

Capital Asset Realignment for Enhanced Services (CARES)

Canandaigua Study Site

Local Advisory Panel Meeting

April 10, 2007



Local Advisory Panel (LAP) Meeting 4 Objectives

- Communicate Contractor Stage II study results
- Present Contractor evaluation of strengths and weaknesses for each Business Plan Option (BPO)
- Obtain feedback from the LAP and stakeholders regarding the study findings

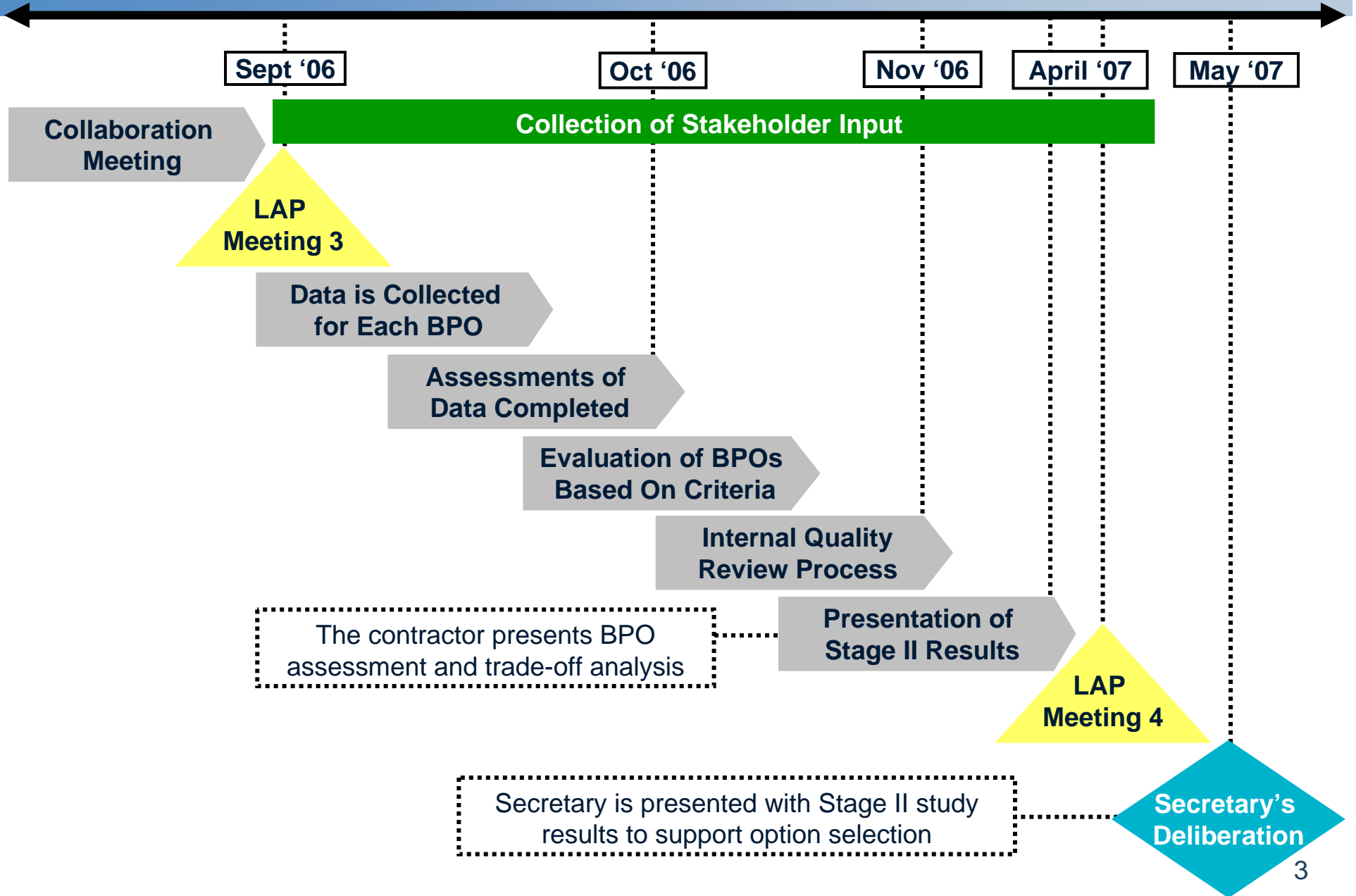
Facility Highlights

- The Canandaigua Veterans Medical Center (VAMC) is part of Veterans Integrated Service Network (VISN) 2 which is comprised of four markets; Central, Eastern, Finger Lakes/Southern Tier, and Western.
- Located in upstate New York within 50 miles of Rochester and 100 miles of Buffalo and Syracuse.
- There are 43,842 veterans in the VISN 2 Finger Lakes/Southern Tier market.
- Through 2023 Canandaigua will operate 120 nursing home beds and 50 domiciliary beds
- The campus contains 45 buildings on 171 acres of land. Most buildings were constructed between 1932 and 1937. 26 buildings are considered historic by the VA.
- Majority of patient care buildings were renovated in the 1980s and 1990s.
- 300,000 square feet, or 26% of the campus is vacant or underused.

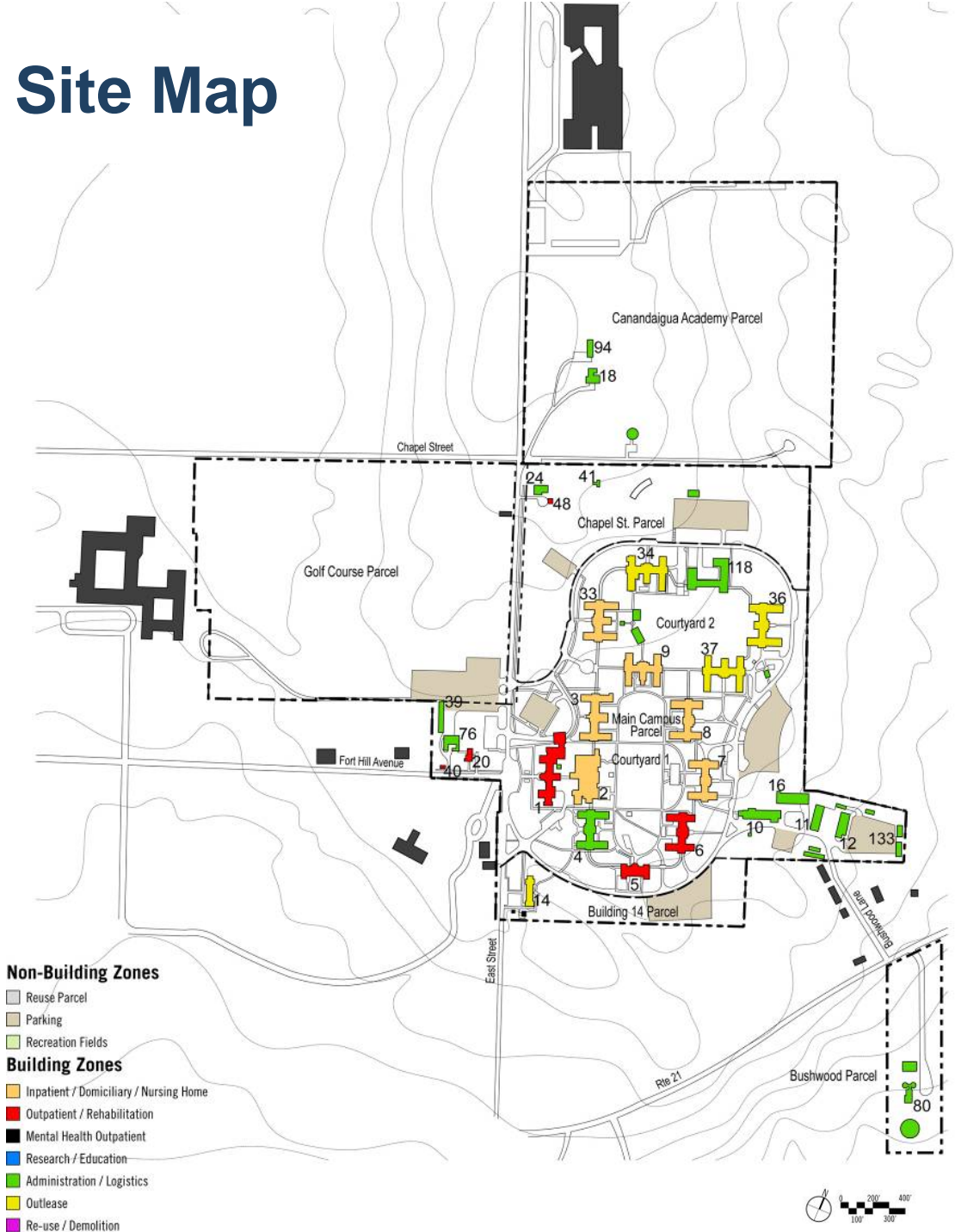


Canandaigua VA Medical Center

Stage II Study Process



Current State Site Map



Background - 2004 Secretary's Decision Document

- Develop a master plan to include construction of a new outpatient clinic and nursing home to replace the current facilities on the Canandaigua campus
- The new nursing home will house nursing home, domiciliary and residential rehabilitation patients and will provide geropsychiatric services and hospice care.
- All other patient care services currently at the Canandaigua VAMC will be housed in the new facilities with the potential to include new clinics as needed.

Key Drivers Considered in Developing and Assessing Each Option

- The historic Canandaigua VAMC is more than 70 years old and was built for more than six times as many beds as it currently operates; consequently, it has significant vacant and underutilized space which is expensive to maintain and operate.
- The original design and layout of the Canandaigua facilities do not enable VA to provide healthcare services in an operationally efficient manner. Recurring maintenance costs for underutilized buildings place an additional burden on VA.
- The Canandaigua VAMC requires significant capital expenditure over the next 20 years to upgrade facilities to modern, safe, and secure standards.
- A majority of the campus land and buildings have reuse potential; however, the reuse proceeds will not likely provide a significant offset to the level of capital investment needed for the site.

BPOs Selected by the Secretary for Further Study in Stage II

BPO 1	Baseline Option
BPO 2	Replacement Facilities – Golf Course East <i>Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel</i>
BPO 6	Replacement/Renovated Facilities – Courtyard 1 <i>Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1</i>
BPO 7	Replacement Facilities – Canandaigua Academy Parcel <i>Replace nursing home, domiciliary and outpatient services in new facilities on the Canandaigua Academy parcel</i>
BPO 9	Replacement/Renovated Facilities in Courtyard 1 and 2 <i>Replace nursing home and domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1</i>

Stage II Evaluation Criteria

Evaluation Criteria	
Capital Planning <ul style="list-style-type: none">• Timeliness of completion• Timeliness of urgent corrections• Consolidation of underutilized space• Consolidation of vacant space	Use of VA Resources <ul style="list-style-type: none">• Total operating costs• Total capital investment costs• Net present cost• Total considerations• Total annual savings
Reuse <ul style="list-style-type: none">• Market potential for reuse• Financial (return on assets)• VA mission enhancement• Execution risk	Ease of Implementation <ul style="list-style-type: none">• Reuse considerations• Capital planning considerations
Quality <ul style="list-style-type: none">• Current quality levels are maintained across all BPOs	Ability to Support Other VA Programs <ul style="list-style-type: none">• DoD Sharing• One VA Integration• Specialized VA programs• Enhancement of services to veterans

Analysis of BPOs

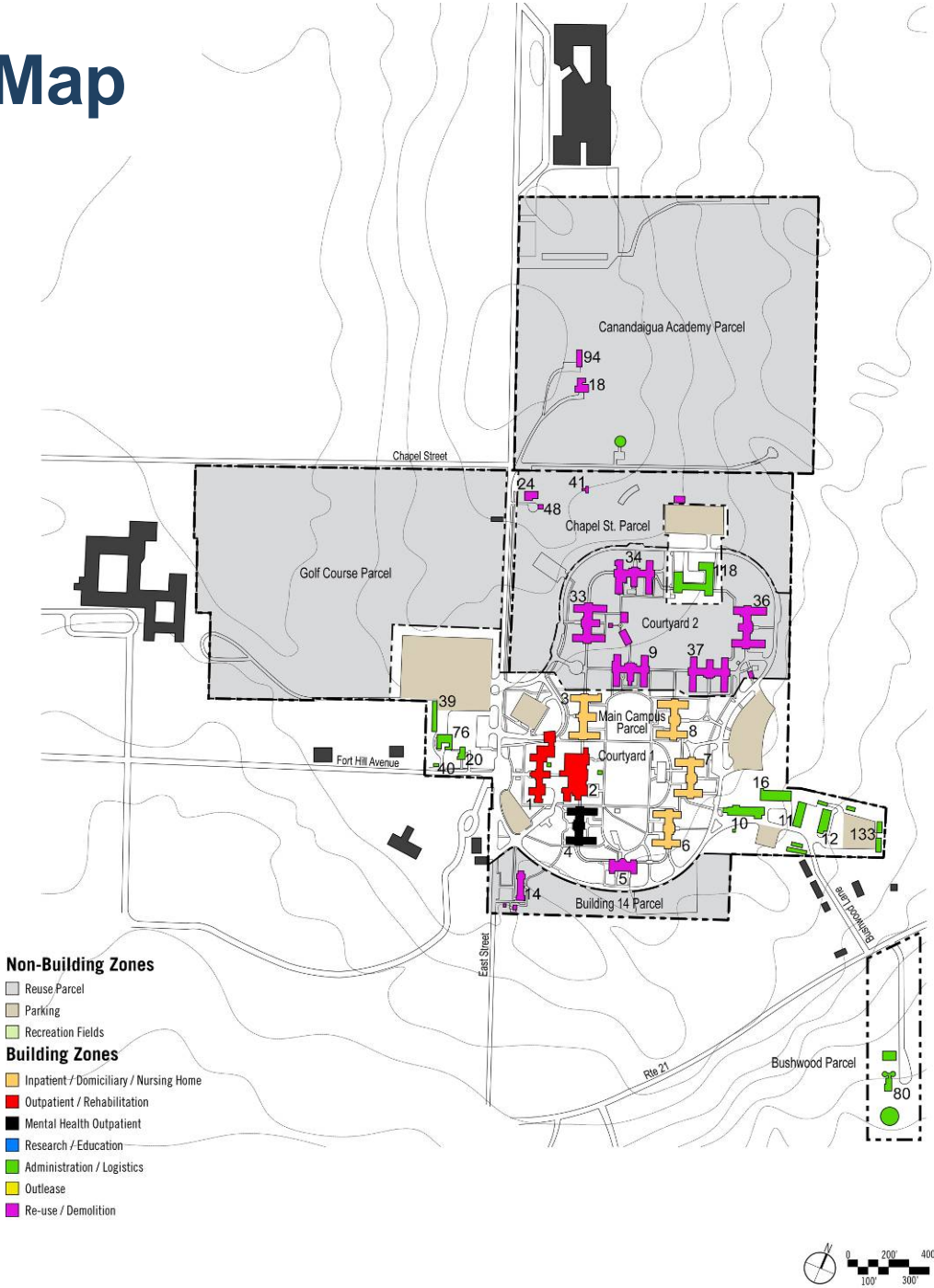


BPO 1: *Baseline Option*

No significant changes in either the location or type of services provided in the study site. The Secretary's Decision and healthcare demand forecasted for 2023 are applied to the current healthcare provision solution for the study site. Capital improvements to meet modern, safe and secure standards; where existing conditions allow; are factored into the current state assessment.

- Relocates nursing home, domiciliary (including psychiatric residential rehabilitation programs), and all outpatient services in phased renovations to buildings in Courtyard 1 consistent with the demand forecast and VA policy.
- Vacate all Courtyard 2 buildings except engineering and also keep the water tower, fire station, and boiler.
- Allows for necessary parking to support Building 118 on the Chapel Street parcel.
- While there may be reuse potential of underutilized land and vacant buildings, reuse was not studied under this BPO.

BPO 1 Site Map

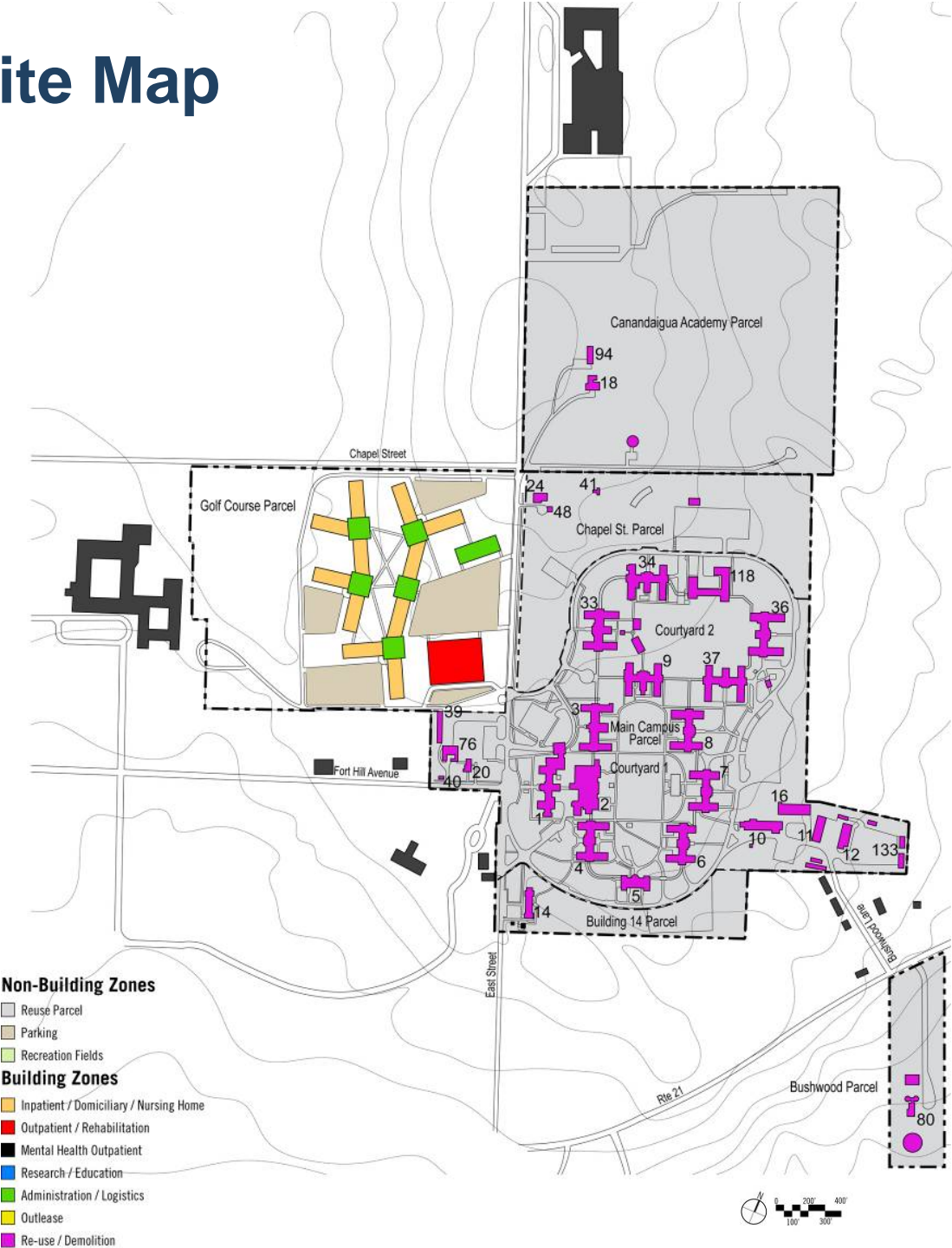


BPO 2: Replacement Facilities - Golf Course East

Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel

- Replace nursing home, domiciliary (including psychiatric residential rehabilitation programs), all outpatient and administrative services in new modern state of the art facilities with a single floor design nursing home on golf course parcel.
- New clinical care facilities will have several benefits for patients and staff: larger, and more single patient rooms with private bathrooms; state of the art treatment, therapy and support spaces; improved patient entries, walkways, hallways, and parking; and clinical support functions located close to patient care areas.
- New nursing home care facilities will have several benefits for patients and staff: single bedrooms with private bathrooms; plan configurations with groupings of “residential neighborhoods” rather than “long corridors of rooms”; increased area for support facilities for supplies and equipment; comfortable and attractive social meeting and activity areas; and convenient physical access to amenities.
- Potential reuse of Building 14, Bushwood, Canandaigua Academy, Chapel Street, and Main Campus parcels.

BPO 2 Site Map

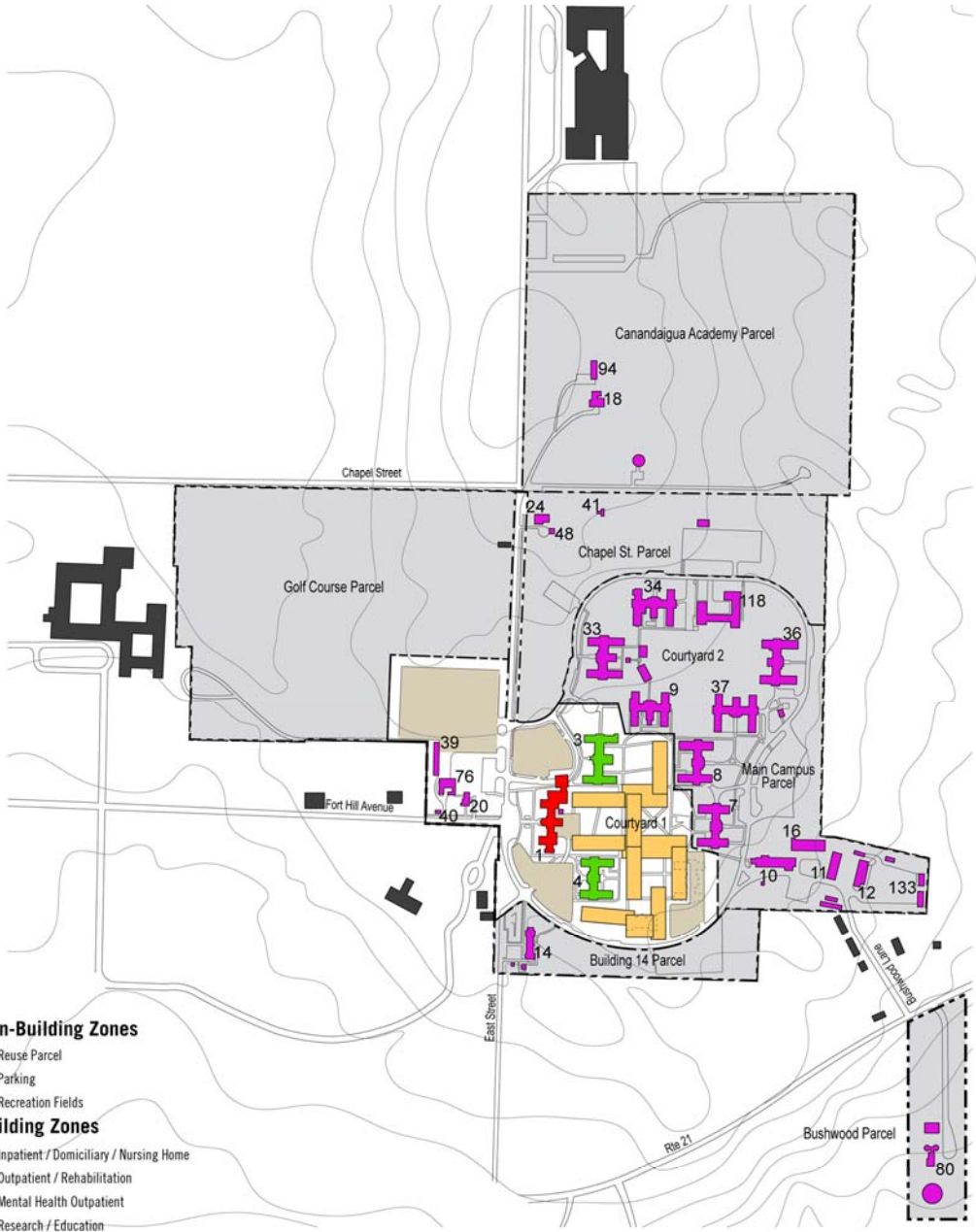


BPO 6: *Replacement/Renovated Facilities – Courtyard 1*

Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1

- Renovate buildings in Courtyard 1 for outpatient, administrative and logistic functions and build new nursing home and domiciliary (including psychiatric residential rehabilitation programs) in Courtyard 1.
- New clinical care facilities will have several benefits for patients and staff: larger, and more single patient rooms with private bathrooms; state of the art treatment, therapy and support spaces; improved patient entries, walkways, hallways, and parking; and clinical support functions located close to patient care areas.
- New nursing home care facilities will have several benefits for patients and staff: single bedrooms with private bathrooms; plan configurations with groupings of “residential neighborhoods” rather than “long corridors of rooms”; increased area for support facilities for supplies and equipment; comfortable and attractive social meeting and activity areas; and convenient physical access to amenities.
- Demolish selected buildings in Courtyard 1 to accommodate new construction.
- Potential reuse of Building 14, Bushwood, Canandaigua Academy, Chapel Street, and Golf Course parcels and portions of the Main Campus parcel.

BPO 6 Site



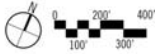
Non-Building Zones

- Re-use Parcel
- Parking
- Recreation Fields

Building Zones

- Inpatient / Domiciliary / Nursing Home
- Outpatient / Rehabilitation
- Mental Health Outpatient
- Research / Education
- Administration / Logistics
- Outlease
- Re-use / Demolition

TOTAL EXISTING CAMPUS BGSF: 959,773 BGSF
 TOTAL ACREAGE: 171 ACRES

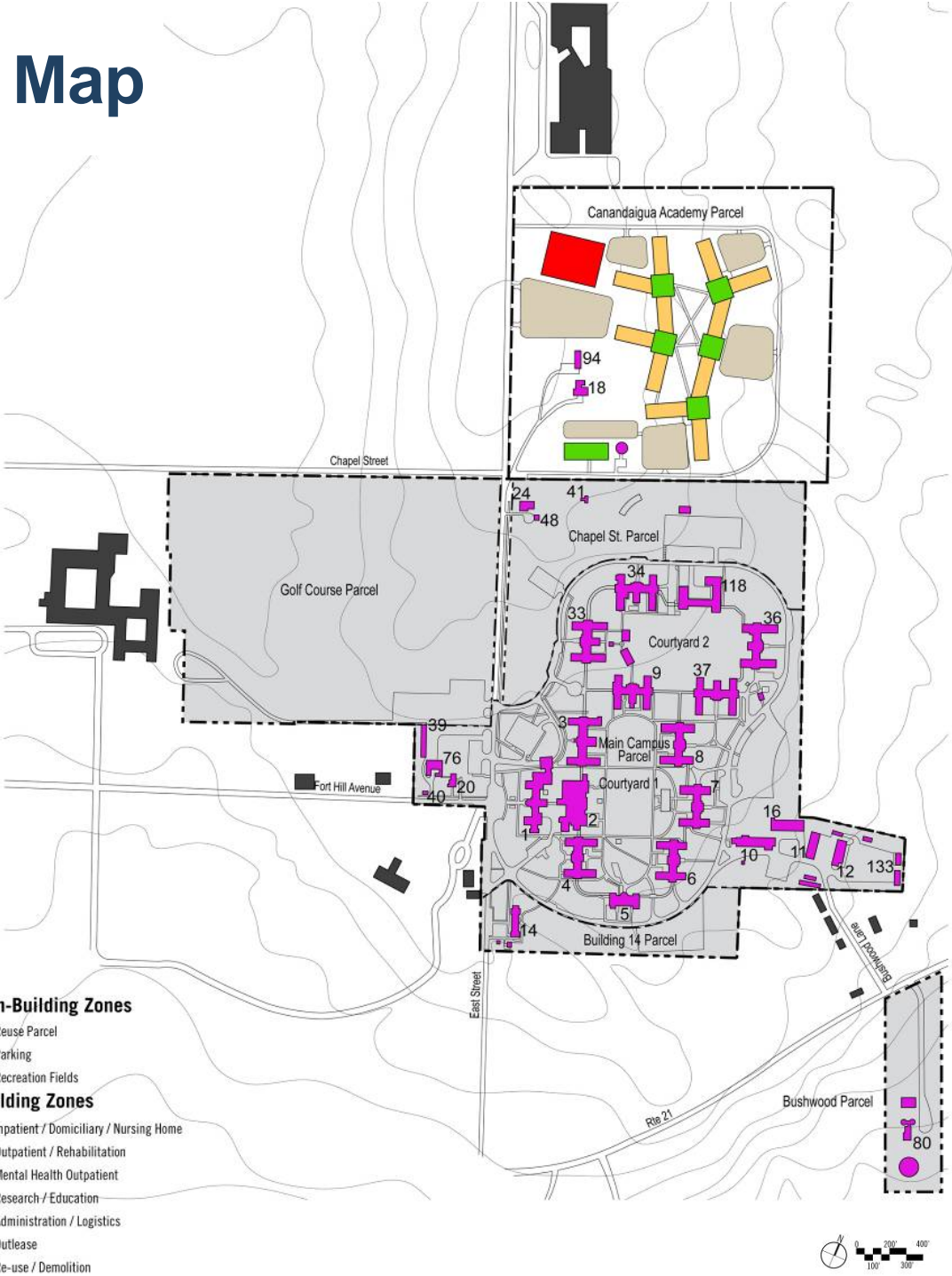


BPO 7: *Replacement Facilities – Canandaigua Academy Parcel*

Replace nursing home, domiciliary and outpatient services in new facilities on the Canandaigua Academy parcel

- Replace nursing home, domiciliary (including psychiatric residential rehabilitation programs), and all outpatient and administrative services in a modern state of the art facility with a single floor nursing home design on the Canandaigua Academy parcel.
- New clinical care facilities will have several benefits for patients and staff: larger, and more single patient rooms with private bathrooms; state of the art treatment, therapy and support spaces; improved patient entries, walkways, hallways, and parking; and clinical support functions located close to patient care areas.
- New nursing home care facilities will have several benefits for patients and staff: single bedrooms with private bathrooms; plan configurations with groupings of “residential neighborhoods” rather than “long corridors of rooms”; increased area for support facilities for supplies and equipment; comfortable and attractive social meeting and activity areas; and convenient physical access to amenities.
- Potential reuse of Building 14 , Bushwood, Golf Course, and Main Campus parcels and a portion of the Chapel Street parcel.

BPO 7 Site Map

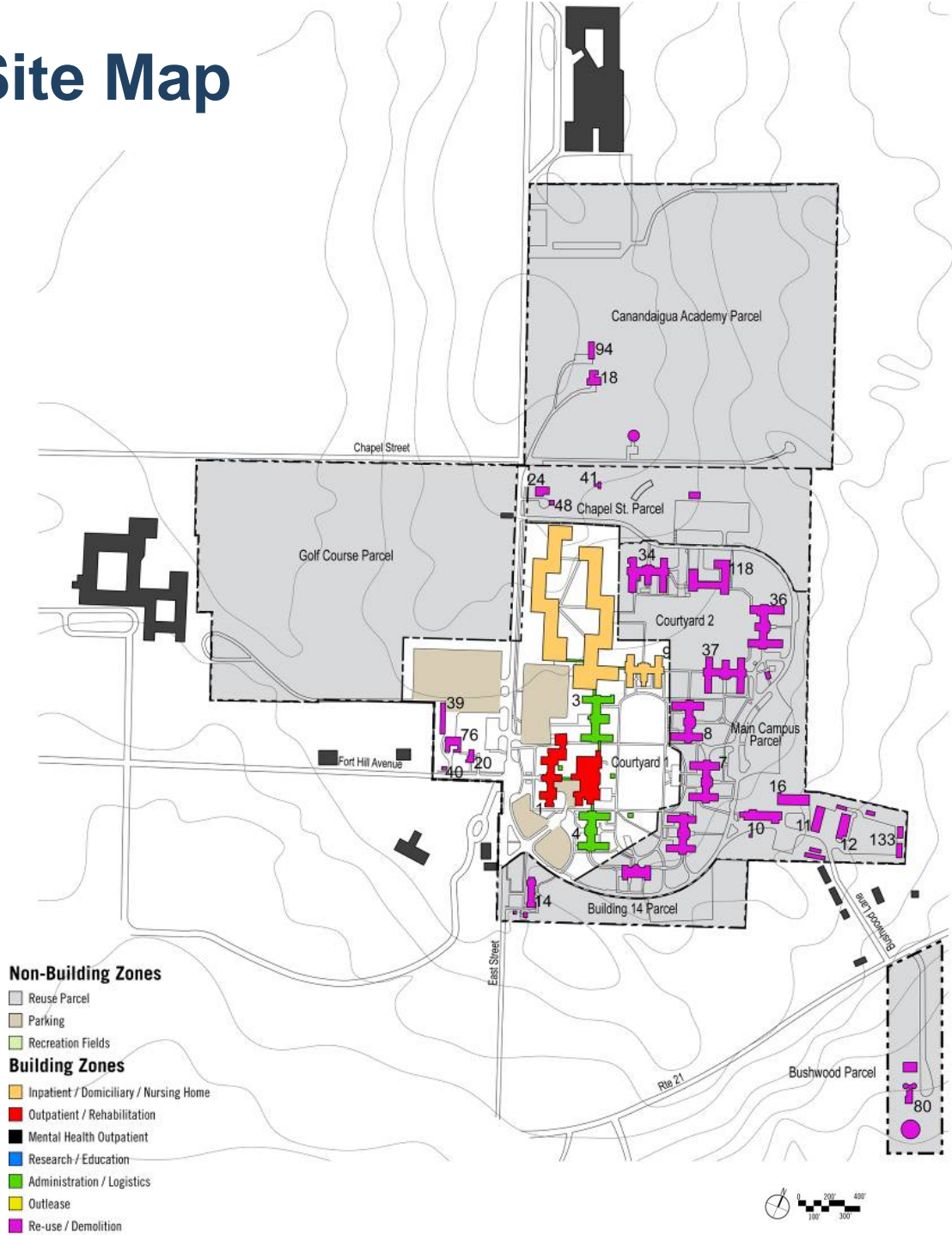


BPO 9: *Replacement/Renovated Facilities in Courtyard 1 and 2*

Replace nursing home and domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1

- Construct new nursing home and new domiciliary (including psychiatric residential rehabilitation) facilities in Courtyard 2. Demolish required buildings in Courtyard 2 to provide space for new facilities.
- New clinical care facilities will have several benefits for patients and staff: larger, more private patient rooms with own bathrooms; state of the art treatment, therapy and support spaces; improved patient entries, walkways, hallways, and parking; and clinical support functions located close to patient care areas.
- New nursing home care facilities will have several benefits for patients and staff: individual private bedrooms and bathrooms; plan configurations with groupings of “residential neighborhoods” rather than “long corridors of rooms”; increased area for support facilities for supplies and equipment; comfortable and attractive social meeting and activity areas; and convenient physical access to amenities.
- Provide outpatient services and administrative space in renovated historic “front door” buildings in Courtyard 1 (specifically Buildings 1, 2, 3 and 4). Provide a good-faith effort to maintain the historic feel of the campus and minimize demolition.
- Potential reuse of Building 14, Bushwood and Canandaigua Academy parcels and portions of the Golf Course, Chapel Street and Main Campus parcels.

BPO 9 Site Map



Capital Planning BPO Comparison

	Total Duration (months) *	Underutilized Space	Decrease in Vacant Space
BPO 1: <i>Baseline Option</i>	90	37%	69%
BPO 2: <i>Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel</i>	72	0%	100%
BPO 6: <i>Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1</i>	84	19%	85%
BPO 7: <i>Replace nursing home, domiciliary and outpatient services in new facilities on Canandaigua Academy parcel</i>	72	0%	100%
BPO 9: <i>Replace nursing home and domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1</i>	84	28%	80%

* Duration assumes four years are required for approval of historic building demolition, where applicable

Financial Analysis (Use of VA Resources)

BPO Comparison Assessment

BPO Comparison					
2003 Net Present Dollars (\$ in millions)					
Reflects 30 year period 2003- 2033					
	BPO 1	BPO 2	BPO 6	BPO 7	BPO 9
Recurring Operating Cost	1,184	1,169	1,175	1,169	1,178
Non-recurring Capital Investment Offset by Reuse	173*	132	141	133	148
Non-recurring Periodic Maintenance	10	6	7	6	7
Total Net Present Cost**	1,367	1,306	1,323	1,307	1,333
Operating Cost Efficiencies Compared to BPO 1	-	15	9	15	6
Total NPC Savings As Compared to BPO 1	-	60	44	59	33

*There is no reuse revenue in BPO 1.

****The Net Present Cost (NPC)** is the sum of the annual discounted expense for each BPO over the 30 year study period. Discounting allows the NPC for each BPO to be compared to the other BPOs for the study site. The NPC is the sum of the operating costs, the capital costs (both capital investments and periodic maintenance/replacement costs), and the considerations in discounted dollars.

BPO Comparison of Quality

■ **New Construction:**

- ◆ New construction to meet modern, safe and secure standards
- ◆ New clinical care facilities will have several benefits for patients and staff:
 - Larger patient rooms
 - Private rooms
 - Private bathrooms in all patient rooms
 - Additional treatment and therapy spaces
 - Larger support functions
 - Wider hallways
 - Improved patient entries and walkways
 - Support functions located in closer proximity to nursing space
- ◆ New nursing home care facilities will have several benefits for patients and staff:
 - Single rooms and private bathrooms
 - Plan configurations with groupings of “residential neighborhoods” rather than “long corridors of rooms”
 - Increased area for support facilities for supplies and equipment
 - Comfortable and attractive social meeting and activity areas
 - Convenient physical access to amenities

BPO Comparison of Quality

■ Renovation:

- ◆ Renovation to meet modern, safe, and secure standards, where existing conditions allow.
- ◆ Investment is made for current facilities only to rectify material deficiencies (e.g., in safety or security) such that they would provide a safe healthcare delivery environment.

Discussion on Reuse



What is the Enhanced-Use Leasing Program?

EUL Program, or Reuse, refers to legislative authority that allows VA to:

- Lease underutilized land or buildings on VA medical campuses;
- To a preferred developer who has been selected in an open competition;
- Through a long-term lease;
- In exchange for cash, goods or in-kind services that support or benefit veterans.

Goals of the Enhanced-Use Leasing Program

EUL Program looks to ensure that reuse opportunities under consideration:

- Enhance the Department's mission;
- Are compatible with the fabric of existing neighborhoods'
- Maintain historical, aesthetic and cultural values of the site; and
- Preserve existing buildings, wherever feasible

CARES and the Enhanced-Use Leasing Program

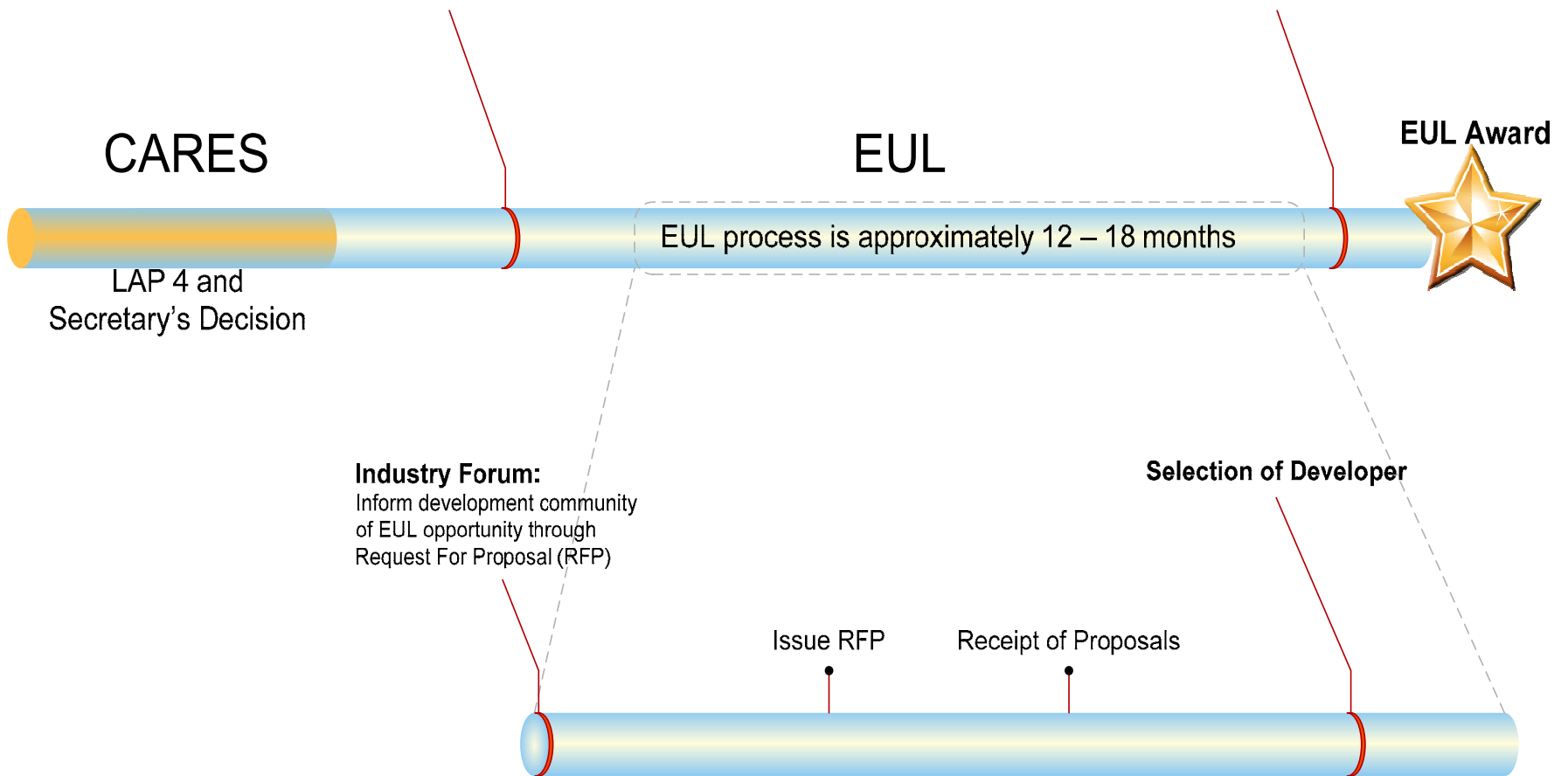
CARES studies identified the tradeoffs of business plan option selected by the Secretary for:

- veterans' healthcare needs to configure an appropriately sized medical facility through renovation or new construction;
- anticipated capital requirements; and
- underutilized buildings or land potentially available for the Enhanced-Use Leasing Program or Reuse

Overview: Enhanced-Use Leasing Program

EUL Public Hearing:
Notice to Veterans Service Organizations and Community of VA's intent to begin EUL process

EUL Announcement:
Notice to Congress and Public Announcement of EUL



Veterans Benefits & Enhanced-Use Leasing Program

Revenues (Cash)

- Annual revenues from property ground rents used to offset capital needs for construction and delivery of veterans health care services

In-Kind Consideration

- Exchange of renovation or construction of new medical facility, outpatient clinics, and/or residential services

Complementary Uses or Services Delivered (Examples)

- Senior or homeless housing, retirement community, medical offices, imaging centers or other clinical services, day care, retail, parking, or community activity center

CARES Reports for Enhanced-Use Leasing

During CARES studies, Office of Asset Enterprise Management conducted extensive real estate market assessment to understand the feasibility of potential reuse opportunities under each BPO

Reuse Reports completed in Phases studied:

- Real Property and Environmental Baseline
- Initial Feasibility for Reuse
- Detailed Reuse/Redevelopment Analysis

At the end of CARES study, and once the capital planning for new construction is complete, EUL process begins

Canandaigua Reuse/Redevelopment Analysis

- Existing buildings create attractive campus-like setting
- Amount of land and number of buildings available for reuse may be greater than local market can readily absorb
 - Will likely result in long-term phased development
- Campus utility infrastructure adds complexity to reuse particularly in BPOs where reuse is sharing buildings with VA use
 - Examples: boiler plant, waste water treatment, telecommunications

Potential Reuse at the Canandaigua Campus

- Residential Housing or Continuing Care Retirement Community (CCRC): active senior apartments, independent living, assisted living, Alzheimer's, skilled nursing units, hospice. CCRC may:
 - ◆ have veteran priority placement and/or discounted rents
 - ◆ draw residents from veterans community as well as local and non-local communities
 - ◆ complements the site existing use as a VA medical center

- Institutional
 - ◆ Potential uses include educational institution, corporate training campus or retreat center
 - ◆ Best opportunity exists with options providing for reuse of existing buildings

Reuse/Redevelopment Analysis Highlights

<p>BPO 1: Baseline</p>	<ul style="list-style-type: none"> ▪ Lowest potential proceeds ▪ All vacant land and portions of the core campus available ▪ Requires ongoing sharing of utility infrastructure between developer and existing VA campus 	<p>127 Acres Available</p>
<p>BPO 2: Replacement Facilities - Golf Course East</p>	<ul style="list-style-type: none"> ▪ Highest potential proceeds ▪ Existing campus buildings and large vacant parcel available ▪ Leaves Academy Parcel for reuse which is complicated for construction 	<p>134 Acres Available</p>
<p>BPO 6: Replacement/ Renovated Facilities - Courtyard 1</p>	<ul style="list-style-type: none"> ▪ Better than BPO 9 since all of Courtyard 2 available for reuse ▪ Marginal financial improvement over BPO 9 ▪ Requires ongoing sharing of utility infrastructure between developer and existing VA campus 	<p>145 Acres Available</p>
<p>BPO 7: Replacement Facilities - Northern Parcel</p>	<ul style="list-style-type: none"> ▪ Highest potential proceeds ▪ Existing campus buildings and large vacant parcel available ▪ Better than BPO 2 since golf course parcel remains intact 	<p>127 Acres Available</p>
<p>BPO 9: Replacement/ Renovated Facilities in Courtyard 1 & 2</p>	<ul style="list-style-type: none"> ▪ Second lowest potential proceeds ▪ All vacant land and portions of the core campus available ▪ Requires ongoing sharing of utility infrastructure between developer and existing VA campus 	<p>141 Acres Available</p>

Summary of Stakeholder and LAP Input

▪ Stakeholder Input:

- Many stakeholders expressed a strong desire to preserve the scenic quality of the campus and to maintain the “historic” and “architecturally unique” facilities.
- Some stakeholders supported the options that provide new clinical care facilities for the veterans.
- Comment form results indicated the most support for BPO 9 with the provision of a single story nursing home and domiciliary facility.

▪ LAP Input:

- LAP members generally favored options that preserve the “historic core” around the front of Courtyard 1.
- Members of the LAP commented on the advantages of new clinical care state-of-the-art facilities for the veterans receiving healthcare at Canandaigua.
- The LAP members emphasized the importance of single story nursing home and domiciliary facility.
- The LAP members stated that reuse opportunities should align with VA’s mission.

BPO 1: Baseline

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">▪ Stakeholders value the scenic quality of the Canandaigua campus.▪ Some members of the LAP commented on the advantages of preserving the "historic core".	<ul style="list-style-type: none">▪ The duration is 18 months longer than new construction BPOs 2 and 7.▪ Results in the most vacant and underutilized space.▪ Has one of the highest operating costs of \$1,184 million.▪ Requires the highest capital investment cost at \$173 million which is not offset by reuse proceeds.▪ Has the highest net present cost at \$1,367 million.▪ Requires renovation of historic or historically eligible buildings.▪ Requires more complex patient moves due to renovations (as with BPOs 6 and 9).▪ The LAP expressed preference for BPOs that provide new nursing home facilities.

BPO 2: Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ■ Shortest duration (along with BPO 7) ■ Achieves a significant reduction in underutilized and vacant space. ■ Makes the entire main campus available for reuse. ■ Provides the opportunity to preserve the historic character and integrity of the campus by situating new construction of healthcare facilities on adjacent parcels. ■ Lowest capital investment cost, operating cost, and net present cost (along with BPO 7). ■ Lower complexity, minimal disruption to patients, and unimpeded by historical building considerations (along with BPO 7). ■ Some LAP members commented on the advantages of BPO 2 such as the provision of new facilities, including a one story nursing home. 	<ul style="list-style-type: none"> ■ Will likely face initial community opposition to leaving the historic core. ■ Stakeholders and some LAP members expressed concern about BPO 2 because of the change in campus feel as the replacement facilities would be located far from the "historic core" of campus.

BPO 6: Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">■ Achieves a moderate reduction in underutilized and vacant space.■ Lower capital investment cost than the other renovation options■ Moderate community support for reuse since veterans will continue to receive healthcare in existing buildings.■ Stakeholders and the LAP supported BPO 6 as it maintains use of the historic front of the campus and provides new nursing home facilities.	<ul style="list-style-type: none">■ Longer duration than BPOs 2 and 7.■ Reuse value of BPO 6 is less than BPOs 2 and 7 due to VA's retention of more buildings.■ Would likely require ongoing VA access to the boiler and water treatment plant.■ Higher degree of complexity due to renovation and construction phases, temporary relocation of programs, and historical building considerations.■ Higher likelihood for patient disruption.

BPO 7: Replace nursing home, domiciliary and outpatient services in new facilities on the Canandaigua Academy parcel

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Shortest duration (along with BPO 2). ▪ Achieves a significant reduction in underutilized and vacant space. ▪ Makes the entire main campus available for reuse. ▪ Provides the opportunity to preserve the historic character and integrity of the campus by situating new construction of healthcare facilities on adjacent parcels ▪ Lowest operating cost (along with BPO 2) ▪ Capital investment and net present cost essentially the same as BPO 2 ▪ Along with BPO 2, lower complexity, minimal disruption to patients, and unimpeded by historical building considerations. ▪ Some LAP members commented on the advantages of BPO 7 such as the provision of new facilities, including a one story nursing home. 	<ul style="list-style-type: none"> ▪ Will likely face initial community opposition to leaving historic core ▪ Stakeholders and some LAP members expressed concern about BPO 7 because of the change in campus feel as the replacement facilities would be located far from the "historic core" of campus. ▪ The most stakeholders expressed concerns about BPO 7.

BPO 9: Replace nursing home and domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Achieves a moderate reduction in underutilized and vacant space. ▪ Moderate community support for reuse since veterans will continue to receive healthcare in existing buildings. ▪ Stakeholders indicated the most support for BPO 9. ▪ Stakeholders and the LAP supported BPO 9 as it maintains use of the historic front of the campus and provides new nursing home facilities. 	<ul style="list-style-type: none"> ▪ Longer duration than BPOs 2 and 7. ▪ Generates the least reuse revenues of all BPOs except BPO 1. ▪ Would likely require ongoing VA access to the boiler and water treatment plant. ▪ Second highest capital investment cost ▪ Second highest net present cost ▪ Higher degree of complexity due to renovation and construction phases, temporary relocation of programs, and historical building considerations. ▪ Higher likelihood for patient disruption.

Next Steps

- Stakeholder input about the BPOs will be collected for **14 days following the LAP meeting – through April 24**
- An implementation plan will be developed for each BPO and incorporated in the final report
- Final report submitted to the Secretary approximately 1-2 months following LAP 4
- After the Secretary makes his decision, the Capital Investment Prioritization and Enhanced-Use Leasing processes will begin.

How Can You Provide Input?

Local Advisory Panel Meeting

- Provide testimony at the meeting
- Fill out a comment form at the meeting

CARES Project Website

www.va.gov/CARES

- An **electronic comments form** is available to share your views and opinions on the BPOs presented – specify ‘Canandaigua site’ as prompted
- Website provides public meeting information, agendas, meeting summaries, and links to background documents

CARES Central Mailstop

Canandaigua Study

VA CARES Studies

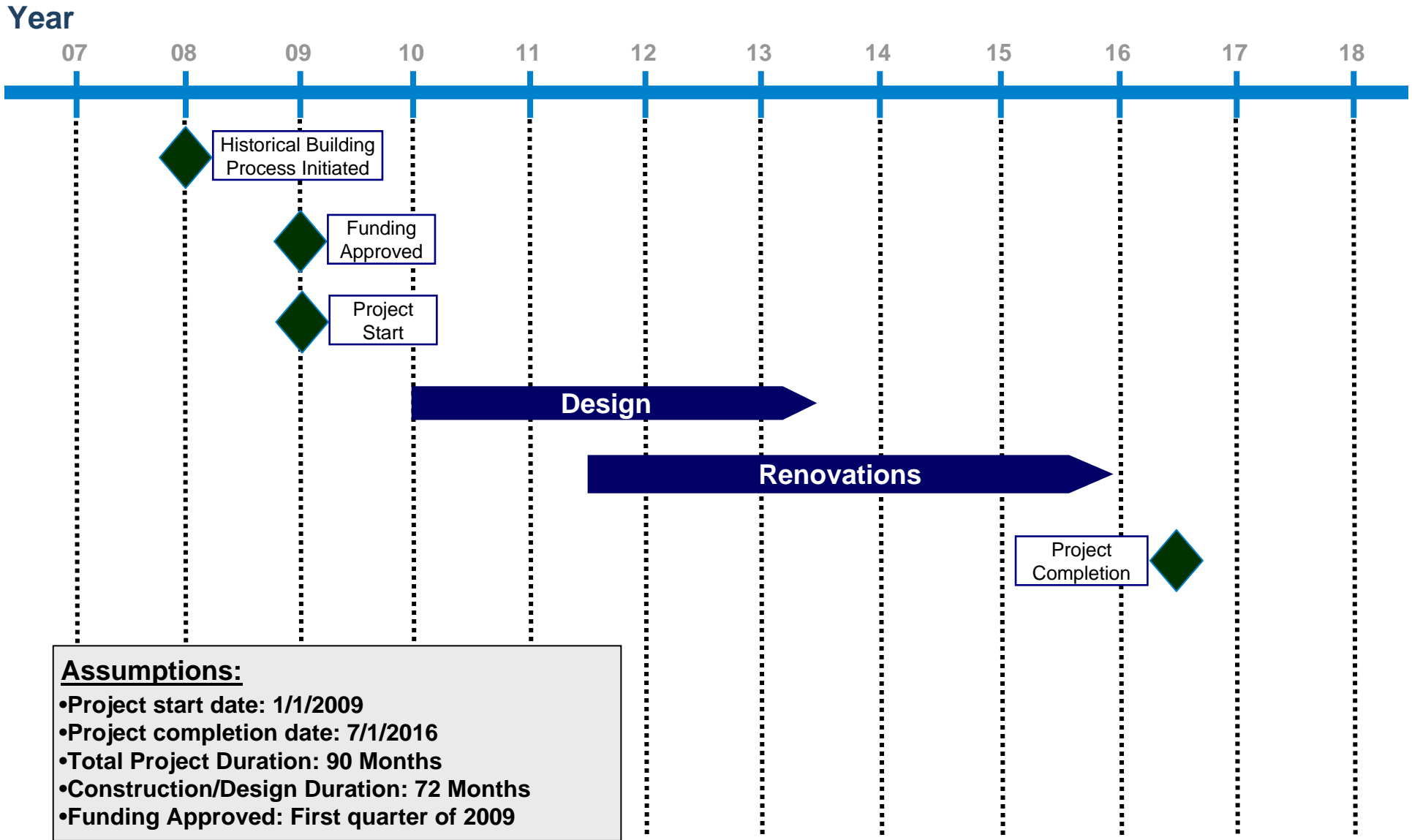
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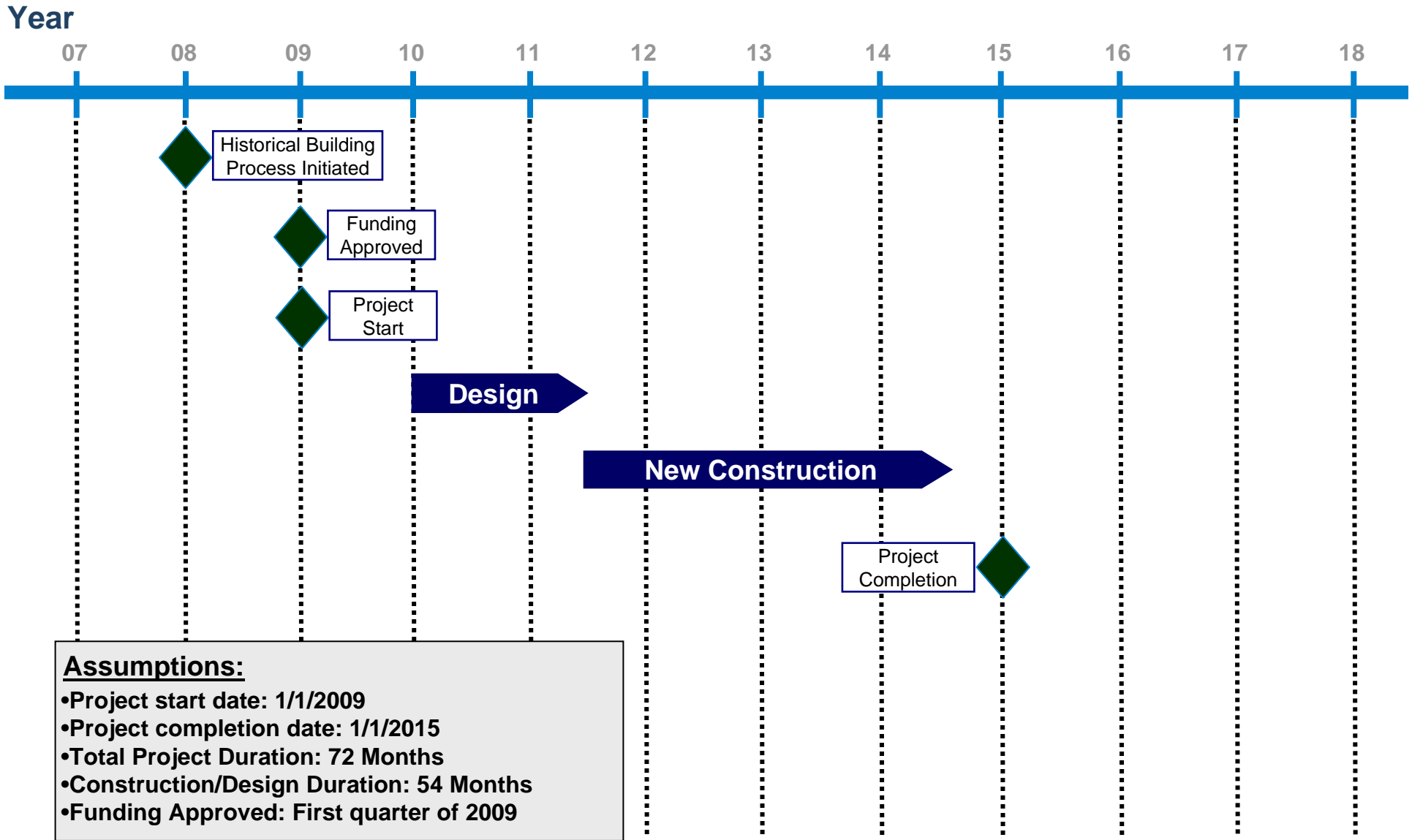
APPENDIX



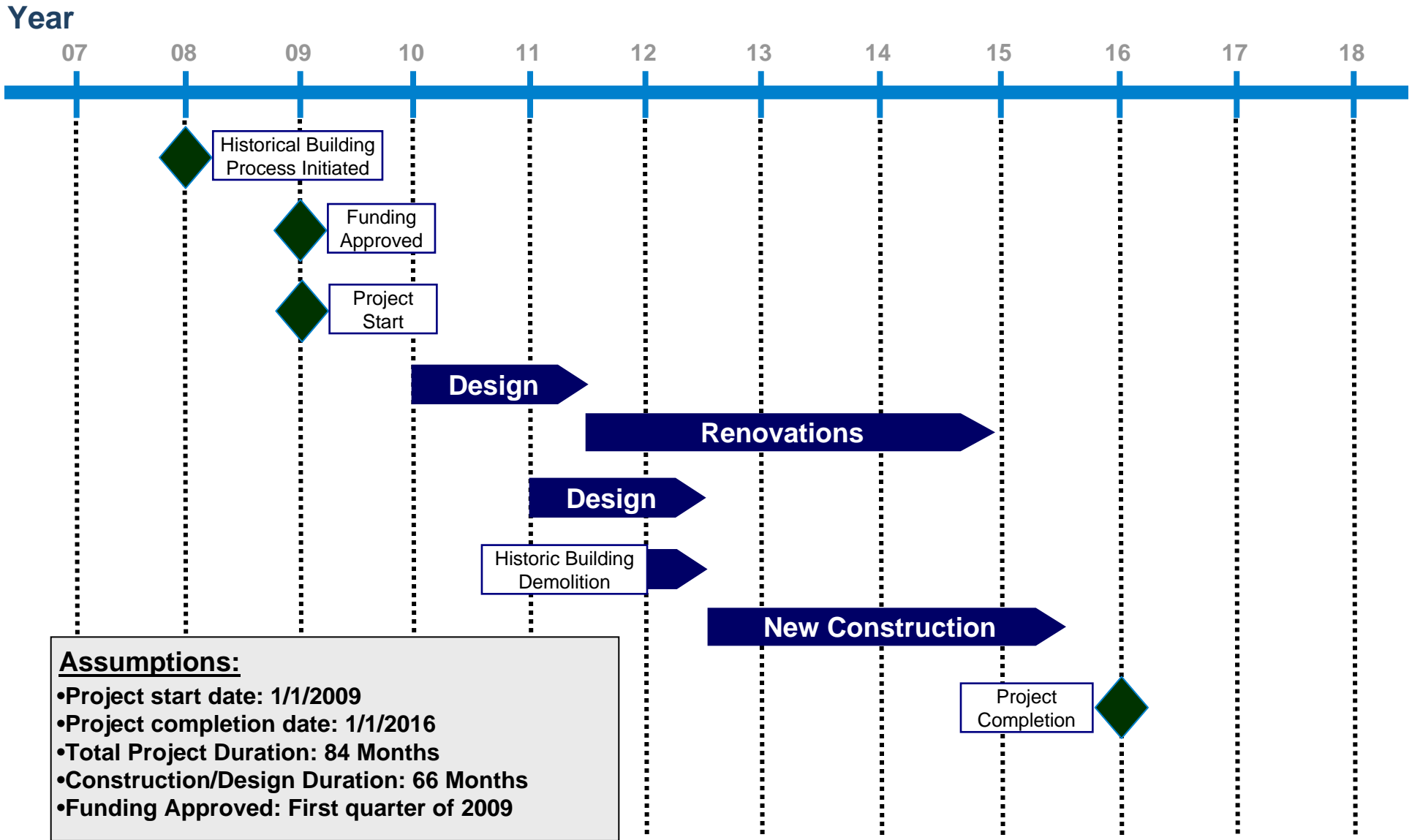
BPO 1 Project Timeline



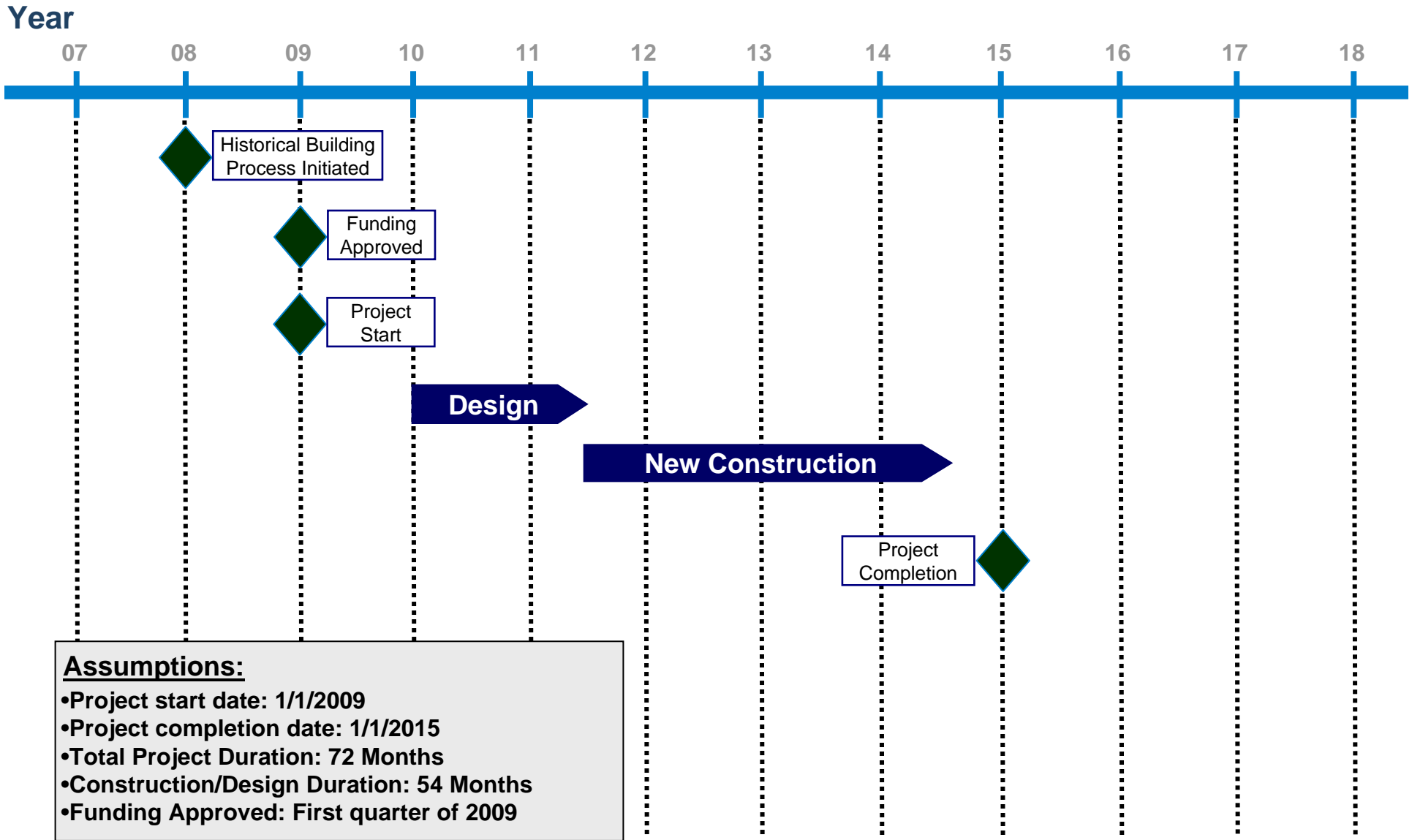
BPO 2 Project Timeline



BPO 6 Project Timeline



BPO 7 Project Timeline



BPO 9 Project Timeline

