

CITY COUNCIL REPORT
PUBLIC

DATE: May 19, 2016

TO: Honorable Mayor, Vice Mayor and City Councilmembers

FROM: David McIntire, Community Investment Director
Gail Jackson, Business Attraction Manager

CC: Josh Copley, Barbara Goodrich, Shane Dille, Heidi Hansen,
Leadership Team

SUBJECT: Department of Veterans' Services Facility in Flagstaff

This City Council Report (CCR) is provided as requested and is intended to provide updates and further clarification on the proposed Arizona Department of Veterans' Services (AZDVS) facility in Flagstaff. The previous CCR, provided October 2nd, 2015, is attached for reference.

As a reminder, the process for the development of this facility is one in which the City provides the land and the State of Arizona then provides an allocation for one-third of the cost of construction and acts as the applicant to the Federal government for the balance of the necessary funds. AZDVS is the responsible entity for applying for the grant, managing the project, and for ongoing operations.

The final FY17 budget for the State of Arizona provides the necessary allocation for the State's portion of the construction funding. The next step of the project implementation is the application for, and award of, the remaining necessary resources from the US Department of Veterans Affairs.

There were previous questions about the specific grant program and timeline. The program is the State Veterans Home Construction Grant Program. The application deadline has already come and gone for FY16. Now that State funding match has been secured, AZDVS will need to apply for the FY17 grant cycle by April 15, 2017. This application process is to determine priority standing on the Veterans Administration (VA) project list. Updated priority rankings are released in the August/September timeframe. In early October and after VA receives the annual appropriation for the State Home Construction Grant program, projects are funded in the order of priority ranking on the list until Federal funds are spent. First priority is given to feasible applications which States have provided sufficient funds (35% of project cost) so that the project may proceed upon award of the grant without further State action being required

to make such funds available. The projects are further prioritized by categories such as:

- Life/safety deficiencies
- States that have not previously applied for a construction grant for a nursing home
- Great need for beds in a State
- Renovation other than life/safety

There were also previous questions about the medical synergies provided by the location. As mentioned, emergency and trauma services are beneficial to the location and veterans are not required to choose the VA as their provider. Since the previous correspondence, staff reached out to Flagstaff Medical Center and found there is no formal partnership established for services with the Veterans Administration however, Flagstaff Medical leadership is open to discussions for opportunities to collaborate.

In response to questions regarding potential for the project being outsourced, the AZDVS facility will be licensed through the State and must provide care in accordance with Federal, State and local laws. It is believed a full time, on-site State staff person is required if the facility is operated by a private contractor. In either case it will be annually certified by the Director of the VA Medical Center of jurisdiction.

Regarding questions of eligibility, this will be determined by AZDVS in compliance with Federal guidelines. There is no additional information to provide related to homeless individuals or those dishonorably discharged.

This report is for information only.

CITY COUNCIL REPORT
PUBLIC

DATE: October 12, 2015

TO: Honorable Mayor, Vice Mayor and City Councilmembers

FROM: David McIntire, Assistant to the City Manager for Real Estate
Gail Jackson, Business Attraction Manager

CC: Josh Copley, Jerene Watson, Barbara Goodrich, Leadership Team

SUBJECT: Department of Veterans' Services Facility in Flagstaff

On May 19, 2015 City Council approved Resolution 2015-16 providing City staff with direction to perform negotiations and tasks associated with donating land on McMillan Mesa for use by the Arizona Department of Veterans' Services (AZDVS) as a skilled nursing facility serving veterans from the region. The actual donation will need to be authorized by ordinance so additional Council action will be required and additional information has been requested.

DISCUSSION

Site Selection

There are currently no AZDVS skilled nursing facilities north of Phoenix. There are an estimated 18,000 veterans in northern Arizona, a region without a facility like the one proposed for McMillan Mesa. Flagstaff is a prime location for a skilled nursing facility for veterans due to its characteristics as a hub for the region, its accessibility to the reservations and other underserved areas of Arizona, its medical services, transit opportunities, and other amenities. Other communities have been considered as well; however, at this time AZDVS believes this location would be advantageous.

Specifically, there were four City-owned parcels that were proposed to the AZDVS for consideration and three were visited by the State. Koch Field was rejected as it was too far from medical and other services. The public works yard at Mogollon was rejected as it did not fit the funding model for AZDVS since the property was intended for sale to fund the new public works facility. The parcels at the airport were also considered too far from services. McMillan Mesa is centrally located and is connected to both the community and to transit opportunities as well as close to medical facilities. The proximity to emergency medical and trauma services has been discussed as beneficial to any skilled nursing facility as it allows for immediate emergency or trauma care when necessary. There is a potential for additional medical services to be available, although that is subject to US Department of Veterans Affairs regulations. Remodeling existing facilities was not discussed in detail as the City did not

appear to have structures available that would offer the characteristics required by AZDVS.

The altitude and the helicopter noise on the Mesa have been mentioned as potential adverse characteristics. AZDVS has stated that the helicopters will not have a detrimental impact and, while altitude has been shown to have impacts on people, Flagstaff already hosts facilities for seniors, and the veterans anticipated to be served will likely be from the region and be acclimated.

Eligibility

Eligibility for the services at the proposed facility is based on AZDVS standards and is different from the US Department of Veterans Affairs. According to the AZDVS website all veterans, their dependents, and survivors are potentially eligible for services. As mentioned previously, there are an estimated 18,000 veterans in the region; however it is unknown how many potentially eligible people the facility could serve since that does not count dependents and survivors. City staff has not seen a data source to break out veterans, dependents, and survivors or the other eligible groups by specific community. However, according to the U.S. Census QuickFacts there are approximately 8,084 veterans in Coconino County of which 2,967 veterans are in Flagstaff, 510 veterans are in Page, and 293 are in Tuba City. Additionally there are 651 veterans in Winslow, and 3,432 in Kingman. According to AZDVS Deputy Director there is a need for 1,500 beds in the state's skilled nursing facilities by 2020.

The Donation

Staff has not had the specific grant confirmed by AZDVS to fund the facility although there are grant programs resembling it online. It was stated by a representative of AZDVS, that the State would not accept a deed to the land obligating compliance with standards beyond what is already legally required other than a two story height restriction and the dark skies light restrictions. They have stated they will take public input regarding the design. In terms of potential timelines for the project, the provision of the land is the first step and has occurred to a level they consider acceptable. The next step is to receive a State Budget allocation for the project for their portion of the funding. Once those pieces are in place it is unknown how long it will be before federal funding would become available. The land will be deeded in a way that requires it to revert back to City of Flagstaff ownership after a prescribed period of time if the construction has not commenced.

Staff understands that the deed and the grant will be provided for the purposes of an AZDVS Veterans' Facility and that any other use will potentially trigger reversion of the grant assets and could be used as a reason to recapture the land. That being said, should the State choose to sell the facility and lease it back it may have that ability as long as it is providing the promised services to the veterans.

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