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CC: Magill, Johnjhm03@scdmh.org
Baker, JoshJoshBaker@gov.sc.gov
Date: 4/11/2014 11:31:57 AM
Subject: State Veterans Domiciliary

Christian—

John Magill will be trying to reach you by phone. Please call John or me, but he asked that I send you an e-mail to advise you about the Department's decision not to proceed with the VA construction grant application at this time.

Yesterday afternoon the Department received cost estimates from its consulting architect/engineers substantially in excess of the construction costs the Department had estimated in its earlier feasibility study. The firm was retained to assist with preparing a site plan and construction budget for the agency's application to the Veteran's Administration for a construction grant for a 60 bed State Veterans Domiciliary on the grounds of Veterans Victory House in Walterboro.

In light of the much higher cost estimates, the agency's senior leadership has decided not to proceed with the construction grant application at this time.

We are still analyzing the reasons our earlier estimate significantly differs from the consultant's budget, but one major factor was that based on the VA's recent preference, the Department specified single rooms, which significantly increased the square footage of the design. Based on the VA's current State home construction funding backlog, the Department also estimated a construction start date of FY 18, which led to a substantial construction cost inflation factor.

In any event, the Department will be waiting until the next VA construction grant cycle, and we do not believe the delay will adversely affect the State's chances for VA construction funds. In addition to being able to more accurately estimate the costs of domiciliary construction, the Department has received informal advice to consider additional State veterans nursing home beds in addition to or in lieu of domiciliary beds, and we will be able to further explore that possibility. All of the additional information on the types of long-term beds needed for State veterans and the estimated costs will be fully laid out and discussed with the Governor's office and members of the General Assembly before proceeding further.

Please let me know if you have any questions.

--Mark

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