



Capital Asset Realignment for
Enhanced Services (CARES)

Stage I Summary Report
Site: **St. Albans**

August 2005

This report was produced under the scope of work and related terms and conditions set forth in Contract Number V776P-0515. PricewaterhouseCoopers' LLP work was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants (AICPA). PricewaterhouseCoopers' LLP 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 another government contractor, The Pruitt Group EUL, LP, to develop re-use options for inclusion in this study. The Pruitt Group EUL, LP issued its report, *Enhanced Use Lease Property Re-use/Redevelopment Plan Phase One: Baseline Report, Veterans Affairs Medical Center, St. Albans, New York*, 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 The Pruitt Group EUL, LP.

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.

OVERVIEW AND CURRENT STATE

Statement of Work

Team PwC is assisting the VA in identifying the optimal approach to provide current and projected veterans with healthcare equal to or better than is currently provided in terms of access, quality, and cost effectiveness, while maximizing any potential re-use of all or portions of the current real property inventory at the study sites.

Specifically, the St. Albans Primary & Extended Care Center study consists of comprehensive Capital and Re-use Plans that will be developed using VA demand data to determine the appropriate capacity and footprint size of the replacement for the Domiciliary and Nursing Home units that maximize the re-use potential of the balance of the site.

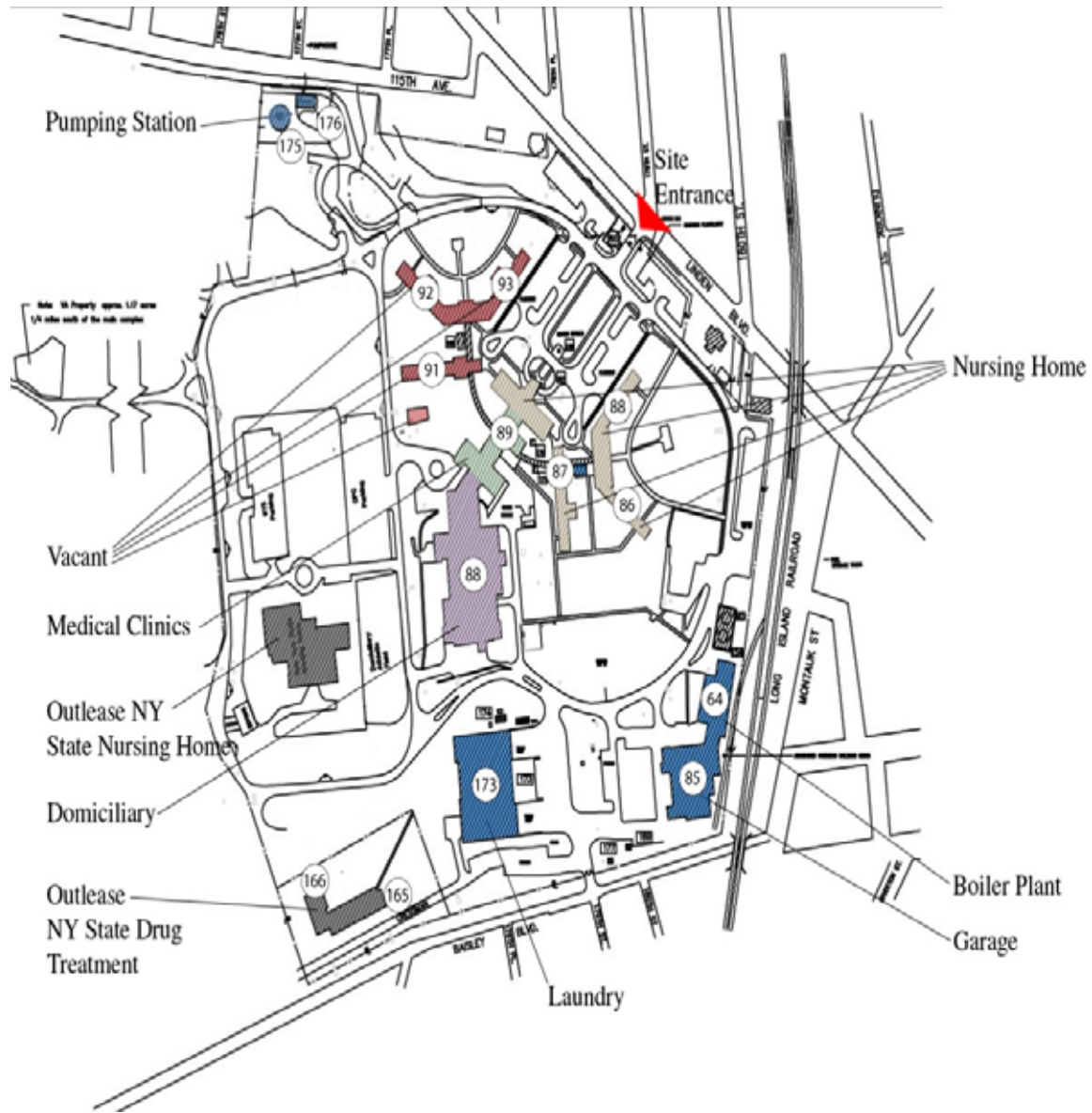
Summary of Market

St. Albans Primary & Extended Care Center is a division of the Brooklyn Campus of the New York Harbor Healthcare System (NYHHS) within Veterans Integrated Service Network 3 (VISN 3) and is located in Queens, New York. St. Albans offers primary and nursing home services to veterans. St. Albans Primary & Extended Care Center is located on 61.9 acres and is located in Queens, New York approximately 2.25 miles from the Southern (Nassau) Expressway, 2.5 miles from Interstate 678 and three miles from Grand Central Parkway. It is also adjacent to a rail stop with shuttle service for easy access by patients. VISN 03 has three markets; Long Island, Metro New York and New Jersey. St. Albans Primary & Extended Care Center is located in the Metro New York market.

Summary of Current Facility Condition

The St. Albans Primary & Extended Care Center site includes 55 acres of land and 19 buildings (713,572 square feet). Three (Buildings 91, 92, 93) of the 19 buildings are vacant, and there are pockets of vacant space in building 89. The site is a former Naval Hospital, which was located in the area currently used as a park. The site is no longer owned by the Navy nor is it used as a hospital. Currently, there are a total of 181 nursing home beds and 50 domiciliary beds on the site. The technical corrections cost (from the VA's Capital Asset Index) for St. Albans is \$6.7M.

Figure 1: Existing Building Distribution



COMMUNITY INFORMATION

Real Estate Market Assessment¹

The St. Albans Primary & Extended Care Center campus is in the St. Albans community of the borough of Queens, New York City. The boroughs of Queens and Brooklyn share the western end of Long Island, separated from Manhattan by the East River. The Brooklyn-based VA facility is approximately 15 miles to the southwest.

Queens is primarily residential and is densely populated with no undeveloped land other than municipal parks and no agricultural land use. The St. Albans neighborhood contains predominantly single-family housing stock on small lots with the majority of the houses beyond 50 years in age. The neighborhood is roughly encircled by a network of limited access freeways. The entry to, and the address of the campus is 17900 Linden Boulevard, St. Albans, NY. St. Albans Primary & Extended Care Center is located nearly in the center of Queens Community District 12 between St. Albans, South Jamaica and Springfield Gardens.

The VA currently utilizes the site under Federal Exclusive Jurisdiction privilege, though local land use jurisdiction would become applicable in an instance of ownership transfer. Local zoning ordinance in the immediate neighborhood dictates low density residential, and the land is designated for government and institutional use. Should land transfer precipitate local zoning ordinance controls, some land use compatible with neighboring residential zoning designation may be anticipated, as well as uses in line with the existing VA facilities.

Queens Community District 12 has about 223,000 residents; the population grew 11% during the 1990s. The rate of population growth is slightly higher than the overall population growth rate for the City of New York (9.4%), but a little lower than the 14% population growth rate for Queens County. Some of this population growth is attributable to immigrants; nearly 39% of households in Community District 12 are immigrants, mostly from the Caribbean.

Healthcare and other services account for the largest share of business establishments within the area that includes the St. Albans Zip code. As of 2001, about 44% of the 194 establishments within the St. Albans Zip code were classified in either of those two categories. Retail establishments (14.9%) were the next largest category; the remaining establishments are distributed across professional services, hotels and food services, FIRE and wholesale.

¹ This section excerpted from “Enhanced Use Lease Property Re-Use/Redevelopment Plan; Phase One: Baseline Report,” as prepared by The Pruitt Group EUL, May 23, 2005.

BUSINESS PLAN OPTION DEVELOPMENT

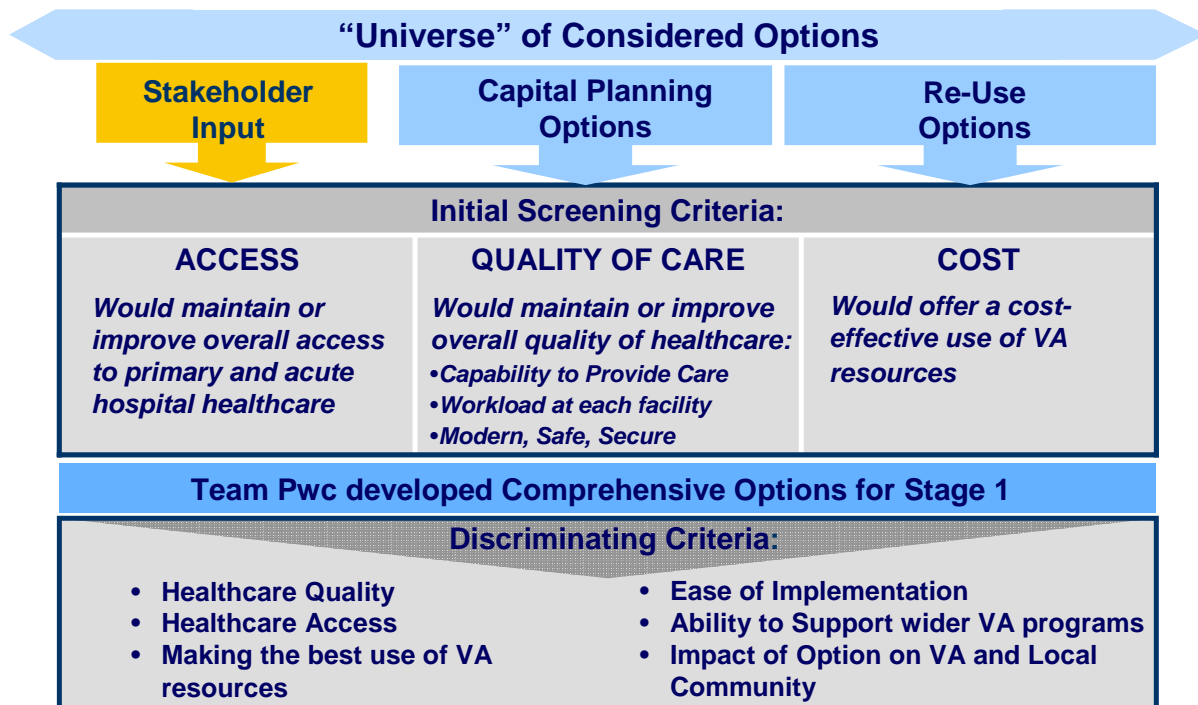
Option Development Process

Team PwC in collaboration with its re-use/redevelopment counterpart, Pruitt Group, developed a set of comprehensive BPOs to be considered for the St. Albans Primary and Extended Care Facility. A comprehensive BPO at St. Albans Primary & Extended Care Center is defined as consisting of a single capital option (CP) and at least one re-use option (RU). Therefore, the formula for a comprehensive BPO would be:

$$\text{Comprehensive BPO} = \text{CP option} + \text{RU option}$$

A multi-step process was employed in the development and selection of these comprehensive BPOs to be further assessed. Initially, a broad range or “universe” of discrete and credible capital planning options and associated re-use options were developed by the teams. These options were tested against the agreed-upon initial screening criteria of access, quality, and cost. The capital and re-use options that passed the initial screenings were then further considered to be potential capital and re-use options to comprise a comprehensive BPO. The teams selected the most appropriate combinations of capital planning and re-use options to create a set of comprehensive BPOs. All of the comprehensive BPOs were then further assessed at a more detailed level according to a set of discriminating criteria.

Figure 2: Options Development



Stakeholder Concerns

For the St. Albans Primary & Extended Care Center CARES Study Site, 64 forms of stakeholder input were received between January 1, 2005 and June 30, 2005 including comment forms (paper and electronic), letters, written testimony, oral testimony, and other forms. The greatest amount of written and electronic input was received from veterans.

Stakeholders who submitted written and electronic input indicated that their top key concerns were centered on keeping the facility open, use of the facility and support for veterans. Stakeholders who contributed oral testimony at the Local Advisory Panel public meeting shared the concerns of keeping the facility open and the use of the facility.

Table 1: Stakeholder Concerns

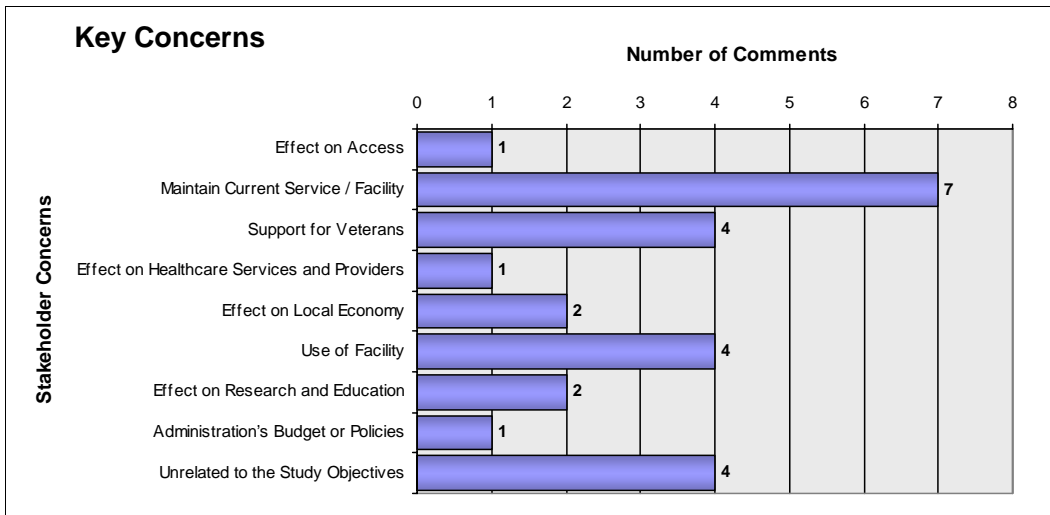
Stakeholder Concern	Definition
Effect on Access	Involves a concern about traveling to another facility or the location of the present facility.
Maintain Current Service/Facility	General comments related to keeping the facility open and maintaining services at the current site.
Support for Veterans	Concerns about the federal government/VA's obligation to provide health care to current and future veterans.
Effect on Healthcare Services & Providers	Concerns about changing services or providers at a site.
Effect on Local Economy	Concerns about loss of jobs or local economic effects of change.
Use of Facility	Concerns or suggestions related to the use of the land or facility.
Effect on Research & Education	Concerns about the impact a change would have on research or education programs at the facility.
Administration's Budget or Policies	Concerns about the effects of the administration's budget or other policies on health care for veterans.
Unrelated to the Study Objectives	Other comments or concerns that are not specifically related to the study.

Figures 3 & 4: Key Concerns and Oral Testimony Key Concerns

VA CARES BUSINESS PLAN STUDIES
 STAKEHOLDER INPUT ANALYSIS REPORT
 St Albans Study Site

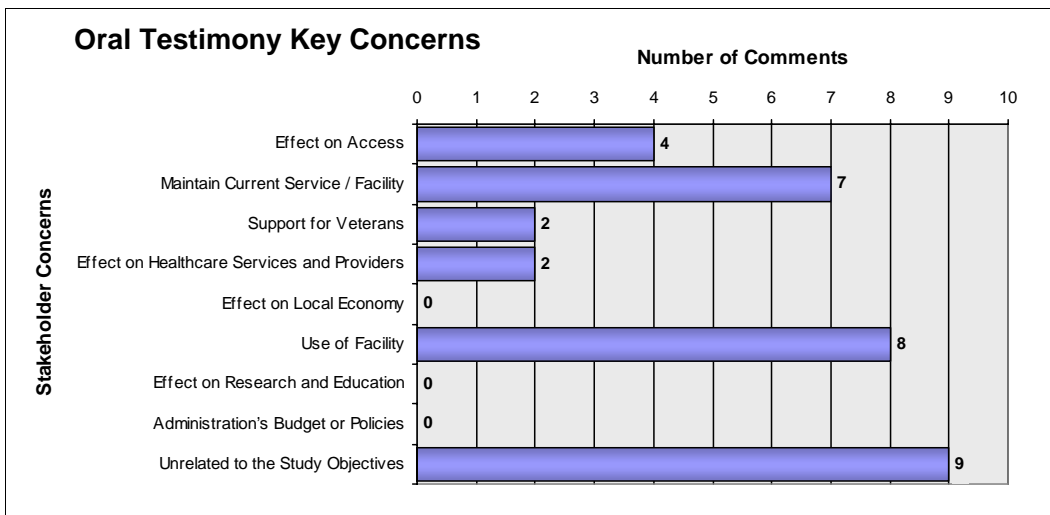
**Analysis of Written and Electronic Inputs
 (Written and Electronic Only):**

The breakout of “Key Stakeholder Concerns” regarding the St Albans study site is as follows*:



**Analysis of Oral Testimony Input Only
 (Oral Testimony at LAP Meeting):**

The breakout of “Key Stakeholder Concerns” that were expressed during Oral Testimony for the St Albans study site is as follows*:



* Note that totals reflect the number of times a "key concern" was raised by a stakeholder. If one stakeholder addressed multiple "key concerns", each concern is included in the totals.

COMPREHENSIVE BUSINESS PLANNING OPTIONS

Baseline Option

The Baseline is the BPO under which there would not be significant changes in either the location or type of services provided in the study site. In the Baseline BPO, the Secretary's Decision and forecasted long-term healthcare demand forecasts and trends, as indicated by the demand forecasted for 2023, are applied to the current healthcare provision solution for the study site.

Specifically, the Baseline BPO is characterized by the following:

- Healthcare continues to be provided as currently delivered, except to the extent healthcare volumes for particular procedures fall below key quality or cost effectiveness threshold levels.
- Capital planning costs allow for current facilities to receive such investment as is required to rectify any material deficiencies (e.g. in safety or security) such that they would provide a safe healthcare delivery environment as required in the Secretary's Decision.
- Life Cycle capital planning costs allow for on-going preventative maintenance and life-cycle maintenance of major and minor building elements.
- Re-use plans use such vacant space in buildings and/or vacant land as they emerge as a result of the changes in demand for services and the facilities in which they reside.

In the baseline option at St. Albans Primary & Extended Care Center, there are no major capital projects scheduled, and thus there is not expected to be a major change in the current facilities or service provision. This option accounts for projected utilization changes, and assuming same or better quality, and necessary maintenance for a safe, secure and modern healthcare environment.

Options Not Selected for Assessment

The following options were also considered but were not selected for assessment as a component of a comprehensive BPO.

Table 2: Options Not Selected for Assessment

Label	Description	Screening Results
Alternative Replacement Facilities		
Full replacement in one building: multiple potential locations [e.g. 115 th Street, Baisley Boulevard, by NY State Veterans Home – five total Options]	Build one facility to house all replacement inpatient, outpatient, and support services	Consistent with stakeholder desire for options to be compatible with current surroundings and community, this option fails since the height and mass of building are inconsistent with site and community character. In addition, a single hi-rise facility will be less flexible over the long-term.
Off-Campus Development		
Outpatient Relocations (three Options)	Moving/consolidating ambulatory and/or outpatient services to other VAMCs and CBOCs in Brooklyn, Manhattan, or Queens	Not consistent with Secretary’s Decision Document
Inpatient Relocations (three Options)	Moving/consolidating inpatient services to other VAMCs and CBOCs in Brooklyn, Manhattan, or Queens	Not consistent with Secretary’s Decision Document

Comprehensive BPOs To Be Assessed in Stage I

The comprehensive BPOs incorporate capital and re-use option components as previously described. The combinations of capital and re-use options were formulated in order to arrive at the most appropriate options for the site. They will be more thoroughly assessed according to the discriminating criteria in the subsequent sections. The following describes each of the BPOs and the support for their selection.

Table3: Comprehensive BPOs to be Assessed in Stage I

BPO Designation	Label	Description	Support for BPO Selection
<p>BPO 1 Comprising: CP-1</p>	<p>Baseline (renovation only)</p>	<p>Consolidate and right size facilities in the existing buildings. Use all buildings, except 92 & 93. Provide relatively more space for beds and less space for offices. Permits re-use/redevelopment of Parcels 2, 3 and 4.</p>	<ul style="list-style-type: none"> • Adequate square footage exists within the current campus to accommodate future volumes for St. Albans through 2023. • The NY State Nursing Home and the NY State DDTP could continue out leasing with the VA.
<p>BPO 2 Comprising: CP-2A/ RU-1, RU-3, RU-4</p>	<p>Replacement: Near to the State Veterans’ Home</p>	<p>Build new facility close to 115th Avenue to accommodate projected demand. Permits re-use/redevelopment of Parcels 1, 3 and 4.</p>	<ul style="list-style-type: none"> • This option would permit the re-use and/or re-development of the majority of the campus. • Locating the new facilities near the state home provides opportunities for increased shared services with the state, should the need or desire arise. • The VA would be able to continue out leasing to the NY State Nursing Home and to the NY DDTP. • The location of the new facilities provides an opportunity to sustain the current main entrance parkway and historic/memorial elements.
<p>BPO 3 Comprising: CP-2B/ RU-1, RU-3, RU-4</p>	<p>Replacement: Near to 115th Avenue</p>	<p>Build new facility close to 115th Avenue to accommodate projected demand. Permits re-use/redevelopment of Parcels 1, 3 and 4.</p>	<ul style="list-style-type: none"> • The VA would be able to continue out leasing to the NY State Nursing Home and to the NY DDTP. • This location is accessible from 115th Avenue and can be separated from the rest of the campus.
<p>BPO 4 Comprising: CP-2C/ RU-1A, RU-3, RU-4</p>	<p>Replacement: Near to Linden Boulevard</p>	<p>Build new facility close to Linden Blvd (near main entrance) to accommodate projected demand. Permits re-use/redevelopment of Parcels 1A, 3 and 4.</p>	<ul style="list-style-type: none"> • The VA would be able to continue out leasing to the NY State Nursing Home and to the NY DDTP. • This location most keeps the VA service “front and center” on the campus.

BPO Designation	Label	Description	Support for BPO Selection
<p>BPO 5 Comprising: CP-2D/ RU-2, RU-3, RU-4</p>	<p>Replacement: Near to Long Island Rail Road</p>	<p>Build new facility with access to Linden Blvd. close to LIRR station. Permits re-use/redevelopment of Parcels 2, 3 and 4.</p>	<ul style="list-style-type: none"> • Potential to directly link site to Long Island Railroad. • The VA would be able to continue out leasing to the NY State Nursing Home and to the NY DDTP.
<p>BPO 6 Comprising: CP-2E/ RU-2, RU-3, RU-4</p>	<p>Replacement: Near to Baisley Blvd</p>	<p>Build new facility off of Baisley Blvd. between existing laundry and garage. Permits re-use/redevelopment of Parcels 2, 3 and 4.</p>	<ul style="list-style-type: none"> • The VA would be able to continue out leasing to the NY State Nursing Home and to the NY DDTP. • This location is easily accessible from Baisley Boulevard and could be separated from the rest of the campus.
<p>BPO 7 Comprising: CP-2F/ RU-1, RU-2, RU-4</p>	<p>Replacement: On Site of the NY State Drug Treatment Center</p>	<p>Build new facility by/over NY State Drug Treatment Center (demolish that building). Permits re-use/redevelopment of Parcels 1, 2 and 4.</p>	<ul style="list-style-type: none"> • The VA would be able to continue out leasing to the NY State Nursing Home. • This location is easily accessible from Baisley Boulevard and could be separated from the rest of the campus.
<p>BPO 8 Comprising: CP-3A/ RU-1A, RU-2, RU-3, RU-4</p>	<p>Combination: New outpatient, Renovated nursing home and domiciliary care</p>	<p>Build new outpatient building and renovate residential. Retain use of Pratt Auditorium. Permits re-use/redevelopment of Parcels 1A, 2, 3 and 4.</p>	<ul style="list-style-type: none"> • The VA would be able to continue out leasing to the NY State Nursing Home and to the NY DDTP.

BPO Designation	Label	Description	Support for BPO Selection
<p>BPO 9</p> <p>Comprising: CP-3B/ RU-1A, RU-2, RU-3, RU-4</p>	<p>Combination: Renovated Outpatient, New nursing home and domiciliary care</p>	<p>Renovate outpatient building and build new residential. Retain use of Pratt Auditorium. Permits re-use/redevelopment of Parcels 1A, 2, 3 and 4.</p>	<ul style="list-style-type: none"> • This option consumes less of the current site than Option CP-3A, and is more like Options CP-2A, B, C, D, E and F in terms of total site utilization, allowing more land for potential re-use/redevelopment. • The VA would be able to continue out leasing to the NY State Nursing Home and to the NY DDTP.

ASSESSMENT SUMMARY

Table 4: Assessment Summary

Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5	BPO 6	BPO 7	BPO 8	BPO 9
Healthcare Access	↔	↔	↔	↔	↔	↔	↔	↔
Healthcare Quality								
Modern, safe, and secure environment	↑	↑	↑	↑	↑	↑	↑	↑
Meets forecasted need	↔	↔	↔	↔	↔	↔	↔	↔
Cost Effectiveness								
Operating cost effectiveness	-	-	-	-	-	-	-	-
Level of capital expenditure anticipated	-	-	-	-	-	-	↓↓	-
Level of re-use proceeds	↑↑↑	↑↑↑	↑↑↑	↑↑↑	↑↑↑	↑↑↑	↑↑	↑↑↑
Cost avoidance opportunities	-	-	-	-	-	-	-	-
Overall cost effectiveness	↑	↑	↑	↑	↑	↑	↓	-
Ease of Implementation								
Riskiness of BPO implementation	↑	↑	↑	↑	↑	↑	↔	↔
Wider VA Program Support								
DoD sharing	↔	↔	↔	↔	↔	↔	↔	↔
One-VA Integration	↓	↓	↓	↓	↓	↓	↔	↔
Special Considerations	↔	↔	↔	↔	↔	↔	↔	↔

Evaluation System for BPOs

The evaluation system below is used to compare BPOs to the Baseline BPO.

Table 5: Evaluation System for BPOs

Rating for all categories except cost and overall evaluation	
↑	The BPO has the potential to provide a slightly improved state than the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc)
↔	The BPO has the potential to provide materially the state as the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc)
↓	The BPO has the potential to provide a slightly lower or reduced state than the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc).
Operating cost effectiveness (based on results of initial healthcare/operating costs)	
↑↑↑↑	The BPO has the potential to provide significant recurring operating cost savings compared to the Baseline BPO (>15%)
↑↑↑	The BPO has the potential to provide significant recurring operating cost savings compared to the Baseline BPO (>10%)
↑↑	The BPO has the potential to provide some recurring operating cost savings compared to the Baseline BPO (5%)
↑	The BPO has the potential to provide some recurring operating cost savings compared to the Baseline BPO (5%)
-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>5%)
↓↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>10%)
↓↓↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>15%)
Level of capital expenditure anticipated (based on results of initial capital planning costs)	
↓↓↓↓↓	Very significant investment required relative to the Baseline BPO (≥ 200%)
↓↓↓	Significant investment required relative to the Baseline BPO (121% to 199%)
-	Similar level of investment required relative to the Baseline BPO (80% to 120% of Baseline)
↑↑	Reduced level of investment required relative to the Baseline BPO (40%-80%)
↑↑↑↑	Almost no investment required (≤ 39%)
Level of Re-use proceeds relative to Baseline BPO (based on results of initial Re-use study)	
↓↓↓	High demolition/clean-up costs, with little return anticipated from Re-use
-	No material Re-use proceeds available
↑	Similar level of Re-use proceeds compared to Baseline (+/- 20% of Baseline)
↑↑	Higher level of Re-use proceeds compared to Baseline (e.g. 1-2 times)
↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)

Cost avoidance (based on comparison to Baseline BPO)	
-	No cost avoidance opportunity
↑↑	Significant savings in necessary capital investment in the Baseline BPO
↑↑↑↑	Very significant savings in essential capital investment in the Baseline BPO
Overall Cost effectiveness (based on initial NPC calculations)	
↓↓↓↓	Very significantly higher Net Present Cost relative to the Baseline BPO (>1.15 times)
↓↓↓	Significantly higher Net Present Cost relative to the Baseline BPO (1.10 – 1.15 times)
↓	Higher Net Present Cost relative to the Baseline BPO (1.05 – 1.09 times)
-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)
↑	Lower Net Present Cost relative to the baseline (90-95% of Baseline)
↑↑	Significantly lower Net Present Cost relative to the Baseline BPO (85-90% of Baseline)
↑↑↑↑	Very significantly lower Net Present Cost relative to the Baseline BPO (<85% of Baseline)

Acronyms

AMB	Ambulatory
BPO	Business Plan Option
CBOC	Community Based Outpatient Clinic
CIC	CARES Implementation Category
DoD	Department of Defense
FTEE	Full-time employee equivalents
IP	Inpatient
LAP	Local Advisory Panel
OP	Outpatient
MH	Mental Health
VA	Department of Veterans Affairs
VACO	VA Central Office
VAMC	Veterans Affairs Medical Center
VISN	Veterans Integrated Service Network

Definition

CARES (Capital Asset Realignment for Enhanced Services) – a planning process that evaluates future demand for veterans’ healthcare services against current supply and realigns VHA capital assets in a way that results in more accessible, high quality healthcare for veterans.