

Capital Asset Realignment for Enhanced Services (CARES)

Business Plan Studies for White City SORCC

Presentation for Local Advisory Panel

September 8, 2005



This report was produced under the scope of work and related terms and conditions set forth in Contract Number V776P-0515. PricewaterhouseCoopers' work was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants (AICPA). PricewaterhouseCoopers' work did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation service in accordance with standards established by the AICPA. Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the Department of Veterans Affairs (VA) or any financial or other information or on internal controls of the VA.

The VA has also contracted with other government contractors, S&S Construction/ACG Joint Venture, to develop re-use options for inclusion in this study. S&S Construction/ACG Joint Venture issued its report, Technical, Financial and Legal Assistance and Support for Property Reuse/Redevelopment Plans, Phase 1 Report, Data Collection and Planning Analysis, VA Medical Center, White City, Oregon, and as directed by the VA, PricewaterhouseCoopers LLP has included information from its report in the following sections in this report: Real Estate Market and Demographic Overview, Environment, Re-Use Options and Development and specific Re-Use options. PricewaterhouseCoopers LLP was not engaged to review and therefore makes no representation regarding the sufficiency of nor takes any responsibility for any of the information reported within this study by S&S Construction/ACG Joint Venture.

This report was written solely for the purpose set forth in Contract Number V776P-0515 and therefore should not be relied upon by any unintended party who may eventually receive this report.

Recap of First LAP Meeting



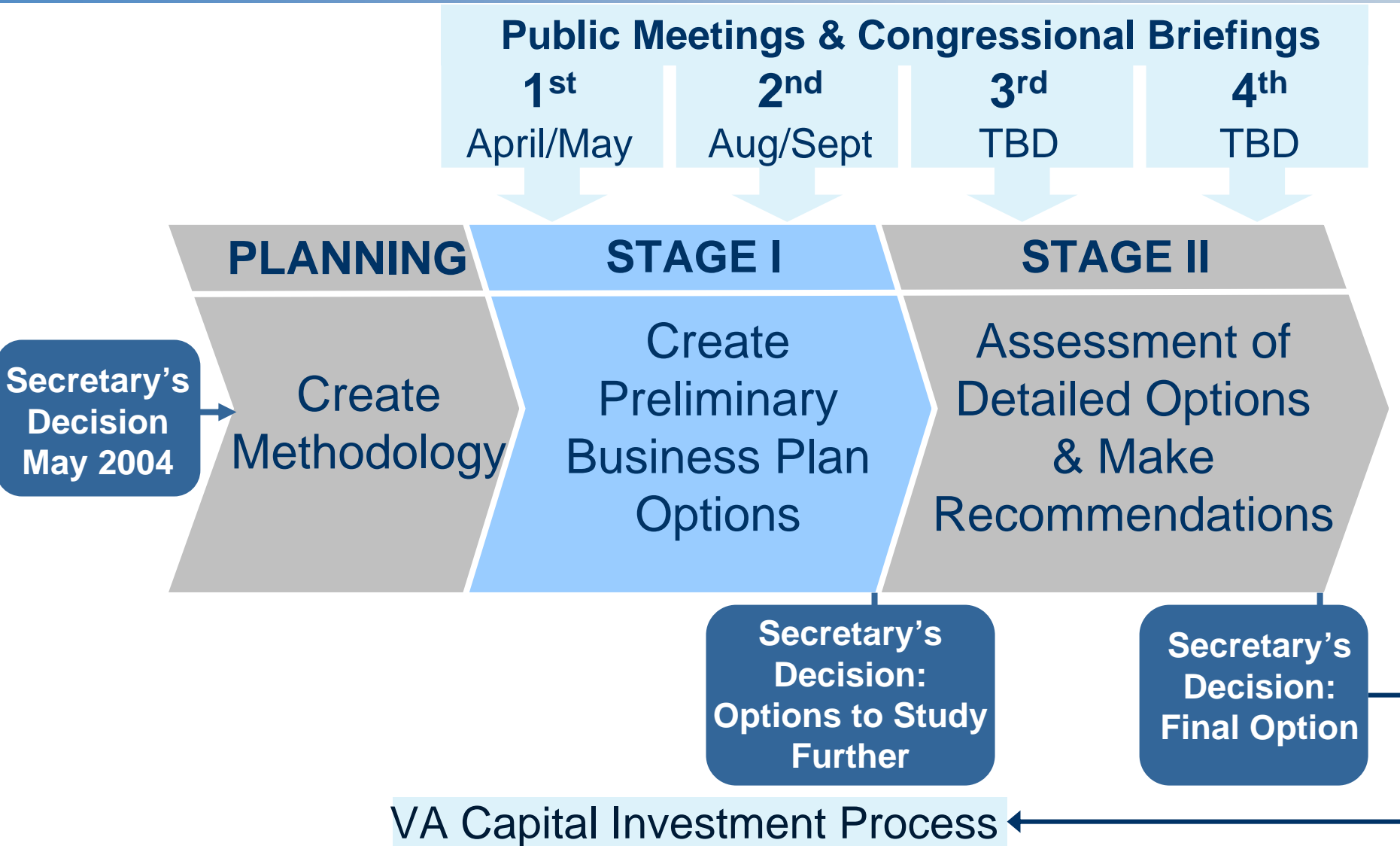
First Public Meeting Recap

- The Secretary's CARES Decision Document, May 2004, calls for additional studies to improve the previous analyses for eighteen sites including White City SORCC
- Study Objective:

Identify the optimal approach to provide veterans with healthcare equal or better than is currently provided in terms of:

Access
Quality
Cost Effectiveness

Project Overview



2004 Secretary's Decision for White City

- VA will maintain all current services at the White City Southern Oregon Rehabilitation Center & Clinics (SORCC).
- VA will pursue opportunities to reduce the footprint of the campus.
- To ensure that VA makes the most effective use of existing buildings and land, VA will develop a Master Plan for the White City campus.
- The plan will propose the best use of all facilities that will reduce vacant and underused space on the campus. It also will consider Enhanced Use Lease opportunities.

What's Being Studied at White City

■ Capital Planning Study

Identify the best use of buildings and facilities to provide needed healthcare services in a modern, safe and secure setting

■ Re-Use Study

Identify options that maximize the potential re-use of all or some of the current VA property, if that property is not needed for VA or VA-related services.

Purpose of this Meeting

- Review the options prepared by the contractor for the future use of this medical center.
- Present the options that the contractor believes will maintain or improve veterans access to quality health care in a cost effective manner.
- Members of the LAP will ask questions so that each option is clear. Members of the public may also ask questions about the options.
- The LAP will recommend to the Secretary which options it believes should be studied further, but the Secretary is not required to adhere to this recommendation.

White City Public Input



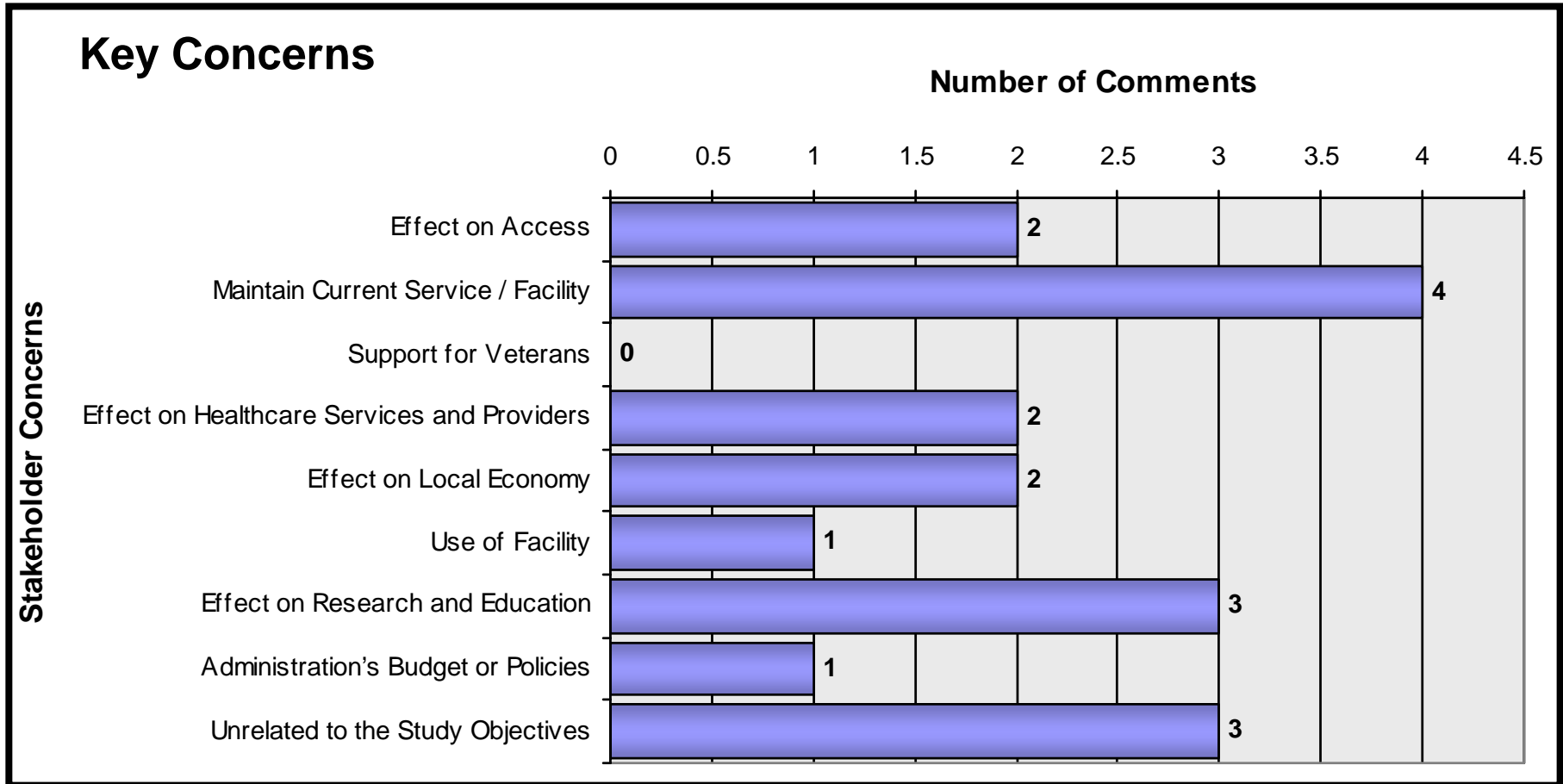
White City Public Input

- 24 forms of stakeholder input were received between January 1, 2005 and June 30, 2005.
- The greatest amount of written and electronic input was received from veterans and veterans family members.
- Top key concerns:
 - Maintaining the current services and facility
 - Effect of CARES process on research and educational programs

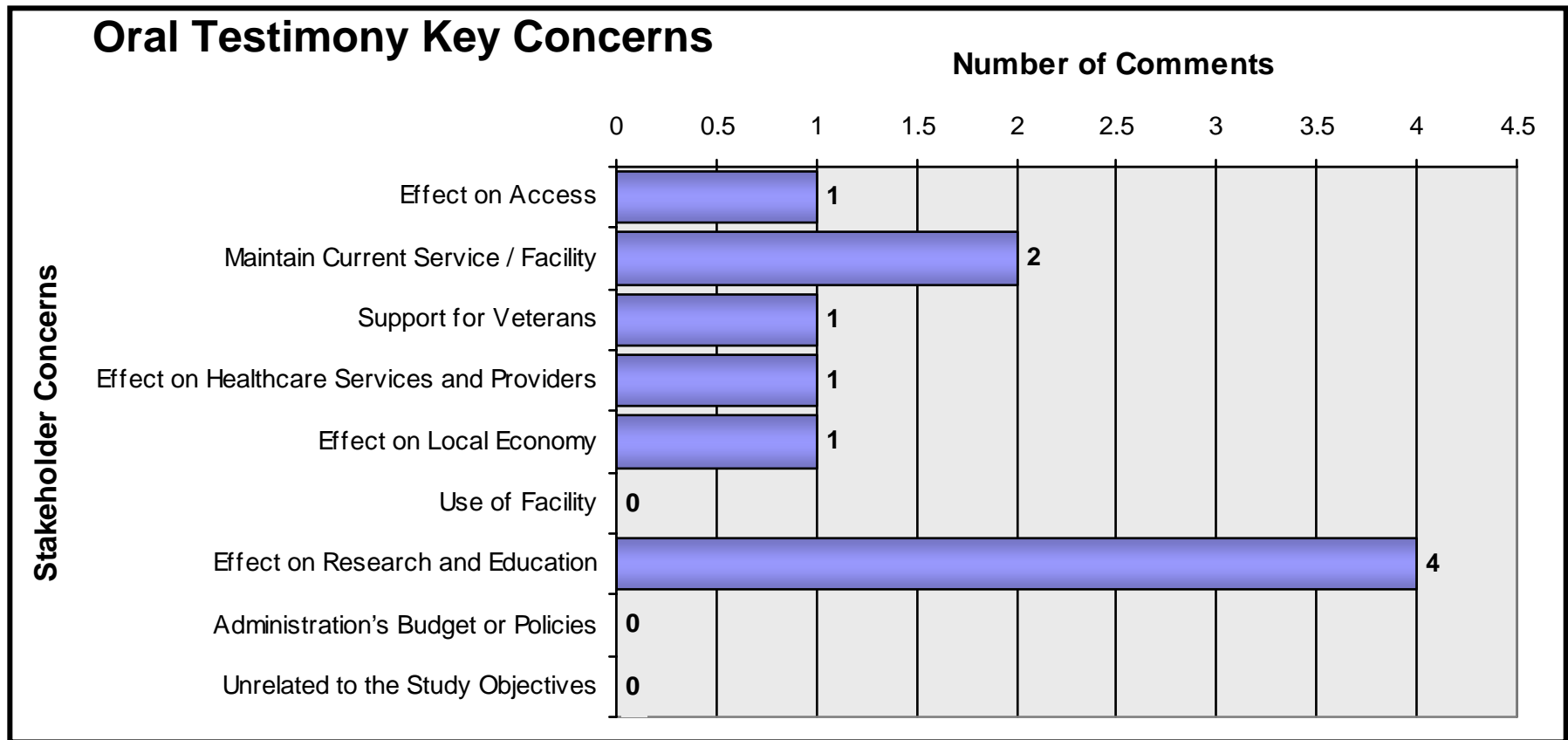
Categories of Stakeholder Concerns

- Effect on Access
- Maintain Current Service/Facility
- Support for Veterans
- Effect on Healthcare Services/ Providers
- Effect on Local Economy
- Use of Facility
- Effect on Research and Education
- Administration's Budget or Priorities
- Unrelated to the Study Objectives

Key Concerns – Written and Electronic Input



Key Concerns – Oral Testimony



Current Status and Business Plan Options



Stage I Study Findings for White City

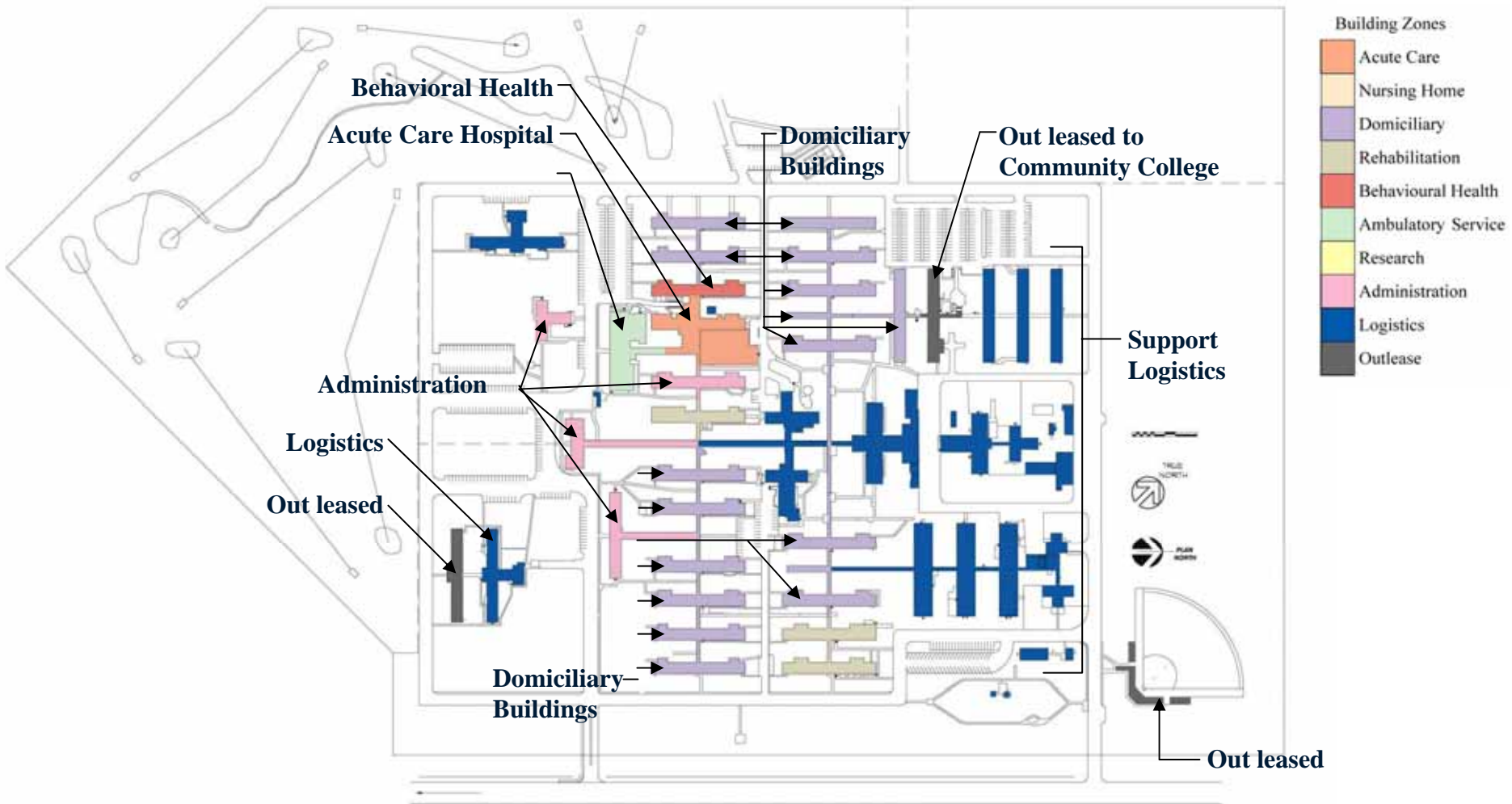
White City SORCC



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Map of White City (Existing Building Parcels)

SORCC



White City Site Overview

- ◆ White City SORCC is the VA's only free-standing Rehabilitation Center and is part of VISN 20.
- ◆ Campus is composed of 61 buildings located on 145 acres.
- ◆ These buildings have received ratings in the range of '2' and '3' (on a 1-5 scale) based on the VA Capital Asset Index, which is generally acceptable for the mainly residential use of the campus.
- ◆ White City SORCC, along with the Klamath Falls Community-Based Outpatient Clinic, offer services to over 11,000 veterans in Southern Oregon and Northern California.
- ◆ Affiliated with Oregon Health Sciences University, Portland State University, and Rouge Community College.

Current Status & Projections

- White City SORCC is located along a major commercial corridor in Southeastern Oregon (Crater Lake Hwy.), approximately 6 miles north of Medford.
- Buildings require seismic/structural upgrades.
- Mechanical systems are generally reported to be in poor condition.
- Overall the demand for inpatient services, specifically domiciliary, is expected to decline over the projected study period.
- Over the next 20 years, the number of enrolled veterans in Priority Groups 1-6 is expected to increase by 15%, from 75,183 to 86,382

Options Development

“Universe” of Considered Options

**Stakeholder
Input**

**Capital Planning
Options**

**Re-Use
Options**

Initial Screening Criteria:

ACCESS

Would maintain or improve overall access to primary and acute hospital healthcare

QUALITY OF CARE

Would maintain or improve overall quality of healthcare:

- *Capability to Provide Care*
- *Workload at each facility*
- *Modern, Safe, Secure*

COST

Would offer a cost-effective use of VA resources

Team Pwc developed Comprehensive Options for Stage I

Discriminating Criteria:

- **Healthcare Quality**
- **Healthcare Access**
- **Making the best use of VA resources**

- **Ease of Implementation**
- **Ability to Support wider VA programs**
- **Impact of Option on VA and Local Community**

Options Overview

“Universe” of Considered Options

Capital Planning
Options
TOTAL = 5

Re-Use
Options
TOTAL = 10

Initial Screening for Access, Quality, Cost

Business Planning Options (BPOs) TOTAL = 3

Assessed for Stage I Report

Options for White City

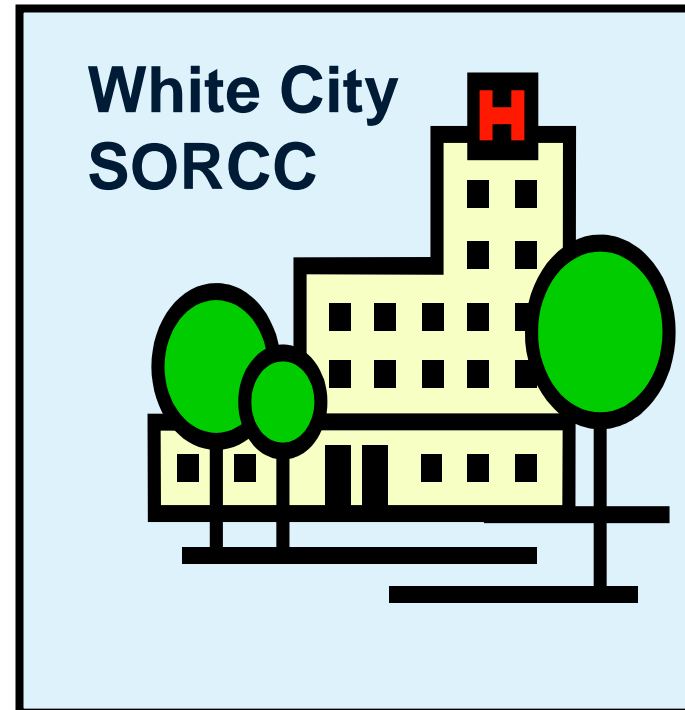
- **Baseline:** Current state projected out to 2013 and 2023 without any changes to facilities or programs, but accounting for projected utilization changes, and assuming same or better quality, and necessary improvements for a safe, secure, and modern healthcare environment
- All services will remain on campus with no change to location of services. Expand outpatient care facility including ambulatory addition, and demolish/replace buildings that require major upgrades and construct ambulatory addition. Renovate or construct domiciliary facility.

BPO 1: Baseline Option [CP-1]

A Baseline option reflects:

Current state projected out to 2013 and 2023 without any changes to facilities or programs, but accounting for projected utilization changes, and assuming same or better quality, and necessary improvements for a safe, secure, and modern healthcare environment

VA to pursue opportunities to reduce the footprint of the campus; Develop a Master Plan to reduce vacant or underused space

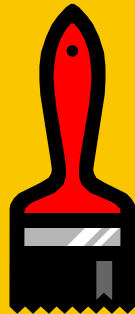
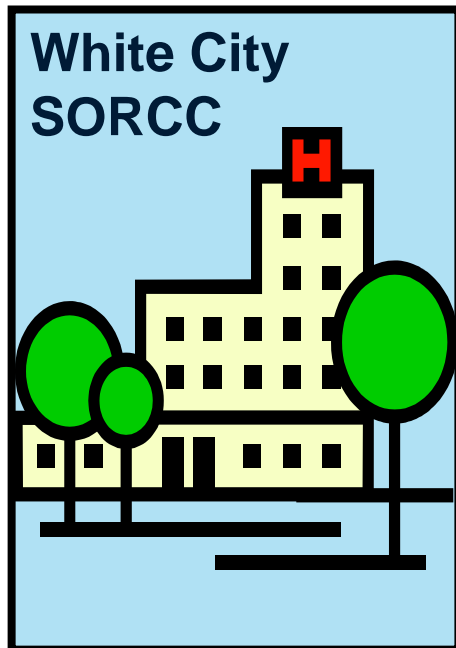


BPO 1: Assessment

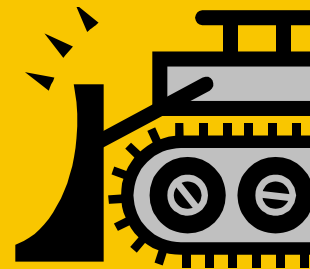
Healthcare Access	Maintains current on site access.
Healthcare Quality	Facility is sized to meet projected demand. Improves site safety by bringing buildings up to code.
Cost Effectiveness	No significant impact on cost effectiveness because although there will be fewer facilities to maintain, they will operate no more efficiently.
Ease of Implementation	Fairly standard renovation process.
Wider VA Program Support	No change.

BPO 2: Phased Domiciliary Renovations and Ambulatory Care Addition – Minimal New Construction [CP-2A/RU-1-10]

All services will remain on campus with no change in location. Expand outpatient care facility including ambulatory addition, and demolish/replace buildings that require major upgrades to allow construction of ambulatory addition. Renovate existing domiciliary facilities. Construct new facilities management, boiler plant and warehouse building. *Minimal* new construction.



**Renovate
Domiciliary
Facility**



**Demolish
Outdated
Buildings**



**Construct
Ambulatory
Addition, Facilities
Management,
Boiler Plant,
Warehouse**

BPO 2: Assessment: Phased Domiciliary Renovations and Ambulatory Care Addition – Minimal New Construction

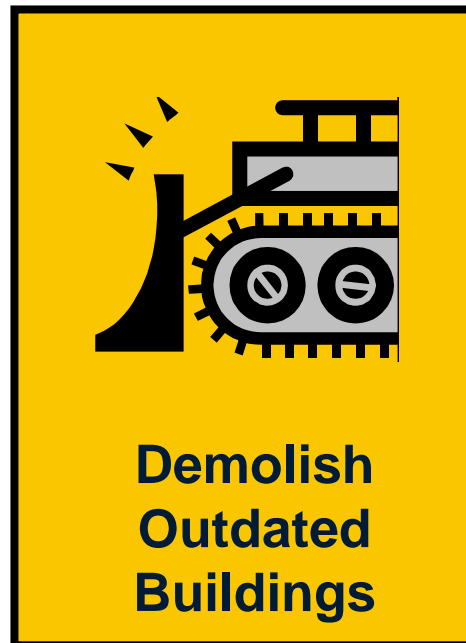
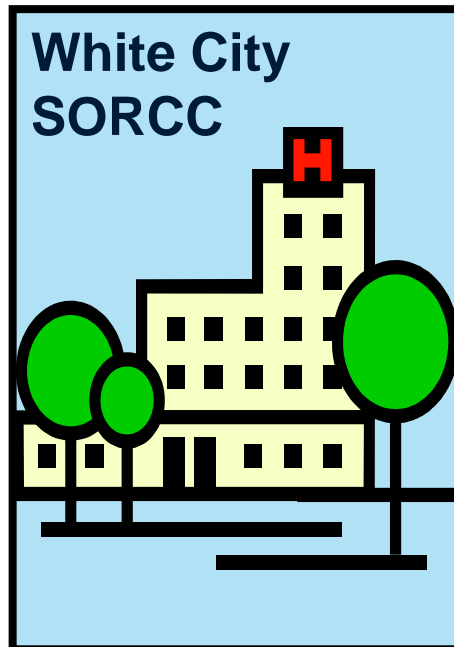
[CP-2A/RU-1-10]

Healthcare Access	Maintains current on site access.
Healthcare Quality	Improves site safety by bringing buildings up to code and improves current site security due to new construction.
Cost Effectiveness	Limited capital investment with renovation and minimal new construction. There is potential re-use of vacant land on this site for a variety of uses including residential, recreational, industrial, and institutional.
Ease of Implementation	More risk due to demolition and new construction.
Wider VA Program Support	No change.

BPO 3: Phased Domiciliary Replacements and Renovations and Ambulatory Care Addition – Moderate New Construction

[CP-2B/RU-1-10]

All services will remain on campus with no change to location of services. Expand outpatient care facility including ambulatory addition, and demolish/replace buildings that require major upgrades and construct ambulatory addition. Construct a new domiciliary facility. Construct new facilities management, boiler plant and warehouse building. *Moderate* new construction.



BPO 3: Assessment: Phased Domiciliary Renovations and Ambulatory Care Addition – Minimal New Construction

[CP-2A/RU1-10]

Healthcare Access	Maintains current on site access.
Healthcare Quality	Improves site safety by bringing buildings up to code and improves current site security due to new construction.
Cost Effectiveness	Moderate capital investment with renovation and more extensive new construction. There is potential re-use of vacant land on this site for a variety of uses including residential, recreational, industrial and institutional.
Ease of Implementation	More risk due to demolition and new construction.
Wider VA Program Support	No change.

White City SORCC-Re-Use / Redevelopment Opportunities



White City SORCC – Re-Use / Redevelopment Opportunities

Based upon the preliminary high-level research and analysis, the following non-VA re-uses and redevelopment opportunities are identified for White City SORCC. Other auxiliary re-use opportunities may be viable dependent upon the primary re-use opportunity that is ultimately selected.

- **Retail:** Road frontage along Crater Lake Highway, especially at a signalized intersection, is ideal for a retail use.
- **Recreational:** Existing golf course, driving range, tennis courts and baseball field could be leased to either the county parks and recreation department or potentially a private developer and operator.
- **Institutional:** Educational or medical care uses could be developed on vacant land or placed within vacant buildings.
- **Multifamily:** Multifamily housing, especially senior citizen-oriented condominiums or apartments would be well received.

Options Not Selected for Assessment

One option to demolish the entire campus and replace with a new consolidated facility



Rejected due to the extensive costs of replacement that could not be made up for by the limited re-use potential

One option to contract domiciliary services to other providers and demolish the campus for alternative redevelopment and re-use



Rejected for not corresponding with the Secretary's Decision and lack of alternative sources of comparable domiciliary care

Next Steps

- The Local Advisory Panel will review the Business Plan Options and recommend:
 - ◆ Which options should be further studied
 - ◆ Proposing additional options
 - ◆ Specific concerns to be addressed
- Responses and comments to the Business Plan Options will be collected for 10 days following the LAP meeting
- The next public meeting will review options selected by the Secretary for further study and discuss key issues.
- The fourth and final public meeting will present detailed analysis of the options and recommendations by Team PwC.

How Can You Provide Feedback?

Local Advisory Panel Meeting

- ◆ Provide testimony at the public meetings
- ◆ Fill out a comments form at the public meetings

CARES Project Website

<http://www.va.gov/CARES>

- ◆ An **electronic comments form** is available to share your views and opinions on the options presented
- ◆ Website provides public meeting information, agendas, meeting summaries, and links to background documents

CARES Central Mailstop

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VA CARES Studies
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Washington Grove, MD 20880-1427**