.00	1200.00	600,000.00
Service	Office Space (2nd Floor)	450.00	2000.00	900,000.00
Service	Shipping/Receiving/Loading Dock	426.70	300.00	128,010.00
Service	FF&E	1.00	130000.00	130,000.00
Service	Landscaping	1.00	72000.00	72,000.00
Service	Contingency	1.00	120000.00	120,000.00
Service	Design Fee	1.00	250000.00	250,000.00
Service	Escalation	1.00	250000.00	250,000.00
NOTES: - Two story building (4,500 SF)				
-Office Furniture included in FF&E estimate				
- Equipment for Pharmacy included in Pharmacy line				
- Equipment for Laundry facility included in laundry line				
- Escalation: Mid FY2024				
			Subtotal	3,000,010.00
			Total	3,000,010.00
			Amount Paid	0.00
			Estimate	\$3,000,010.00

d. Impact of Addressing Structural Repairs Immediately vs. Over the Next Five Years.
 N/A

e. Operational Savings. N/A

C. Michigan Veteran Homes @ Chesterfield Township

1. Facility Assessment

- a. Overview. The facility was newly constructed in 2021, and is a state-of-the-art, single-story 128-bed skilled nursing facility.
- b. Utilization. Staffing challenges during the pandemic resulted in slower than anticipated admissions. The current census is 80 residents (62%) and MVH

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anticipates the facility operating at full occupancy by FY23 Q3, barring unforeseen challenges.

- c. Mandated Facility Standards for Program Implementation. U.S. Department of Veterans Affairs under Nursing Home Care Standards for State Veterans Homes for all aspects of clinical care, food standards, and life/safety standards.

Michigan Department of Licensing and Regulation, Bureau of Fire Services for all applicable NFPA standards, Life Safety Code, and OSHA and MIOSHA General Industry Standards.

Life Safety Codes are enforced by the State Fire Marshall.

Centers for Medicare & Medicaid Services (CMS) Rules and Regulations

- d. Functionality. The facility is approximately 140,000 sq feet, consisting of a central community center surrounded by 4 “neighborhoods” consisting of 32 private beds for skilled nursing residents.
- e. Replacement Value. The facility was newly constructed in 2021 at a cost of approximately \$70M.
- f. Utilities Systems. All utilities systems are new as of 2021.
- g. Assessment of Infrastructure. All infrastructure is new as of 2021.
- h. Adequacy of Utilities and Infrastructure. All utilities and infrastructure are new as of 2021. However, dues to budgetary restrictions, the construction project did not include a maintenance building, which will be necessary for storage of maintenance equipment and supplies.
- i. Energy Audit. The building is newly constructed with energy efficient systems.
- j. Assessment of Existing Land. MVH@ Chesterfield occupies approximately 30 acres of the 90-acre parcel owed by the SOM and DMVA. DMVA is currently exploring utilization of additional available land for the construction of a new armory.

2. Implementation Plan

- a. Maintenance Building (New Construction). Because the construction of MVHCT facility was completed recently, the only significant capital outlay invested currently needed is the construction of a climate-controlled maintenance building on the campus. Construction of a maintenance building was removed from the original project specifications to ensure the project stayed within the appropriated state and

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federal budget. Because the building is not connected to the main skilled nursing facility, leadership determined it was the portion of the project that could most easily be added later when funding for its construction had been secured.

Capital Outlay Investments

FY 2024 Capital Outlay Request(s)

Item	Description	Cost
Construction of Maintenance Building & Warehouse	Construction of maintenance building/warehouse w/ ability for additional capacity added later.	\$1,200,000

Description	Basic Warehouse			Warehouse with Office			Warehouse with Administrative and workshop space		
	Size	Unit Cost	Subtotal	Size	Unit Cost	Subtotal	Size	Unit Cost	Expanded subtotal
Pre-engineered warehouse	10,000	70	\$700,000.00	10,000	70	\$700,000.00	10,000	70	\$700,000.00
Foundation/Concrete Pad	LS	LS	\$280,000.00	LS	LS	\$280,000.00	LS	LS	\$300,000.00
Basic utilities/roadway/sidewalks	LS	LS	\$150,000.00	LS	LS	\$150,000.00	LS	LS	\$250,000.00
Warehouse Heating and ventillation	LS	LS	\$100,000.00	LS	LS	\$100,000.00	LS	LS	\$100,000.00
Office area/HVAC/One restroom				1,000	75	\$70,000.00	1,400	75	\$105,000.00
Additional Roadways/Driveway/Dock				LS	LS	\$50,000.00	LS	LS	\$50,000.00
Basic Tools/Equipment				LS	LS	\$150,000.00	LS	LS	\$150,000.00
Workshopes/HVAC							5,000	75	\$375,000.00
Additional Restroom							LS	LS	\$20,000.00
Additional life safety/fire/utilities							LS	LS	\$250,000.00
Workshop Equipment							LS	LS	\$200,000.00
Subtotal			\$1,230,000.00			\$1,500,000.00			\$2,500,000.00

- b. Impact of Addressing Capital Outlay Needs Immediately vs. Over the Next Five Years. The most significant challenge associated with the lack of a maintenance building at the campus is the lack of adequate storage, including climate-controlled storage, to support operations at the campus. As a result, facility staff has taken the following steps to address their storage needs:

Repurposing of Space within the Facility for Items that Require a Climate-Controlled Storage Environment. This includes repurposing of:

- the small chapel/meditation room
- most of the medical records storage area
- additional operational support spaces located in the patient care areas
- trash room and biohazard room located near the loading dock

Items stored in these areas include anything that must be stored in a climate-controlled environment, including COVID-testing supplies, PPE (the volume of which was not anticipated during the design of the building), and critical medical equipment not currently in use (lifts, scales etc). Until recently, the facility has been able to store some of these items in parts of the building that were not yet occupied; however, that space is no longer available as the building moves towards full occupancy.

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Using a Combination of CONEX containers and Tarps for Anything that Does Not Require a Climate-Controlled Storage Environment: MVHCT has rented four CONEX containers to store additional items that do not require climate-controlled storage, although many of those items should be stored in such an environment. This includes excess tile, carpet, flooring, lights/valances etc. ordered during construction to be used for spot repairs; furniture (indoor and outdoor) that is not current in use; bins of stored patient activities equipment and supplies and decorations used during various events and holidays; PPE that does not require a climate-controlled environment.

Some items, such as maintenance equipment and donated golf carts, are stored under tarps and will be transported to Selfridge for storage during the winter months.

An additional challenge is the lack of space for the maintenance staff to complete required repairs on the site (ex: furniture, equipment). Currently, the staff completes repairs of this nature on rolling carts or in the facility's loading dock area.

- c. Operational Savings. Ongoing cost of rented CONEX containers, cost associated with any supplies/equipment lost or damaged related to improper storage. Construction of a maintenance building would significantly improve operational efficiency and functionality of operating space in the facility.