

**Veterans' Home
Budget 313
Senate Bill No. 2007**

	FTE Positions	General Fund	Other Funds	Total
2013-15 legislative appropriation	120.72	\$7,722,353 ¹	\$16,429,800	\$24,152,153
2011-13 legislative appropriation	<u>120.72</u>	<u>5,553,323</u>	<u>15,343,323</u>	<u>20,896,646</u>
2013-15 appropriation increase (decrease) to 2011-13 appropriation	0.00	\$2,169,030	\$1,086,477	\$3,255,507

¹This amount includes \$560,500 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$7,161,853.

Item Description

One-time funding - The Legislative Assembly in Section 2 of Senate Bill No. 2007 identified \$1,121,000 of one-time funding for the demolition of the old Veterans' Home, of which \$560,500 is from the general fund. In addition, the Legislative Assembly provided \$788,200 of one-time funding from the Melvin Norgard memorial fund for a shop addition to the Veterans' Home facility. In Section 6 of Senate Bill No. 2007, the Legislative Assembly provided that construction of the shop addition may not begin until the balance in the Melvin Norgard memorial fund is sufficient to provide for all of the costs of the project.

Accrued leave payments - In Section 1 of Senate Bill No. 2007, the Legislative Assembly identified \$458,196, of which \$177,368 is from the general fund, for accrued leave payments for the Veterans' Home.

Electronic health record system - The Legislative Assembly in Section 3 of Senate Bill No. 2007 allowed the Veterans' Home to continue into the 2013-15 biennium funds appropriated for an electronic health record system in 2009 and continued into the 2011-13 biennium. The Veterans' Home anticipated continuing the total amount provided of \$98,400 for the electronic health record system into the 2013-15 biennium.

Status/Result

The Veterans' Home has used \$110,000 to complete construction of a cold storage building to store items previously kept in the old facility. Remaining funding of \$1,011,000 will be used for the demolition and removal of the old facility. The Veterans' Home has hired an architect to manage the demolition and will bid the project with an anticipated completion by October 2014.

The balance in the Melvin Norgard memorial fund as of April 30, 2014, was \$255,416. Mineral royalties deposited into the fund have been less than anticipated, and it is unlikely sufficient funds will be available to begin construction of the shop addition. In addition, the Veterans' Home has retained an attorney in a dispute over the ownership of the mineral rights. The Veterans' Home does not expect the outcome of the dispute to significantly affect revenues.

The Veterans' Home has spent \$25,672 from the accrued leave payments line item related to employee turnover through April 2014. The Veterans' Home anticipates requesting a transfer of authority from the accrued leave payments line item to the salaries and wages line item.

The Veterans' Home has completed the implementation of an electronic health records system. The clinical portion of the software was implemented on February 1, 2014, and the financial portion of the software was implemented on March 1, 2014. Through April 2014, the Veterans' Home has spent \$264,727 on the system, not including staff time. The cost of the system was more than anticipated because the preferred vendor would not agree to certain state contract requirements and the Veterans' Home had to rebid the contract. The cost of the system has been paid from carryover funds allowed for the electronic health records system (\$73,875) and construction carryover (\$190,852). The Veterans' Home continues to work with the vendor on software function and anticipates completing the project by October 2014. Additional costs to complete the project are estimated to total \$20,000 and will be charged to the construction carryover.

Veterans' Home construction project funding exemption - The Legislative Assembly in Section 4 of Senate Bill No. 2007 allows the Veterans' Home to continue into the 2013-15 biennium funds appropriated for the construction of the Veterans' Home facility in 2009 and continued into the 2011-13 biennium. The Veterans' Home anticipated up to \$600,000 of the construction costs may be unpaid as of June 30, 2013.

The Veterans' Home continued \$794,281 into the 2013-15 biennium related to the construction project. Through April 2014, payments charged to construction project carryover totaled \$459,024, of which \$190,852 was for the electronic health records system and \$268,172 was related to the construction project. Construction-related payments through April 2014 were:

Security system	\$27,500
Concrete work	15,080
Grant's Mechanical retainage	7,500
Painting	5,000
Furnishings	8,092
Judgments	
Foss Architecture and Interiors	175,000
Grant's Mechanical	25,000
Nordick Electric	5,000
Total	\$268,172

The Veterans' Home has received a \$400,000 settlement from the insurance company for Foss Architecture and Interiors relating to the lawsuit involving cost-estimate errors that resulted in a loss of federal funds. In addition, the Veterans' Home is still involved in a separate lawsuit with Comstock Construction related to excess water on the construction site that led to collapsed trenches and damaged equipment. The Veterans' Home, depending on the outcome, may need Emergency Commission and Budget Section approval for additional appropriation authority to use insurance proceeds to pay any settlement reached with Comstock Construction. The Veterans' Home anticipates a settlement can be reached with Comstock Construction by the end of the biennium.

Veterans' Home special projects carryover - The Veterans' Home continued \$16,314 into the 2013-15 biennium related to street work and irrigation system repair.

Through April 2014, the Veterans' Home has spent \$2,000 of the carryover for special projects for retainage fees related to an irrigation contract. The Veterans' Home anticipates the funding available for the street work and irrigation system repair will be spent.