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Executive Director

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March 3, 2016

The Honorable Robert McDonald  
Secretary  
U.S. Department of Veterans Affairs  
810 Vermont Avenue NW  
Washington, DC 20420

RE: Request for Assistance and/or Reform – Community Living Center Design Guide for Grant  
Number FAI 12-023

Dear Secretary McDonald:

As we discussed last week during your meeting with the members of the National Association of State Directors of Veterans Affairs (NASDVA), the State of Florida requests relief from an incorrect interpretation of the U.S. Department of Veterans Affairs (USDVA) Community Living Centers (CLC) Design Guide. The Florida Department of Veterans' Affairs (FDVA) has historically sought opportunities to provide sufficient State Veterans' Nursing Home capacity to meet its 4,049 nursing home bed requirement in accordance with 38 CFR, Section 59. To help meet this need, Florida Governor Rick Scott petitioned the USDVA in 2011 for construction grants to build four **conventional** State Veterans' Nursing Homes.

At the time of our grant submission in 2011, FDVA understood it would build conventional State Veterans' Nursing Homes, not CLCs. More than one year after our grant submissions, the USDVA released the CLC Design Guide, which is a distinct and financially significant departure from the structures the State of Florida understood it would build upon approval of its grant applications. It is important to note that there was no formal notification provided from the USDVA Central Office to indicate that from a particular date forward, any states building State Veterans' Nursing Homes or applying for new grants would have to build them to CLC Design Guide standards versus conventional Nursing Home standards. Moreover, the USDVA did not provide any analysis of the projected cost escalation associated with the proposed standards. Finally, the CLC Design Guide specifically states the following on page xv "This volume is meant to be a guide, not a code or regulation."

The FDVA, on behalf of the State of Florida, has attempted to meet the CLC Guideline requirements. However, our analysis has revealed that the CLC Design Guide standards pose significant human resource, financial and fiscal challenges for states that have previously submitted grants for nursing homes. These challenges include but are not limited to: increased human resource staffing challenges, increased operational costs, and increased construction costs and time. I will briefly illustrate these key cost drivers below:

1. The first impact is human resources staffing. To effectively operate facilities in accordance with MEDICAID/MEDICARE and the Florida Agency for Health Care Administration's nursing staff to resident/patient ratio requirements, a ratio of one CNA/nurse per eight residents is optimal. The CLC Design Guide standards mandate one CNA per seven or less, but preferably six residents. It is important to note that for a 112-bed CLC, over 25% more staffing requirements per shift (18.67 CNAs versus 14 CNAs) are required to operate a six-person per neighborhood facility versus an eight-person neighborhood facility. Most important, as the veterans' health acuity increases, the staffing requirements appreciate accordingly in order to provide safe care to our veteran residents.

2. The second impact is operational cost. As you stretch the footprint of a facility, mechanical equipment requirements increase to operate the overall facility. For example, air handling units must be provided on a one per neighborhood basis. The more neighborhoods you have, the more mechanical equipment is required. In addition, long-term operational costs for energy consumption expand as well.

3. The third impact is construction cost. Since the State of Florida applied for the Nursing Home Construction Grants in 2011, the cost of facility construction has appreciated by 50%. The cost of equipment and furnishings has also appreciated at the same rate. For example, the current construction cost at the time of the grant FAI 12-020 submission was approximately \$220.00 per square foot or \$39.7M; however, the current construction cost for clinical facilities ranges from \$320.00 to \$350.00 per square foot (location dependent). This makes the cost of construction for a 140,000 square foot facility approximately \$60M including soft costs, energy and environmental design requirements, and hurricane impact mitigation requirements. A construction cost data sheet is attached to this document for your review. In addition, Florida's new government building construction regulations require facilities to be LEED certified at the Silver Level. Consideration must also be given to the fact that hurricane mitigation requirements have increased, appreciating the cost accordingly.

In summary, the strict interpretation of the CLC Design Guide as a mandate has resulted in prohibitive cost increases. FDVA, at grant submission, understood it would build four conventional nursing homes, not CLCs. We have attempted to work with your staff to achieve a viable resolution to the challenges that have arisen but, without a strategy to achieve a compromise and assurances of an equivalent 65% match on the part of the USDVA, the Florida Legislature will not increase funding to this or any other construction project. If we cannot reach a mitigating agreement, FDVA will be forced to cancel its grant request (FAI 12-023 – Port St. Lucie) and resubmit, resulting in your office removing this project from the Fiscal Year 2016 VA State Home Construction Grants Priority List. Subsequently, FDVA will have to submit a new grant proposal with a matching funding verification letter.

We regret this approach, but we believe that an alternative solution is within reach. We do look forward to your feedback on any assistance to the State of Florida this year based on current and projected construction costs. Should you have any additional questions, please contact me directly or my FDVA Homes Program Director, Ms. Connie Tolley, at (727) 518-3202, Ext. 5585.

Sincerely,



Mike Prendergast  
Colonel, U.S. Army (Ret)  
Executive Director

**(Attachment 1)**

**RSMeans' dollar-per-square-foot construction costs for medical facilities and a high-rise residence**  
03/26/2013 by Alex Carrick

- [inShare](#) Accompanying this report are tables based on [RSMeans'](#) measures of dollar-per-square-foot construction costs.

This month, the 25 major-city results are for three types of health care facilities – a two-to-three-story hospital, a four-to-eight-story hospital and a nursing home – plus a high-rise apartment building, eight to 24 stories tall.

**Comparisons with other types of structure**

According to RSMeans, the cheapest types of structure to build, after extremely low-cost parking garages, are factories and warehouses.

A convenience store also belongs in this low-expense grouping.

Department stores and movie theatres are a little pricier.

In the mid-range for construction costs are nursing homes, office buildings, hotels and high-rise apartment buildings.

In the latter three categories, heights above ten stories tend to lower the dollar-per-square-footage cost.

Also in the mid-range for construction costs are elementary and secondary schools, along with institutions of higher learning.

By far the most expensive types of structure to build are hospitals, jails/prisons, courthouses and police stations.

Some of the foregoing institutional building categories exceed \$350 per square foot in the largest urban centers.

In New York, for example, the cost of a low-rise hospital exceeds \$400 per square foot.

**U.S. dollars per square foot construction costs –  
By type of structure – fall 2012**

MAJOR CITIES (alphabetically)		hospital (2 to 3 stories)			hospital (4 to 8 stories)		
		2012	2011	% CHANGE	2012	2011	% CHANGE
1	ATLANTA	\$295.14	\$285.34	3.4%	\$257.76	\$248.34	3.8%
2	BALTIMORE	312.65	302.33	3.4%	273.06	263.12	3.8%
3	BOSTON	396.27	379.09	4.5%	346.09	329.93	4.9%
4	CHICAGO	390.98	376.26	3.9%	341.47	327.46	4.3%
5	CLEVELAND	330.83	318.69	3.8%	288.94	277.36	4.2%
6	DALLAS	285.55	274.96	3.9%	249.39	239.30	4.2%
7	DENVER	314.97	303.59	3.7%	275.08	264.22	4.1%
8	DETROIT	346.03	331.90	4.3%	302.22	288.86	4.6%
9	HOUSTON	290.18	279.05	4.0%	253.43	242.86	4.4%
10	KANSAS CITY	347.03	334.11	3.9%	303.08	290.78	4.2%
11	LOS ANGELES	357.93	345.75	3.5%	312.61	300.91	3.9%
12	<b>MIAMI</b>	<b>300.09</b>	<b>289.75</b>	<b>3.6%</b>	<b>262.09</b>	<b>252.17</b>	<b>3.9%</b>

13	MINNEAPOLIS	371.15	360.85	2.9%	324.15	314.05	3.2%
14	NEW ORLEANS	296.79	282.20	5.2%	259.21	245.60	5.5%
15	NEW YORK CITY	442.87	425.02	4.2%	386.79	369.90	4.6%
16	PHILADELPHIA	383.38	369.03	3.9%	334.83	321.17	4.3%
17	PHOENIX	297.45	283.77	4.8%	259.79	246.97	5.2%
18	PITTSBURGH	340.08	325.30	4.5%	297.02	283.11	4.9%
19	PORTLAND	331.49	322.78	2.7%	289.52	280.92	3.1%
20	ST. LOUIS	342.07	331.27	3.3%	298.75	288.31	3.6%
21	SAN DIEGO	343.72	332.22	3.5%	300.20	289.13	3.8%
22	SAN FRANCISCO	410.48	395.14	3.9%	358.50	343.89	4.2%
23	SEATTLE	349.01	337.25	3.5%	304.81	293.51	3.9%
24	WASHINGTON, DC	327.53	316.49	3.5%	286.05	275.44	3.9%
25	WINSTON-SALEM	261.10	245.70	6.3%	228.03	213.84	6.6%

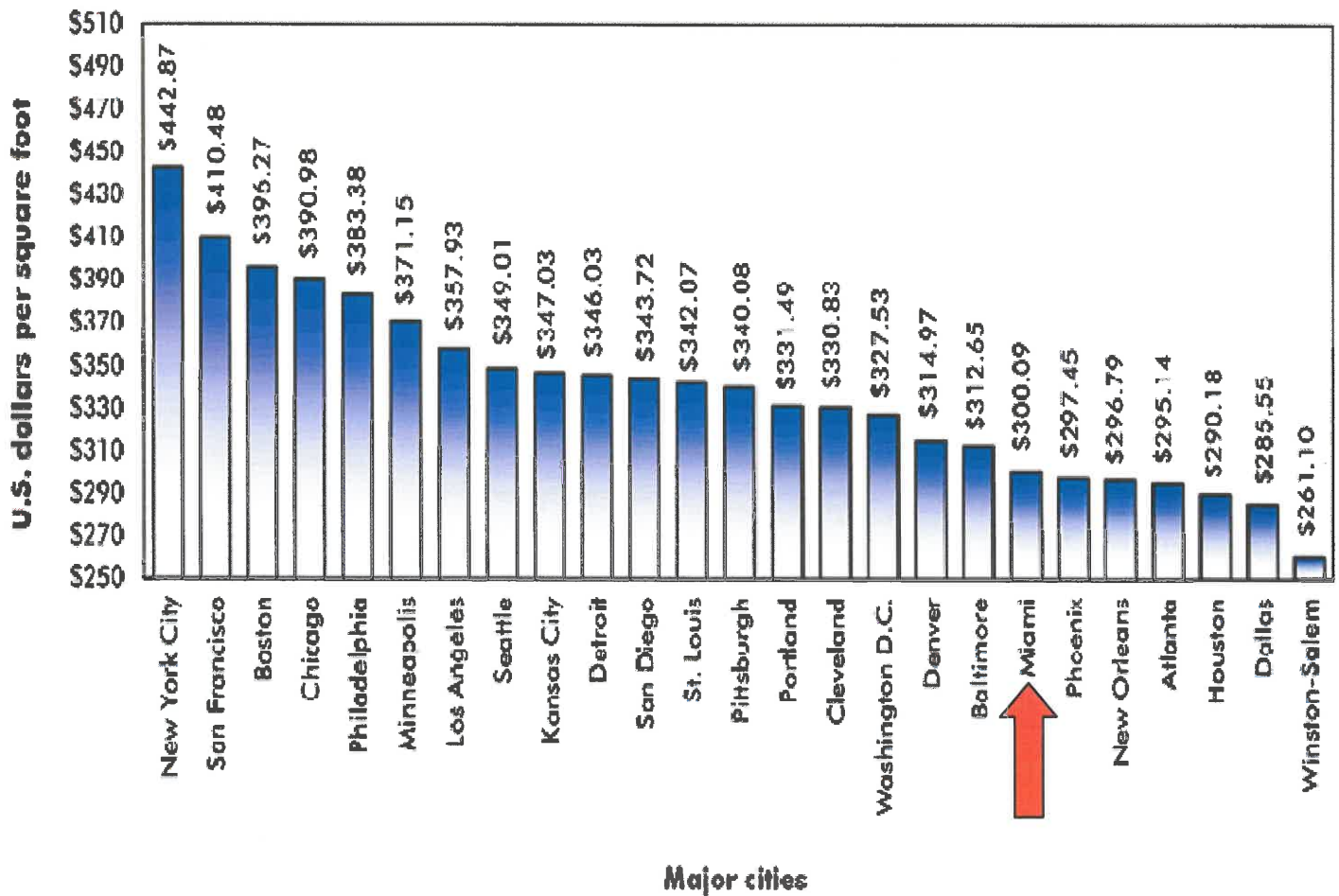
<b>MAJOR CITIES</b>							
<b>(alphabetically)</b>		<b>nursing home</b>			<b>apartment building (8 to 24 stories)</b>		
		<b>2012</b>	<b>2011</b>	<b>% CHANGE</b>	<b>2012</b>	<b>2011</b>	<b>% CHANGE</b>
1	ATLANTA	\$180.48	\$178.41	1.2%	\$205.39	\$197.91	3.8%
2	BALTIMORE	191.19	189.03	1.1%	217.58	209.69	3.8%
3	BOSTON	242.32	237.02	2.2%	275.77	262.93	4.9%
4	CHICAGO	239.08	235.25	1.6%	272.09	260.97	4.3%
5	CLEVELAND	202.30	199.26	1.5%	230.23	221.04	4.2%
6	DALLAS	174.61	171.92	1.6%	198.72	190.71	4.2%
7	DENVER	192.60	189.82	1.5%	219.19	210.56	4.1%
8	DETROIT	211.60	207.52	2.0%	240.81	230.20	4.6%
9	HOUSTON	177.44	174.47	1.7%	201.94	193.54	4.3%
10	KANSAS CITY	212.21	208.90	1.6%	241.50	231.73	4.2%
11	LOS ANGELES	218.87	216.17	1.2%	249.09	239.80	3.9%
12	MIAMI	183.51	181.16	1.3%	208.84	200.96	3.9%
13	MINNEAPOLIS	226.96	225.61	0.6%	258.29	250.28	3.2%
14	NEW ORLEANS	181.49	176.44	2.9%	206.54	195.73	5.5%
15	NEW YORK CITY	270.81	265.74	1.9%	308.20	294.79	4.5%
16	PHILADELPHIA	234.44	230.73	1.6%	266.80	255.95	4.2%
17	PHOENIX	181.89	177.42	2.5%	207.00	196.82	5.2%
18	PITTSBURGH	207.96	203.39	2.2%	236.67	225.62	4.9%

19	PORTLAND	202.71	201.81	0.4%	230.69	223.87	3.0%
20	ST. LOUIS	209.17	207.13	1.0%	238.05	229.76	3.6%
21	SAN DIEGO	210.18	207.72	1.2%	239.20	230.42	3.8%
22	SAN FRANCISCO	251.01	247.06	1.6%	285.66	274.06	4.2%
23	SEATTLE	213.42	210.86	1.2%	242.88	233.91	3.8%
24	WASHINGTON, DC	200.28	197.88	1.2%	227.93	219.51	3.8%
25	WINSTON-SALEM	159.66	153.62	3.9%	181.70	170.41	6.6%

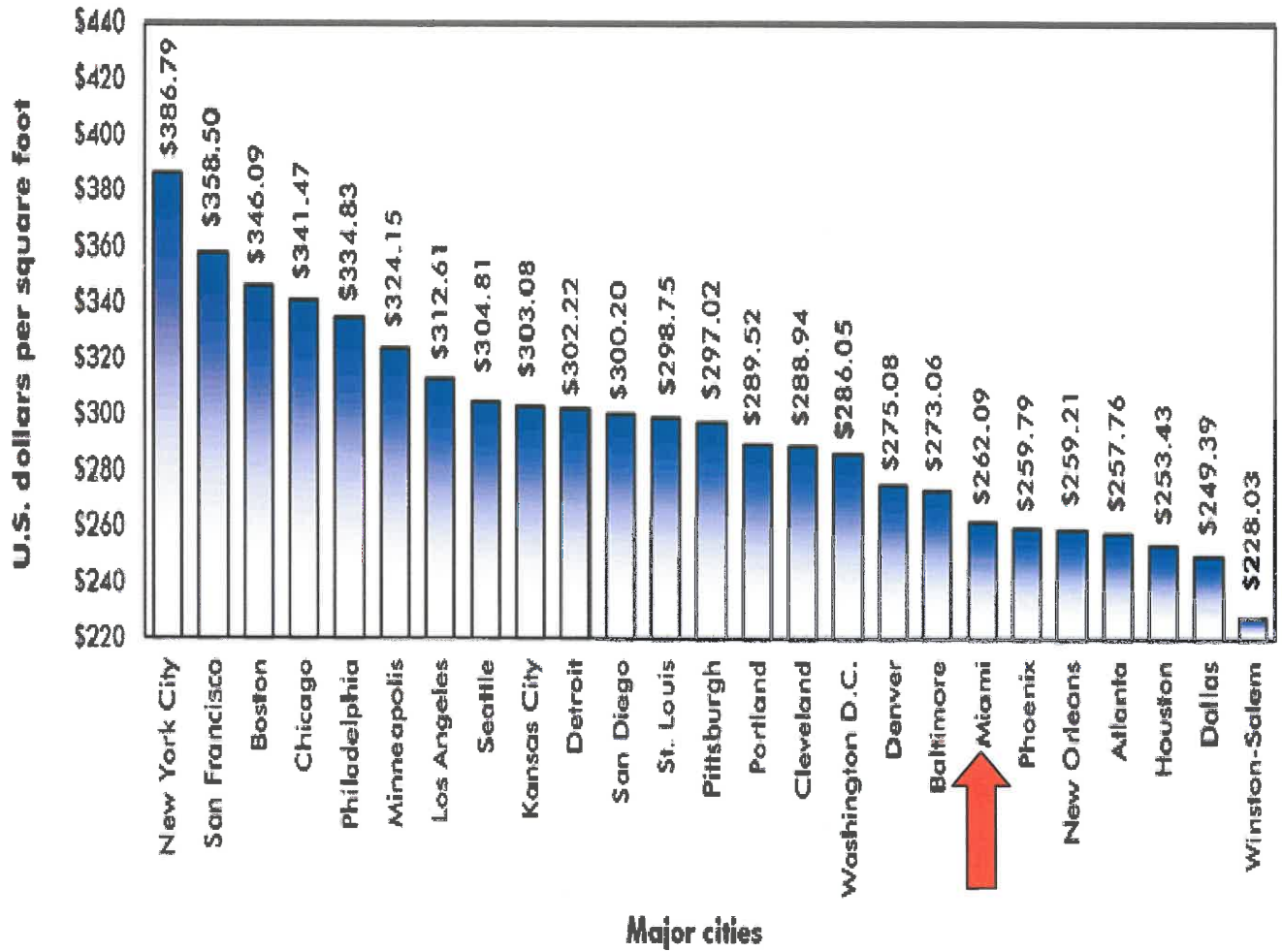
Data source: Tables were abstracted from RSMMeans cost data publications for the A/E/C industry. For more information about RSMMeans Square Foot Cost Guide and RSMMeans CCI (Construction Cost Index), which indexes square foot costs for cities in the U.S. and Canada, visit the online bookstore at [www.rsmeans.com](http://www.rsmeans.com) and click on cost data publications (or call 1-800-448-8182).

Charts: Reed Construction Data – RS Means and CanaData.

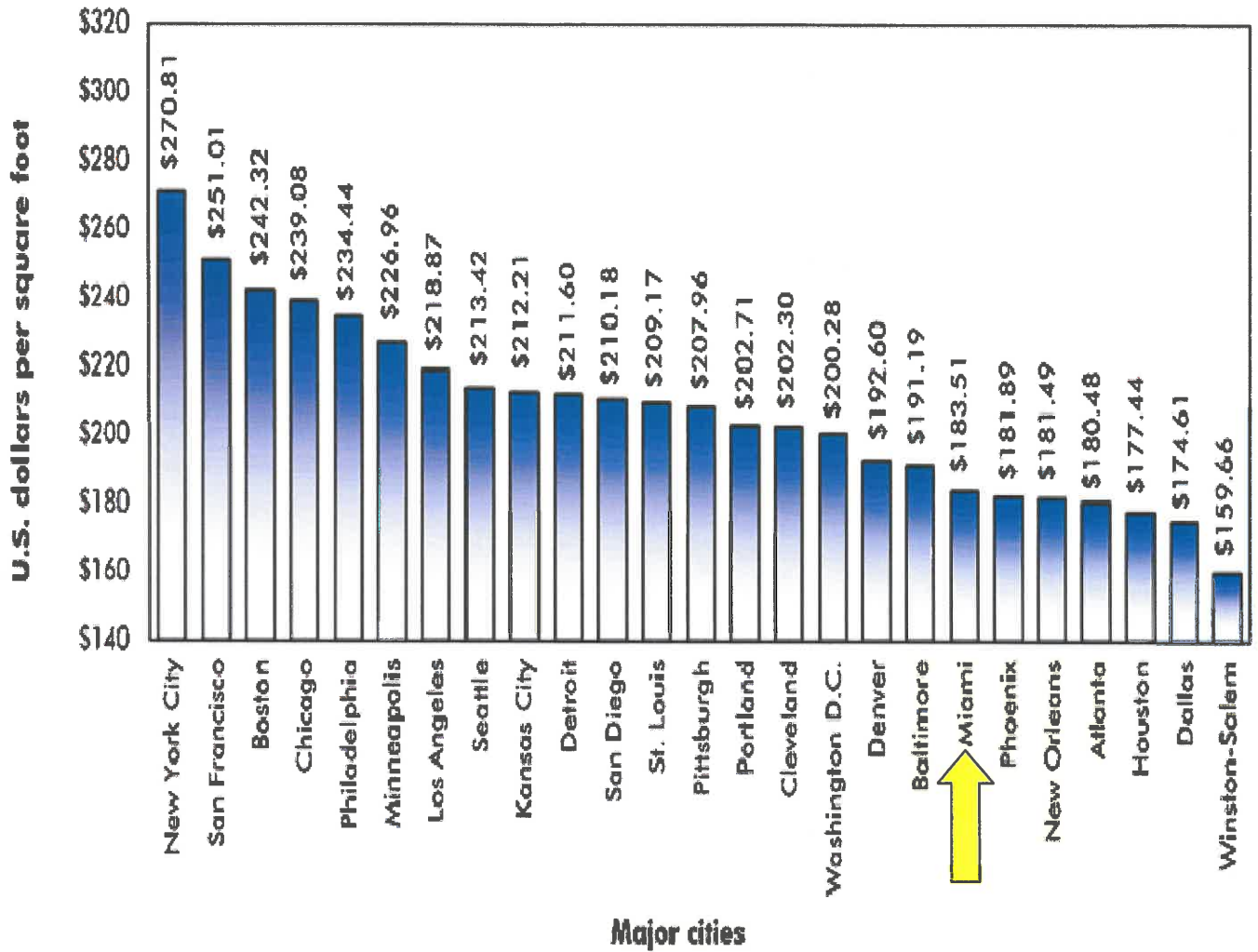
**Hospital (2 to 3 stories) construction cost:  
fall 2012 ranking of major U.S. cities**



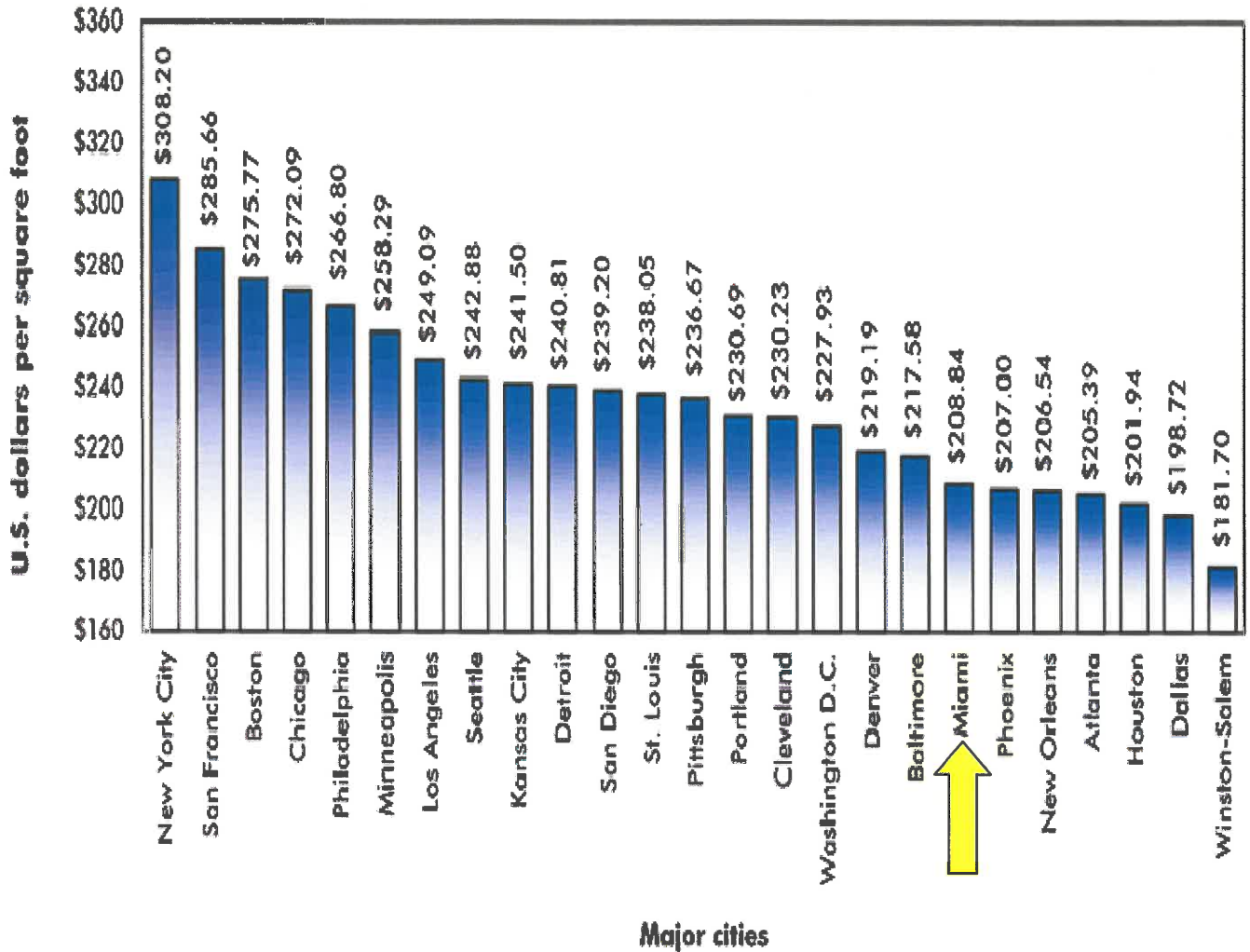
Hospital (4 to 8 stories) construction cost:  
fall 2012 ranking of major U.S. cities



**Nursing home construction cost:  
fall 2012 ranking of major U.S. cities**



**Apartment building (8 to 24 stories) construction cost:  
fall 2012 ranking of major U.S. cities**



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Data source: Reed Construction Data – RS Means ([www.rsmeans.com](http://www.rsmeans.com)).

Charts: Reed Construction Data – CanaDat

Source: <http://www.cmdgroup.com/market-intelligence/articles/rsmeans-dollar-per-square-foot-construction-costs-for-medical-facilities-an>