



**Capital Asset Realignment  
for Enhanced Services  
(CARES)**

**Stage I Report**  
Site: *Waco*

**February 2006**

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## **Executive Summary**

### **Project Overview**

CARES (Capital Asset Realignment for Enhanced Services) is the Department of Veterans Affairs (VA's) effort to produce a logical, national plan for modernizing healthcare facilities. The objective is to identify 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 owned by VA. The Secretary's Decision Document of May 2004 called for additional studies in certain geographic locations to refine the analyses developed in the CARES planning and decision-making process. Team PricewaterhouseCoopers (Team PwC) is assisting VA in conducting the VA CARES Business Plan Studies at 17 sites around the United States, which include site-specific requirements for Healthcare Delivery Studies, Capital Plans, and Re-use Plans.

Waco is one of the CARES study sites and includes healthcare delivery, capital planning, and re-use planning studies. The Secretary's CARES Decision directs the following to be considered for the Waco study site:

- The potential benefits of collocating inpatient psychiatric care with other acute inpatient care in Temple.
- Expansion of access to care for the growing Austin area.
- A clear need to more effectively manage the substantial vacant space on the Waco campus.
- VA will conduct a further comprehensive study of the cost and continuity of care issues of such realignment.
- The study will evaluate the most appropriate means and site for providing care to veterans now treated at the Waco campus and will include an analysis of moving the VBA Regional Office onto the Waco VAMC campus.
- Irrespective of any realignment, it will also identify options for divesting or leasing a significant portion of the underutilized property in order to generate savings and revenues that could be applied to VA's healthcare mission.
- The Waco study involves an analysis of the demand for healthcare services in the future and the development of options regarding the possible location of those services on the Waco campus, in the Waco area, or another nearby VAMC or a combination of these options.
- The Waco study will identify the capital and operating costs of potentially transferring all inpatient beds from Waco to a nearby VAMC and any potential savings as contrasted with options that retain services on the Waco campus as outlined in the General Scope of Work.
- The options developed should include the development of a multi specialty outpatient clinic in the Waco area to ensure that primary care and mental health services are provided to the community residential care facilities that depend on Waco for outpatient psychiatric services as well as other veterans in the Waco area.

- In addition to exploring options on the VA campus in Waco, alternative sites in the Waco community will also be explored.

The CARES studies are being performed in three stages: an initial planning phase and two phases centered on option development and selection. This report presents the results of Stage I (option development). In Stage I, Team PwC develops and assesses a broad range of potentially viable Business Plan Options (BPOs) that meet the forecast healthcare needs for the study sites. Based upon a broad analysis of these options, Team PwC recommends up to six options to be taken forward for further development and assessment in Stage II. VA decides which options should be studied further in Stage II. Stakeholder input from veterans, veterans advocates, and the community play an important role in option development and assessment. A Local Advisory Panel (LAP) has been established to ensure veterans' issues and concerns are heard throughout the study process. Veterans' and other stakeholder views can be presented at a series of public meetings and through written and electronic communication channels.

## **Waco Overview**

The Waco Veterans Affairs Medical Center (VAMC) is part of the Central Texas Veterans Health Care System (CTVHCS), which is in Veterans Integrated Service Network (VISN) 17. VISN 17 is composed of four markets: Central, North Texas, Southern and Valley-Coastal Bend. The Waco VAMC is located in the Central market. The Central market contains approximately 240,000 veterans, or roughly 22% of the veteran population for VISN 17.

CTVHCS is one of the largest integrated healthcare systems within VA, and contains one of the few blind rehabilitation centers in the country. In addition to the Waco VAMC, the CTVHCS comprises six community based outpatient clinics (CBOCs) located in Brownwood, Palestine, College Station, Austin, Cedar Park (opened 2004), and Marlin, and one additional VAMC in Temple, Texas.

There are four major drivers considered for the Waco study site. These drivers represent factors particularly evident at the Waco study site that must be balanced in the development and evaluation of BPOs. They are:

1. Waco VAMC facilities lend themselves to continued use since facilities providing patient care are in relatively good condition, but despite the current vacant space, there is not enough square footage to meet the space requirements for all BPOs.
2. Additionally, the campus has existing facilities that can serve the specialized psychiatry population, including gero-psychiatry nursing home patients, which may not be available at the Temple campus.
3. The historic designation of 25 buildings, in combination with the conditions of the real estate market, limits the re-use potential of the Waco property.
4. Potential exists to further support VA programs through the collocation of the regional VBA office at the Waco VAMC.

These four drivers are described further below.

## **VAMC Facilities**

Waco VAMC facilities lend themselves to continued use since facilities providing patient care are in relatively good condition. All buildings used for patient care or administration are in generally average to good condition reflecting generally consistent and on-going maintenance practices over time. In fact, eight out of the 44 buildings included within the VA Capital Asset Inventory (CAI) database have been rated as a 4.0 or better (on a scale of 1 to 5) for facility condition. These eight buildings account for approximately 37% of the total campus square footage. Recently renovated buildings which are in good condition include Building 11 (renovated in 2000) and Building 94 (renovated in 2003). Other buildings renovated since 1990 and in good condition include Buildings 4, 10, 12, 91, and 92. Therefore, buildings with fairly good facility conditions could continue to be effectively utilized by VA to provide healthcare services.

There is 205,000 SF of vacant space currently on the Waco campus. Approximately 180,000 SF of the currently vacant 205,000 SF will be utilized to accommodate the baseline demand in a modern, safe, and secure environment (yielding approximately 25,000 SF of vacant space). The currently vacant patient care buildings located in the core of the campus will be renovated to accommodate the projected increase in utilization and will become occupied, while outlying buildings will remain vacant or be vacated to gain efficiencies and eliminate routine maintenance costs, as indicated in the baseline site plan. BPOs that accommodate the domiciliary, research, and VBA services on the campus will need to construct facilities in order to provide space for these programs.

## **Gero-Psychiatry Service and Facility Needs**

Additionally, the campus has existing facilities that can serve the specialized psychiatry population, including gero-psychiatry nursing home patients. The Waco VAMC is focused on providing psychiatry services to the veteran population and is one of the largest psychiatric treatment facilities in the country. Currently, the facility provides acute psychiatric care, post traumatic stress disorder (PTSD) residential rehabilitation, locked psychiatric care, serious mental illness life empowerment program, and gero-psychiatry nursing home services. The gero-psychiatry program is specialized and serves elderly veterans who are afflicted with Alzheimer's disease and other dementia variants. The clinical space has been remodeled to accommodate the special needs of this population. It is secure and features a "racetrack" corridor that permits uninterrupted walking by patients. The availability of specialized gero-psychiatry services and associated facilities is most likely limited in the community. Therefore, the ability to appropriately meet the forecasted need of this population should be considered in the evaluation of BPOs to be recommended for further study.

Furthermore, this specialized space for the gero-psychiatry nursing home population would need to be constructed at the Temple campus if services were to be transferred there from Waco, based on Stage I review of available space. In order for the new nursing home facility to be compliant with VA practice of a maximum height of two-stories, a stand-alone facility would need to be constructed on the Temple campus on Potential Building Expansion Zone A, a site of



approximately 4.2 acres. Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it has been indicated that the demolition of these buildings is already planned by the VA. However, if services are not relocated from these buildings on the Expansion Zone, and the buildings are not demolished, there would not be adequate space on the Temple campus to construct the nursing home according to VA practice.

### **Re-Use Potential**

In accordance with the Secretary's Decision, options are to be explored that divest or lease a significant portion of the underutilized Waco property in order to generate savings and revenues. However, divesting and/or leasing facilities and property at the Waco VAMC campus may not provide optimal benefit due to the constraints of the historic designation of the facilities and current conditions of the Waco real estate market. The Waco campus is designated as historic, and in 1994, many of the buildings on the Waco VAMC campus were added to the National Register of Historic Places. Currently, 25 (over 90% of the existing square footage) of the buildings are considered to be historic. Design guidelines in the 1994 Historic Preservation Plan for the Waco VAMC provide basic design standards and a framework for restoration and maintenance of existing buildings as well as for landscaping, new construction, and demolition when necessary. The National Historic Preservation Act requires that a federal agency must assume responsibility for historic properties and Section 106 requires federal agencies to consider historic properties as it plans a project and to consult with the Advisory Council on Historic Preservation. The approval process for new construction and renovation can take more than a year, and the approval process for demolition can take over 10 years. New buildings should not be larger in mass or taller than the major existing historic structures around the Mall and none should be as prominent as Building 1. These restrictions and approval process may be unfavorable to developers and limit re-use potential of the property.

Additionally, divesting or leasing a significant portion of the underutilized Waco property may not be feasible due to the conditions of the Waco real estate market. Key issues with residential re-use focus on renovation costs for historic units. Based on initial review, current lease rates and home values in the neighborhood, renovation would not appear to be cost effective considering market rate renovation costs. Similarly, average reported rental rates for office space in the suburban market of \$10 to \$13 per square foot would not be sufficient to support new construction or an aggressive renovation plan. Therefore, the related lease income will not likely be sufficient to offset the required renovations and ongoing building maintenance expense. Since facilities do not need replacement and the re-use value is minimal if property were to be made available for re-use, the best use of VA resources may be continued use of the campus. The facility and real estate market conditions should be considered when evaluating options that transfer services off of the campus, either to Temple or to the local community.

## **Ability to Support VA Programs**

The regional VBA office is located in Waco and was part of the city's downtown revitalization efforts. The addition of the VBA building to the VAMC campus will further add to the vibrancy of the Waco campus while reducing expenses overall for VA by avoiding paying rent to a third party. By relocating the VBA building to the VAMC campus, consolidation of all Waco community veterans' services would occur on one campus, as well as address VBA's security and storage issues. Currently, there is no existing building on the Waco campus that meets the minimum VBA requirements, and distribution of this service among multiple buildings is undesirable as it limits flexibility when work load causes staffing fluctuations. Therefore, a new building at the VAMC campus with the required 180,000 SF would offer more security as well as flexibility for future expansion.

## **Business Plan Options**

Team PwC considered the major drivers for the Waco study site, along with stakeholder input, when developing healthcare, capital, and re-use options. For the Waco CARES study site, 636 stakeholder comments were received between April 20 and October 5, 2005. Stakeholders were most concerned with maintaining the current services/facility, the use of the facility, and support for veterans.

The option development process resulted in a multitude of discrete healthcare, capital and re-use options, which were subsequently screened to determine whether a particular option had the potential to meet or exceed the CARES objectives (i.e., access, quality, and cost). Overall, in addition to the baseline, there were 16 BPOs (comprising healthcare, capital, and re-use components) which passed an initial screening test and were developed for Stage I. Each BPO was assessed at a more detailed level according to a set of discriminating criteria. An eighteenth BPO was proposed by the LAP at the second LAP Public Meeting. It also passed initial screening.

## **BPO Recommendations for Assessment in Stage II**

Team PwC's recommendation of BPOs to be further assessed in Stage II was determined based on several factors. Team PwC considered the pros and cons of each option, together with the results of assessments against discriminating criteria to determine the overall attractiveness of each BPO. Views and opinions of the LAP and oral and written testimony received from veterans and other interested groups were also considered. All of these inputs contributed to the selection of the BPOs to be recommended for further study in Stage II, which are summarized in Table 1.

One of the BPOs recommended for further study moves all of inpatient services to Temple which may ultimately allow for operational efficiencies.<sup>1</sup> Another BPO moves all inpatient services to Temple except for domiciliary and nursing home services which remain at Waco. This BPO allows for the current gero-psychiatry nursing home facilities at Waco to be utilized and mitigates the risk associated with developing a stand-alone nursing home facility at Temple. Two other BPOs recommended for further study maintain baseline services, while constructing facilities for domiciliary services and either VBA or research space. These BPOs leverage the existing facilities and property, which have limited re-use potential given their historic designation and condition of the Waco real estate market, while supporting wider VA programs and research initiatives.

All of the BPOs which Team PwC does not recommend for further study in Stage II did not yield positive assessments with respect to assessment drivers.

Table 1: BPO Recommendations

BPO	Team PwC Recommendation	Rationale for Recommendation	LAP Support
<b>BPO 1</b> Baseline	Further Study	<ul style="list-style-type: none"> <li>The baseline is the BPO against which all other BPOs are assessed</li> </ul>	Favor
<b>BPO 2</b> Inpatient Services Transfer to Temple; Outpatient Services Remain at Waco	Further Study	<ul style="list-style-type: none"> <li>Expected improvement for recruitment and retention</li> <li>Transfer of services transforms Waco into an outpatient campus which may yield efficiencies. However, it should be noted that the Stage I analysis does not provide conclusive evidence of cost impact related to transfer of services to Temple. Thus, further refinement of the financial analysis as proscribed by Stage II will provide detail necessary to fully model operational costs.</li> </ul>	Oppose
<b>BPOs 3-5, 7-9</b> All or a Portion of Inpatient Services at Temple; All or a Portion of Outpatient Services at Waco; New Construction at Temple	No Further Study	<ul style="list-style-type: none"> <li>Although property is available for re-use, potential is limited given historic designation of buildings and conditions of real estate market</li> <li>BPOs 3, 4, 5, 8, and 9 have higher implementation risk for infrastructure, especially regarding the ability to adequately construct a gero-psychiatry facility on the Temple according to VA and industry practice</li> <li>BPO 3 may not be able to ensure forecasted healthcare need could be appropriately met for the gero-psychiatry population in the community</li> <li>BPOs 4, 7, and 9 are not aligned with the Secretary’s Decision to maintain outpatient services at Waco</li> </ul>	Oppose

<sup>1</sup> Stage I analysis does not provide conclusive evidence of cost impact related to transfer of services to Temple. Thus, further refinement of the financial analysis as proscribed by Stage II will provide detail necessary to fully model operational costs.

BPO	Team PwC Recommendation	Rationale for Recommendation	LAP Support
<p><b>BPO 6</b> Inpatient Services, except Domiciliary and Nursing Home Transfer to Temple; All Outpatient Services Remain at Waco</p>	Further Study	<ul style="list-style-type: none"> <li>• Of the BPOs that study moving inpatient services to Temple, this BPO is the only one that continues to make use of current gero-psychiatry facilities on the Waco campus and mitigates the implementation risk associated with constructing a new gero-psychiatry facility at Temple</li> <li>• Expected improvement for recruitment and retention</li> </ul>	Oppose
<p><b>BPO 10</b> Baseline Services Remain at Waco and Domiciliary Expanded; VBA Collocated with VAMC</p>	Further Study	<ul style="list-style-type: none"> <li>• Collocates VBA and healthcare services for veterans on Waco campus while maintaining baseline cost effectiveness</li> <li>• Optimizes use of VA property and buildings which are in relatively good condition and would not yield material re-use proceeds</li> </ul>	Favor
<p><b>BPO 11</b> Baseline Services Remain at Waco and Domiciliary Expanded; Research Space Constructed for CTSDRCC</p>	Further Study	<ul style="list-style-type: none"> <li>• Enhances research programs by providing modern research space dedicated to the CTSDRCC</li> <li>• Optimizes use of VA property and buildings which are in relatively good condition and would not yield material re-use proceeds</li> </ul>	Favor
<p><b>BPO 12</b> Baseline Services except Nursing Home Remain at Waco and Domiciliary Expanded; Nursing Home Services Transferred to Community</p>	No Further Study	<ul style="list-style-type: none"> <li>• BPO cannot ensure the forecasted healthcare need is appropriately met, specifically for the gero-psychiatry nursing home population to be contracted for from the local community</li> <li>• BPO has greater implementation risk as compared to the baseline</li> </ul>	Oppose
<p><b>BPO 13</b> Vacate Entire Campus; Contract Inpatient Psychiatry to DoD, NHCU/Domiciliary Purchased from Local Community, Blind Rehab at Temple, All Outpatient Services at Waco in CBOC</p>	No Further Study	<ul style="list-style-type: none"> <li>• BPO cannot ensure the forecasted healthcare need is appropriately met, specifically for the gero-psychiatry nursing home population</li> <li>• Recruitment, retention, as well as research and education programs may be negatively impacted due to the fragmentation of services</li> <li>• Darnall Army Hospital has communicated its limited resources and interest to accommodate inpatient psychiatry patients currently served by the Waco VAMC</li> <li>• BPO has greater implementation risk as compared to the baseline</li> </ul>	Oppose
<p><b>BPOs 14-17</b> Inpatient and Outpatient Psychiatry Services at Waco, Combination of NHCU, Domiciliary, Blind Rehab at Waco and/or Temple; New Construction at Temple</p>	No Further Study	<ul style="list-style-type: none"> <li>• Although property is available for re-use, potential is limited given historic designation of buildings and conditions of real estate market</li> <li>• Higher implementation risk relative to baseline, particularly with regards to infrastructure for BPOs 14 and 17 and the ability to adequately construct a gero-psychiatry facility on the Temple campus according to VA and industry practice</li> </ul>	Oppose
<p><b>BPO 18</b></p>	No Further Study	<ul style="list-style-type: none"> <li>• Expected to be less cost effective than the</li> </ul>	Favor

BPO	Team PwC Recommendation	Rationale for Recommendation	LAP Support
City Task Force Proposal - Enhance Blind Rehab, PTSD Clinical Research, Acute Psychiatry and Domiciliary at Waco <sup>2</sup>		baseline <ul style="list-style-type: none"> <li>• Surplus blind rehab utilization expected to be accommodated through the establishment of additional blind rehab centers, thereby addressing the need for expanded blind rehab at Waco</li> </ul>	

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<sup>2</sup> BPO added by the LAP at the second public meeting.

## 1.0 Introduction

CARES is the VA's effort to produce a logical, national plan for modernizing healthcare facilities. The objective is to identify 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 owned by VA. The Secretary's Decision Document of May 2004 called for additional studies in certain geographic locations to refine the analyses developed in the CARES planning and decision-making process. Team PwC is assisting VA in conducting the VA CARES Business Plan Studies at 17 sites around the United States, which include site-specific requirements for Healthcare Delivery Studies, Capital Plans, and Re-use Plans.

Waco is one of the CARES study sites and includes healthcare delivery, capital planning, and re-use planning studies. The Secretary's CARES Decision directs the following to be considered for the Waco study site:

- The potential benefits of collocating inpatient psychiatric care with other acute inpatient care in Temple.
- Expansion of access to care for the growing Austin area.
- A clear need to more effectively manage the substantial vacant space on the Waco campus.
- VA will conduct a further comprehensive study of the cost and continuity of care issues of such realignment.
- The study will evaluate the most appropriate means and site for providing care to veterans now treated at the Waco campus and will include an analysis of moving the VBA Regional Office onto the Waco VAMC campus.
- Irrespective of any realignment, it will also identify options for divesting or leasing a significant portion of the underutilized property in order to generate savings and revenues that could be applied to VA's healthcare mission.
- The Waco study involves an analysis of the demand for healthcare services in the future and the development of options regarding the possible location of those services on the Waco campus, in the Waco area, or another nearby VAMC or a combination of these options.
- The Waco study will identify the capital and operating costs of potentially transferring all inpatient beds from Waco to a nearby VAMC and any potential savings as contrasted with options that retain services on the Waco campus as outlined in the General Scope of Work.
- The options developed should include the development of a multi specialty outpatient clinic in the Waco area to ensure that primary care and mental health services are provided to the community residential care facilities that depend on Waco for outpatient psychiatric services as well as other veterans in the Waco area.
- In addition to exploring options on the VA campus in Waco, alternative sites in the Waco community will also be explored.

## 2.0 Purpose of this Report

The CARES studies are being performed in three stages: an initial planning phase and two phases centered on option development and selection. This report presents the results of Stage I (option development). In Stage I, Team PwC develops and assesses a broad range of potentially viable BPOs that meet the forecast healthcare needs for the study sites. Based upon an initial analysis of these BPOs, Team PwC recommends up to six BPOs to be taken forward for further development and assessment in Stage II. VA decides which BPOs should be studied further in Stage II. During Stage II, a more detailed assessment is conducted including a financial analysis with refined inputs and consideration of second-order impacts such as the implications on the community. After Stage II, Team PwC recommends a single BPO to the Secretary.

Stakeholder input from veterans, veterans advocates, and the community play an important role in BPO development and assessment. A LAP has been established at each study site to ensure veterans' issues and concerns are heard throughout the study process. Veterans' and other stakeholder views are presented at a series of public meetings and through written and electronic communication channels.

Team PwC has prepared this report in accordance with the CARES Business Plan Studies Methodology and Statement of Work (SOW) for the CARES studies. The SOW calls for submission in Stage I of a range of BPOs that are at the concept stage and represent feasible choices that have the potential to meet VA objectives. In Stage II, Team PwC will further develop selected BPOs into technical data driven analyses and a recommended primary BPO.

## 3.0 Site Overview

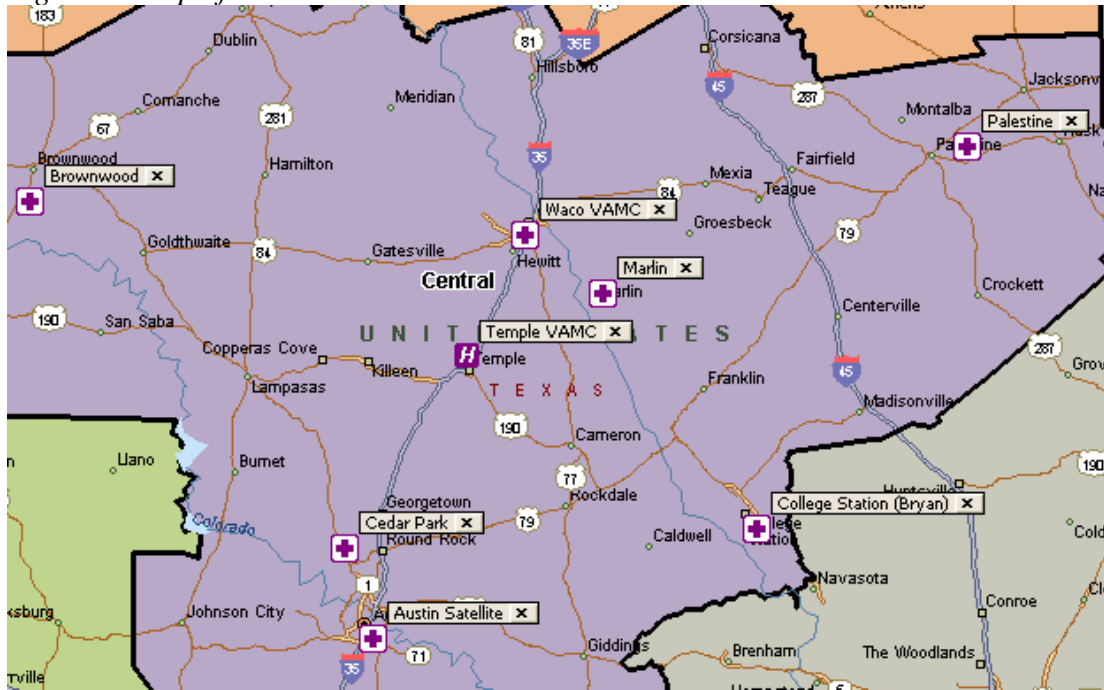
### Site Overview

The Waco facilities are part of VISN 17, which is comprised of four markets: Central, North Texas, Southern, and Valley-Coastal Bend. The Waco VAMC is located in the Central market, which is depicted in Figure 1. The Central market contains approximately 240,000 veterans, or 22% of the veteran population for VISN 17.

The Waco VAMC is part of the Central Texas Veterans Health Care System (CTVHCS), which provides a coordinated and integrated system of healthcare for veterans living in the Central market. CTVHCS is one of the largest integrated healthcare systems within VHA, and contains one of the few blind rehabilitation centers in the country.

In addition to the Waco VAMC, the CTVHCS contains six CBOCs located in Brownwood, Palestine, College Station, Austin, Cedar Park (which opened in 2004), and Marlin, as well as one additional VAMC in Temple, Texas. While Waco is focused on providing psychiatry and nursing home care, the Temple VAMC, which is located 35 miles southwest of Waco, provides inpatient medicine, surgical, and tertiary care services.

Figure 1: Map of the Central Market



## Current Healthcare Provision

### Waco VAMC

The Waco VAMC is one of the largest psychiatric treatment facilities in the country. Currently, the facility houses 206 inpatient beds for acute psychiatric care (24), psychiatric triage (6), post traumatic stress disorder (PTSD) residential rehabilitation (40)<sup>3</sup>, locked psychiatric care (32), serious mental illness life empowerment program (44), and gero-psychiatry nursing home (60). The gero-psychiatry program is specialized and serves elderly veterans who are afflicted with Alzheimer's disease and other dementia variants. The clinical space has been remodelled to accommodate the special needs of this population. It is secure, and features a "racetrack" corridor that permits uninterrupted walking by patients.

Waco also contains one of only ten blind rehabilitation programs in the country and serves as a national referral center. The program was started in 1974 and presently has 15 inpatient beds.

Ambulatory services available at the Waco campus include pharmacy, primary care, audiology, women's health clinic, eye clinic, and mental health. The primary care clinics include primary prevention program, weight program, and tobacco cessation. Specialty clinics are spread out

<sup>3</sup> Although the post traumatic stress residential rehabilitation beds are classified as domiciliary beds, Waco does not currently provide traditional domiciliary services to homeless veterans. However, CTVHCS is projected to experience a demand for these traditional domiciliary services, thus domiciliary beds to serve this demand are accounted for in the BPOs. The Utilization Trends section describes the allocation of domiciliary beds between Temple and Waco VAMCs to meet this demand.



across the campus and include podiatry, prosthetics, and dental. Other notable services include the outpatient physical medicine and rehabilitation program, which provides services to blind rehabilitation, mental health, and geriatrics. Services include an aquatic program and cardiac rehabilitation focused on providing conditioning for heart attack patients. There are no acute inpatient rehabilitation services at Waco.

In 2005, the Waco VAMC was designated by the Secretary of Veterans Affairs as a mental health Center of Excellence, and has been allocated funding for the expansion of its PTSD treatment program. Centers of Excellence are designed to serve as models for the VHA system, providing information and referral sources to help others in the system achieve excellence in the measurement of clinical outcomes, clinical care, and, where applicable, teaching and research. This appropriation allocates \$3 million of annual research funding for the next three years and allows the establishment of the Central Texas Stress Disorder Research and Clinical Center (CTSDRCC)<sup>4</sup>. The center will focus on outpatient and residential rehabilitation PTSD services and will provide access to PTSD care and special treatment programs for veterans in the CTVHCS while simultaneously performing research into the genetic, developmental and environmental causes of these conditions, better diagnostics, and new and improved treatments.

### **Temple VAMC**

The Olin E. Teague Veterans' Center in Temple, Texas is a full-service teaching hospital. It serves as the medical/surgical referral center for CTVHCS and provides service to nearly 55,000 veteran users across a 32-county service area. In 1998, a new facility opened at Temple containing 177 medical/surgical beds, 272 NHCU beds, and 24 palliative care beds. Also on the grounds of the Teague Center is a 408-bed VA domiciliary facility, a 120-bed State Veterans Home, residences for Texas A&M University College of Medicine medical students, and a new \$11.5 million dollar VA Research Institute.

### **Access**

Analysis of drive time information for enrollees in the Central market indicates that VA's drive time guideline is met for tertiary care services, but not met for primary care and acute care services (see Table 2). Drive time guidelines at the market level are as follows: 70% of enrollees for primary care and 65% of enrollees for acute care (medicine and surgery) and tertiary care should be within the minimum travel times to a VA facility.

Currently, in the Central market, 65% of the enrollees meet the primary care access guideline, while 59% meet the acute care access guideline. For tertiary care, 100% of the veterans residing within the Central market are within the access guideline.

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<sup>4</sup> The establishment of the mental health Center of Excellence through the CTSDRCC is assumed in the baseline; however, space needs and associated costs have not been incorporated into the baseline BPO.

*Table 2: Percentage of Enrollees Meeting VA Access Guideline Drive Times for the Central Market*

VA Drive Time Guidelines					
Primary Care		Acute Hospital		Tertiary Care <sup>5</sup>	
Current Level	Meets Threshold	Current Level	Meets Threshold	Current Level	Meets Threshold
65%	No	59%	No	100%	Yes

## **Quality**

### ***Quality Measures***

The measures listed below (see Table 3) provide a selective description of current healthcare clinical quality at the Waco study site, along with corresponding results at the VISN and national levels. This set of measures was selected by Team PwC and VA experts based on available internal VA data, and compatibility with Centers for Medicare and Medicaid Services (CMS) and industry standard reporting. The primary purpose of these quality measures in relation to the CARES healthcare study is for use as a benchmark for the various BPOs, to determine any significant quality impacts. Although the quality measures gathered for analysis are based on 2004 data, for the evaluation of quality of care for the year 2023, Team PwC assumes a linear relationship with this current data. Quality data is reported for the Waco, Temple, and Austin sites of the CTVHCS. The quality data is aggregated for all three VAMCs and cannot be disaggregated by campus.

According to 2004 data, CTVHCS achieved the following for select quality scores as compared to both VISN and overall national scores:

- Better or equal scores for inpatient care, ambulatory care (endocrinology), mental health (major depressive disorders), nursing home (high risk patients with pressure sores), and patient satisfaction (inpatient)
- Slightly worse scores for nursing home (physical restraint)

<sup>5</sup> Tertiary care data is based on 2001 figures. All other information is based on 2003 figures.

Table 3: Quality Measures

Clinical Setting	Indicator	Indicator Origin	CTVHCS '04 Result	VISN #17 04 Result	National VA '04 Result
<b><i>Inpatient Care</i></b>					
<b>Heart Failure</b>	Ace inhibitor for left ventricular dysfunction as a key inpatient measure	VA, CMS <sup>6</sup>	<b>100%</b>	<b>95%</b>	<b>93%</b>
<b><i>Ambulatory Care</i></b>					
<b>Colorectal Cancer</b>	Screening rates as a key ambulatory indicator	VA, HEDIS <sup>7</sup>	<b>70%</b>	<b>59%</b>	<b>72%</b>
<b>Endocrinology</b>	Full lipid profile in the past two years	VA, HEDIS	<b>99%</b>	<b>97%</b>	<b>96%</b>
<b><i>Mental Health</i></b>					
<b>Major Depressive Disorder</b>	% of patients with a new diagnosis of depression -- medication coverage	VA, HEDIS	<b>67%</b>	<b>66%</b>	<b>67%</b>
<b>Global Index</b>	Weighted average of seven mental health indicators <sup>8</sup>	VA	<b>49%</b>	<b>48%</b>	<b>54%</b>
<b><i>Nursing Home</i></b>					
<b>Nursing Home</b>	% of high risk patients with pressure sores	VA, CMS	<b>18%</b>	<b>23%</b>	<b>22%</b>
<b>Nursing Home</b>	% of residents physically restrained	VA, CMS	<b>6%</b>	<b>4%</b>	<b>1%</b>
<b><i>Patient Satisfaction</i></b>					
<b>Ambulatory Care</b>	% of surveyed patients rating overall Ambulatory Care Services as very good or excellent.	VA, Industry	<b>71%</b>	<b>67%</b>	<b>76%</b>
<b>Inpatient Care</b>	% of surveyed patients rating overall Inpatient Services as very good or excellent.	VA, Industry	<b>75%</b>	<b>70%</b>	<b>74%</b>

***Patient Wait Times***

Patient wait time is measured by using the day the appointment was entered into the scheduling system as the “desired appointment date”. The wait time is calculated by taking the difference between the day the appointment was entered into the schedule and the day of the actual appointment encounter. For new patients, the wait time guideline is 80% between 0-30 days of desired appointment date, while for existing patients, the wait time guideline is 95% between 0-30 days of desired appointment date.

<sup>6</sup> CMS stands for Centers for Medicare and Medicaid Services.

<sup>7</sup> HEDIS stands for Health Plan Employer Data and Information Set, which is a set of standardized performance measures used to compare performance of managed healthcare plans.

<sup>8</sup> See Glossary for description of indicators.

Wait times for existing patients at the Waco VAMC are slightly better than wait times for new patients. During 2004, an average of 59% new patients compared to 63% of existing patients met the wait time guideline established by VA. An analysis was not made of the reason why the wait times did not meet guidelines as it was outside the scope of this study.

Table 4 indicates the percent of new and existing patients for 2004 being seen between 0-30 days of their desired appointment date. Wait times are not measured for the blind rehab program. According to interviews with Waco VAMC personnel, there were approximately 70 patients on the waiting list for this program as of May 2005. In late April 2005, the average waiting time for blind rehab was 95 days which is consistent with previous years' averages.

*Table 4: Wait Time Measures by DSS Stop for CTVHCS*

Note: Yellow indicates the wait time standard was not met.

Primary DSS Stop Name	Wait Percentage Between 0-30 days New Patients <sup>9</sup>	Wait Percentage Between 0-30 days Existing Patients <sup>10</sup>
PHYSICAL MEDICINE & REHAB	100%	
RECREATION THERAPY SERVICES		100%
AUDIOLOGY	84%	95%
SPEECH PATHOLOGY	93%	98%
PHYSICAL THERAPY	99%	100%
OCCUPATION THERAPY	100%	100%
KINESIOTHERAPY	83%	100%
GENERAL INTERNAL MEDICINE		94%
CARDIOLOGY	0%	73%
DERMATOLOGY	89%	97%
ENDOCR/METAB	16%	81%
DIABETES		69%
INFECTIOUS DISEASE	97%	99%
PULMONARY/CHEST		100%
NEUROLOGY	16%	73%
ANTI-COAGULATION CLINIC	x	99%
PRIMARY CARE/MEDICINE	95%	95%
GENERAL SURGERY		98%
GYNECOLOGY	19%	72%
OPTOMETRY	51%	83%
PODIATRY	75%	91%
MENTAL HEALTH-INDIVIDUAL	85%	96%
PSYCHOLOGY-INDIVIDUAL		100%
SUBST ABUSE-INDIVIDUAL		100%
PTSD CLINIC TEAM-PCT	75%	90%

Note: x indicates that data was not available or that the service is not provided at Waco.

<sup>9</sup> New patient wait time standard is 80% between 0-30 days of desired appointment date.

<sup>10</sup> Existing patient wait time standard is 95% between 0-30 days of desired appointment date.

## **Human Resources**

Waco VAMC employs approximately 760 full-time employee equivalents (FTEEs). In addition to the employed staff, the Waco VAMC is supported by volunteers equivalent to approximately 60 FTEEs who primarily support outpatient service activities. As a result of the Waco VAMC's psychiatric focus, the local community and Waco-area educational institutions have developed a similar focus. Many of the area educational institutions have become key recruiting sources for trained mental health workers.

Overall, positions at the Waco VAMC are considered well-paying for the community. However, given the proximity and appeal of several larger cities including Austin and Dallas, the Waco VAMC has experienced some difficulty recruiting clinical staff. In particular, psychiatrists, registered nurses, and security guards have been challenging positions to fill. Waco staff report that approximately 10% of the staff at the VAMC will be eligible for retirement in the next five to seven years, including the majority of the current psychologists, psychiatrists, and numerous nurses currently on staff.

## **Research and Education**

Research and education are two important missions of VA. Waco VAMC leverages the unique geriatric and psychiatry patient population to support both active research and education programs.

### **Research Program**

The Waco research program is a component of the larger research enterprise at CTVHCS and is collaborative with other VAMCs in the system, as well as the DoD, academic affiliates, and other research partners. Waco VAMC has approximately 40 open research studies conducted by approximately 16 principal investigators at any one time. In FY 04, Waco VAMC operated an almost \$2 million research funding budget, which has grown substantially from \$360,000 in FY 97.

Waco VAMC provides highly specialized psychiatry services, including treatments for such psychiatric disorders as schizophrenia and PTSD, which has resulted in the development of research programs that leverage this unique population. Primary research programs at Waco include the neuropsychiatry research program which is a basic, translational, and clinical research program studying psychiatry on a genetic, cellular, and anatomical level and the effects of various treatments. The clinical portion of the program is hosted in Waco, but operated in collaboration with the Temple VAMC, Fort Hood, and Texas A&M University Health Science Center (TAMUSHSC) Department of Psychiatry and Behavioral Science. This program focuses on schizophrenia, bipolar disorder, PTSD, and Alzheimer's Disease.

Another psychiatry-based research program is the Central Texas Stress Disorders Working Group, which is a collaborative effort between CTVHCS and Baylor University of Psychology and Neuroscience to study the causes of developmental stress disorders and translate the findings

into new treatments for these conditions. Additionally, Waco VAMC supports the Texas Brain Collection Program that collects brain samples for neurological study from veterans and their family members, as well as the Brain Imaging Program that supports data collection and analysis done in close collaboration with University of Texas – Austin.

As noted earlier, the Waco VAMC was designated by the United States Senate Appropriations Subcommittee of Military Construction and Veterans Affairs as a mental health Center of Excellence, and has been allocated funding for the expansion of its PTSD treatment program through the CTSDRCC. In particular, the CTSDRCC should bring together the efforts of the existing Central Texas Stress Disorders Working Group and the Neuropsychiatry Research Program. The center will focus on outpatient and residential rehabilitation PTSD services and will provide access to PTSD care and special treatment programs for veterans in the CTVHCS while simultaneously performing research into the genetic, developmental and environmental causes of these conditions, better diagnostics, new and improved treatments. An annual \$3 million of research funding over the next three years has been appropriated to support PTSD research at the CTSDRCC.

### **Education Program**

Education and training programs are also active at Waco VAMC. Although Waco VAMC has agreements with approximately 55 affiliate institutions, its two primary academic affiliates are Texas A&M and the University of Texas Medical Branch in Galveston. Waco VAMC trains approximately 20 residents and 200 medical students annually, with rotations primarily in psychiatry, but also some in primary care. Additionally, the VAMC also trains approximately 225 other medical trainees and allied health professionals each year. The majority of these health professionals are nurses, but other trainees include dietitians, medical laboratory technologists, and pharmacists. It should be noted that most of the registered nurses receive their training at the Temple VAMC; however, they rotate through Waco for their mental health training.

Of the 245 credentialed staff at Waco VAMC, 104 physicians have faculty appointments. These appointments are primarily at Texas A&M; however, some physicians do have adjunct appointments at other universities. Approximately 15% to 20% of faculty time is dedicated to education or research activities. Per interviews with Waco personnel, Waco VAMC would like ultimately to expand its education program. Similarly, Texas A&M, which is previously noted as the primary affiliate for Waco, also is interested in expanding its resident training program at the Waco VAMC.

### **Local Healthcare Market**

The population of Waco, Texas is supported by community healthcare services appropriate to its size and demographic composition. Hillcrest Baptist Medical Center, Providence Health Center, and Providence DePaul Center are located in Waco.

### **Hillcrest Baptist Medical Center**

Hillcrest Baptist Medical Center is a fully accredited, 393-bed acute care facility located in the city of Waco. The county's only Level II Trauma Center is located at Hillcrest Baptist Medical Center. It also owns a network of eight primary care clinics in the Waco and surrounding areas. Occupancy in 2003 was approximately 67%<sup>11</sup>. Presently, enrolled veterans use the emergency services offered at Hillcrest Baptist Medical Center.

### **Providence Health Center**

Providence Health Center is Waco's newest hospital. Part of Ascension Health, this 170-bed Medicare certified facility offers acute care hospital services, outpatient and diagnostic services, and primary care facilities. Occupancy in 2003 was approximately 58%<sup>12</sup>. The Providence Health Center has also recently announced plans for a \$48 million expansion, which includes an added five-story bed tower, renovated space to expand services, and parking structure. Services being expanded will include the emergency department, intensive care unit, labor-delivery-recovery-postpartum, pulmonary and respiratory services, radiology, laboratory, rehabilitation, and outpatient services. The project is expected to be completed by the end of 2007.

### **Providence DePaul Center**

Providence DePaul Center is the psychiatric and substance abuse treatment division of Providence Health Center, part of Ascension Health. The 64-bed Medicare certified facility offers inpatient and outpatient treatment programs for seniors, adults, adolescents, and children. Occupancy in 2003 was approximately 50%<sup>13</sup>. Acute psychiatric veterans seen in Providence's emergency room might be transferred to the DePaul Center for stabilization and ultimately transferred to the Waco VAMC. Typical veteran stays are approximately two to three days at DePaul.

### **Nursing Homes**

The City of Waco is supported by approximately 13 nursing homes. Most of these facilities operate as for-profit corporations and are certified by Medicare and Medicaid. Total beds in the community exceed 1,400 and occupancies reported in 2003 range in from 54% - 94%, with most facilities experiencing occupancies in the 80% - 90% range<sup>14</sup>. An extensive survey of services was not conducted for the area nursing homes to determine if the services or facilities necessary to support a gero-psychiatry population are available within these community providers.

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<sup>11</sup> Solucient, 2003.

<sup>12</sup> Ibid.

<sup>13</sup> Solucient, 2003.

<sup>14</sup> [www.nursing-homes.biz](http://www.nursing-homes.biz)

## **Community Residential Care Homes**

There are approximately 26 community residential care homes in the counties served by the Central Texas VA. According to VA, there are roughly 150 veterans being cared for in these homes, many of whom are psychiatry patients. Approximately 14 of the 26 homes are located in McLennan County where the Waco VAMC resides.<sup>15</sup>

## **Darnall Army Community Hospital**

Darnall Army Community Hospital is a DoD medical facility located at Fort Hood, Texas, approximately 50 miles southwest of Waco. Darnall provides inpatient and outpatient health services to approximately 140,000 beneficiaries including active military, their family members, and retirees. According to the hospital's website<sup>16</sup>, the main hospital contains 128 surgical beds with a daily average admission of 31 and includes medical residency training programs in family practice, emergency medicine, internal medicine, and OB/GYN. Outpatient services are provided at five primary care and four troop medical clinics in addition to the 22 specialty medicine clinics providing urology, surgery, orthopedics, ophthalmology, dermatology, and neurology services. There are approximately 1,900 staff members and employees.

## **Veterans Benefits Administration**

The Waco Veterans Benefits Administration (VBA) regional office was opened in downtown Waco in 1997. The facility is located in Waco and was part of the city's downtown revitalization efforts. Its jurisdiction covers 164 counties extending from El Paso to Texarkana and Dalhart to Austin. The Waco VBA regional office supports a full range of VA benefit programs, including compensation, pension, loan guaranty, and vocational rehabilitation and employment.

The VBA regional office is approximately 140,000 square feet (rentable space) and 180,000 gross square feet (GSF). Rent is approximately \$15.77 per square foot (triple net<sup>17</sup>). The current design of the VBA space offers flexibility permitting expansion and contraction of work space as volume of work and staffing fluctuate. As a result, the office needs the flexibility of building space (e.g., big open box building) to accommodate staff increases and decreases.

The VBA could be relocated to the Waco VAMC; however, there is no existing building on the Waco campus that meets the minimum VBA requirements. Distribution of this service among multiple buildings is undesirable as it limits flexibility as staffing fluctuates with volume of work. A new building at the VAMC campus would offer more security as well as flexibility for future expansion.

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<sup>15</sup> Data was provided during the second public meeting by Kent Keahey, President of the Providence Healthcare Network and Adeli Ybarra, Administrator of the Sunny Day Care Center.

<sup>16</sup> [www.hood-meddac.army.mil](http://www.hood-meddac.army.mil)

<sup>17</sup> A lease where the tenant is solely responsible for all of the costs relating to the asset being leased. Examples are utilities, insurance, taxes, and maintenance costs.



## **Current Property and Facilities**

### **Location**

The Waco VAMC site is located in the southern half of Waco, Texas within McLennan County. The address is 4800 Memorial Drive.

### **Size and Shape**

The site is a wedge shaped property and contains 44 buildings on a total of 123 acres. It is located at the southwest corner of Beverly Drive and New Road, and is surrounded by both residential and commercial areas. There are about 30 acres available for use and approximately two acres are outleased for parking to a manufacturing plant across Beverly Drive. An aerial map of the campus is provided in Figure 2.

### **Topography and Drainage**

The Waco VAMC site is relatively level with some rolling hills. The property's northern boundaries, near the golf course, are adjacent to the 100-year floodplain.

### **Soils and Geology**

It is assumed that the soils are of adequate load bearing capacity to support the existing or any proposed improvements. Some soil movement was present due to the expansive clay soils prevalent in the area; however, no building damage was reported as a result.

### **Utilities**

Interviews with engineering staff indicate that most utility systems are in good shape. All required preventative maintenance has been performed, including replacement of switching gears, breakers, and backflow valves, etc. Engineering staff did indicate that the storm drains in Building 94 need repair and that the water tower and water storage tank need some updating and maintenance for continued service. Additionally, the site is completely wired for high speed internet.

### **Street and Off-Site Improvements**

Bagsby Road, which is to the southeast of the Waco VAMC, was recently widened. Interviews noted that Beverly Drive, across New Road, needed repairs due to large potholes. Near the newly developed Central Texas Marketplace shopping center, a new stoplight and a new turn lane were constructed off of Bagsby Road.

Figure 2: Aerial Map, Waco VAMC



## **Title Policy and Easements**

There are no city water and sewer easements. Currently, utilities are on private property; however, if the land was redeveloped and further sub-divided, the city would require city-controlled hookups of utilities.

## **Adjacent Use**

The following details the use of adjacent land:

### ***North:***

Across New Road, which is outside the Waco city limits, there are commercial buildings and a moderate (\$50,000-\$60,000+) single-family residential area known as Beverly Hills.

### ***South:***

Immediately adjacent to the property is the City of Waco's Cottonwood Creek Golf Course. East Loop 340/State Highway 6 is south of the golf course.

### ***East:***

Immediately adjacent is the Waco Independent School District's sports complex (including the high school football stadium). Across Bagsby Road, the land is being developed into a shopping mall accessible from Interstate 35 and East Loop 340.

### ***West:***

Across Beverly Drive is a large manufacturing plant (Owens-Illinois Inc. glass container manufacturing plant). On the other side of the plant are additional low-income family residences.

## **Access and Visibility**

There are three entrances to the site, two from Beverly Drive (west) and the main gate off of New Road (north). The site is accessed directly from New Road and Beverly Drive which is approximately 1.3 miles from Interstate 35 and 0.6 miles from East Loop 340/State Highway 6.

Waco Transit provides bus transportation to and into the site. Waco has a municipal airport with regional airline service to Dallas/Fort Worth International Airport. The site has strong visibility from New Road and East Loop 340, and moderate visibility from Interstate 35.

## **Site and Adjacent Zoning**

Waco VAMC is zoned R-1B (single-family residence district), but under Section 28-322, other permitted uses include hospitals. According to interviews with the city's Planning Department, if this land were to change owners, the property would most probably be zoned as M-2 (light industrial), O-2 (office) or stay R-1B, permitting many types of development, including residential, retail, commercial, and recreational. The site has approximately 1,250 surface parking spaces.

## Improvement Description

The site layout for the Waco VAMC is designed in a medium- to low-density (one to seven stories) campus setting with landscaped open space for patient use. The outer portions of the site are improved with limited landscaping, pedestrian walkways, an interior roadway network, surface parking, and exterior lighting. Roads and sidewalks are in the process of being upgraded.

The 44 buildings are generally of masonry construction with brick exterior and were constructed in 1932, 1945, and 1948. The buildings were developed for health service uses including physical and psychiatric medical care, intermediate medical care, blind rehabilitation, treatment for PTSD, and other medical uses. Distribution of space in building gross square feet (BGSF) by departmental group is identified in Table 5, and the general distribution of buildings is noted in Figure 3.

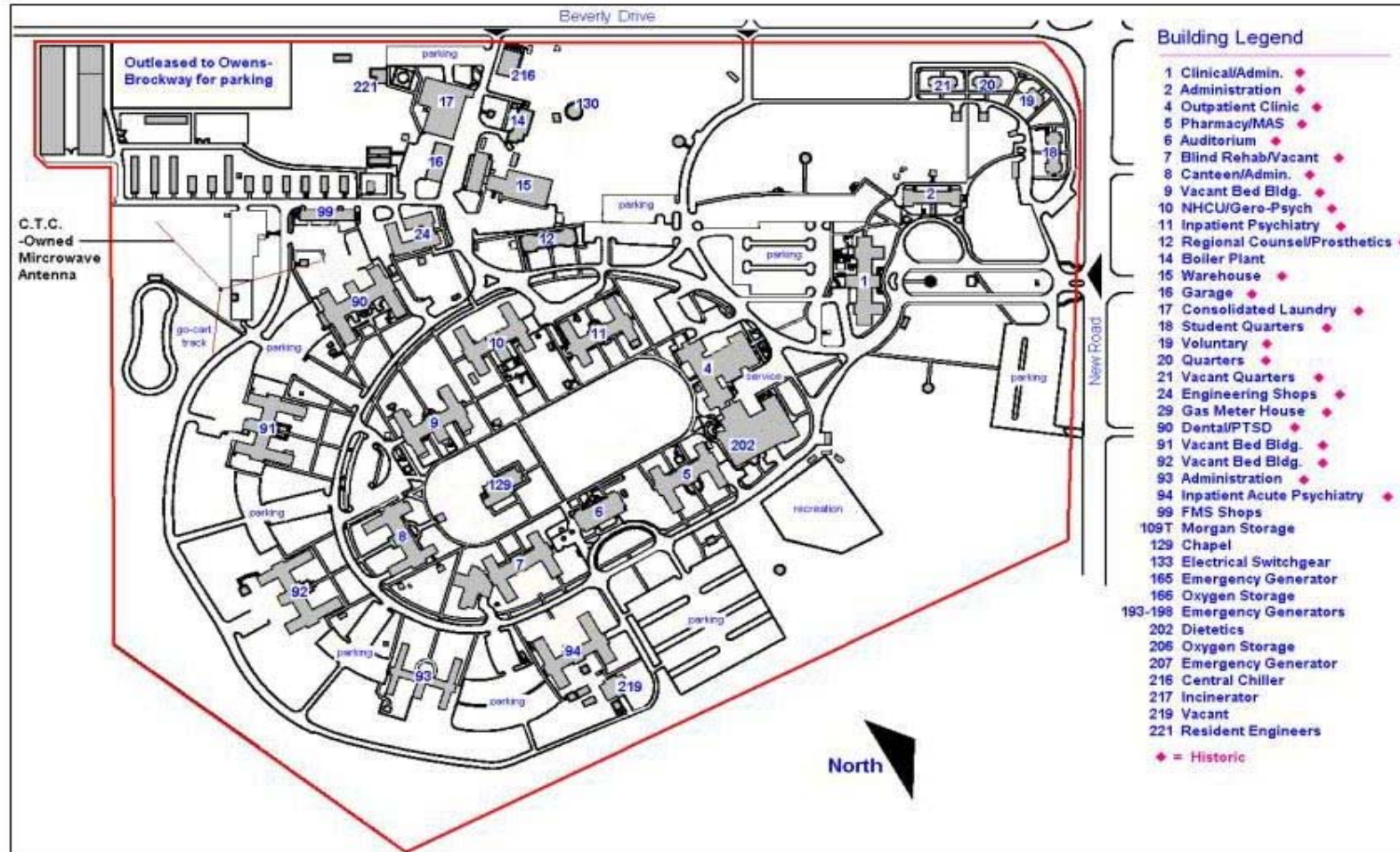
All buildings used for patient care or administration are in generally average to good condition reflecting generally consistent and on-going maintenance practices over time. Based on a rating scale of 1 to 5 (5 being the best), eight out of 44 buildings included within the VA CAI database have been rated as a 4.0 or better for facility condition. These eight buildings account for approximately 37% of the total campus square footage. Other ancillary buildings, such as those used for maintenance or storage purposes, range in condition from poor to good. Window replacement is still necessary on several buildings because many are inoperable and not energy efficient.

According to the CAI database, there is currently approximately 205,000 square feet (SF) of vacant space on the Waco campus. Buildings that have been identified as being vacated and mothballed (Buildings 9, 18-21, 91, and 219) will become inoperative, but some utilities including water and HVAC systems will need to remain in operation so the buildings do not fall into disrepair. Buildings 1, 5, and 93 are mostly vacant. These buildings have not had any recent renovations or upgrading. Consolidation of active services and functions to other buildings on campus would increase efficiency.

Code requirements for eight-foot-wide corridors in nursing home and acute inpatient healthcare functions other than inpatient psychiatry will require heavy renovation to buildings that house those functions unless waivers can be obtained. Infrastructure is old and would require upgrading. The steam pipe and water sewer are over 30 years old. Laundry service which is located in Building 17 could be a stand-alone service with the exception of its dependency on central power supply. A heating unit would need to be added in order to isolate this service from the campus power supply.



Figure 3: Waco VAMC Site Map<sup>18, 19</sup>



<sup>18</sup> Source: Department of Veterans Affairs Office of Asset Enterprise Development (004B)

<sup>19</sup> The building location map is provided by VA and does not necessarily depict all of the buildings located on the campus and contained in the CAI database. Buildings omitted from the map do not comprise a significant square footage of the campus. Although listed as an inpatient psychiatry facility in the legend, Building 11 currently serves as a nursing home facility. Also, Building 92 is not vacant as shown in the legend, but rather is occupied by the VA Finance Center.

Table 5: Existing Departmental Distribution by Building<sup>20</sup>

Building	Floor	Function	Year Built	Year Renovation	Floors	Building Total GSF
1		Administrative / Clinical	1932	1972	4	63,531
	B	Administrative				
	1	Administrative				
	1	Administrative				
	3	Administrative/Ancillary/Diagnostic				
	4	Administrative/Specialty Care				
2		Administrative	1932	1993	2	20,207
4		Outpatient Clinic / Lab Clinic	1932	1995	1	42,594
5		Pharmacy / Mailroom / Patient Education	1931	1978	2	44,952
6		Auditorium	1932	1994	2	19,242
7		Blind Rehab Unit / Vacant	1932	1996	2	63,164
8		Canteen / Administration	1932	1994	2	44,466
9		Vacant Bed Building	1935	1972	2	51,048
10		Nursing Home	1935	1989	2	51,863
11		Nursing Home	1935	2000	2	60,755
12		Regional Counsel / Prosthetics	1931	1997	2	14,883
14		Boiler Plant	1932	1981		4,408
15		Acquisition and Materiel Management / Warehouse	1931	1985	1	17,264
16		Garage / Miscellaneous	1932	1982	1	4,409
17		Consolidated Laundry	1931	1985	1	18,955
18		Student Quarters	1932	1987	1	11,464
19		Voluntary Storage	1932	1957	1	4,570
20		Quarters	1932		1	5,520
21		Vacant Quarters	1932		1	5,520
24		Engineering / Shops	1936	1983	1	10,434
25		Valve House	1932		1	268
29		Gas Meter House	1932		1	0
32		5 Car Garage	1932		1	1,133
33		1 Car Garage	1932		1	275
34		2 Car Garage	1932		1	460
35		2 Car Garage	1932		1	460
90		Post Traumatic Stress Disorder / Psychiatric Residential Rehabilitation Treatment Program	1945	1989	2	52,553
91		Vacant Bed Building	1945	1994	2	58,468
92		VA Finance Center	1943	1995	2	54,318
93		Administration	1945	1989	2	53,548
94		Inpatient Psych	1945	2001	2	77,602
99		Engineering / Shops	1946	1957	1	11,520
129		Chapel	1964	1994	1	6,452
131		Water Pump House	1969		1	587
167		Greenhouse	1982		1	2,258
191		Restroom / Storage	1972		1	620

<sup>20</sup> Some storage structures, generators, and incinerators have been excluded from this table.

Building	Floor	Function	Year Built	Year Renovation	Floors	Building Total GSF
202		Dietetics	1989		1	28,217
209		Engineering Equipment Storage	1986		1	2,400
214		Golf Course Storage	1992		1	81
216		Central Chiller	1994		1	3,860
219		Vacant	1993		1	4,547
221		Outleased	1994		1	1,652
T109		Morgan Storage	1986		1	1,176
TB		Vocational Rehabilitation Therapy Offices	1991		1	800

### National Register of Historic Places

The National Register of Historic Places was established in 1966 and is managed by the National Park Service. The register is the official list of structures, sites, objects, and districts that embody the historical and cultural foundations of the nation. The Waco campus is designated as historic, and in 1994, over 90% of the existing building square footage of the Waco VAMC campus were added to the National Register of Historic Places. Section 106 of the National Historic Preservation Act requires federal agencies to consider historic properties as it plans a project and to consult with the Advisory Council on Historic Preservation.

Twenty-five buildings that were constructed through 1945 are regarded as contributing to the historical character (see Figure 4). The buildings at the Waco facility are Mediterranean Revival style. Only the exteriors of buildings are considered historically significant except for the interior lobbies of Buildings 1 and 6.

The 1994 Historic Preservation Plan (the Plan) for the Waco VAMC provides basic design standards and a framework for restoration and maintenance of existing buildings as well as for landscaping, new construction, demolition and redevelopment of vacant property when necessary.<sup>21</sup> The approval process for new construction and renovation can take more than a year, and the approval process for demolition can take over 10 years.

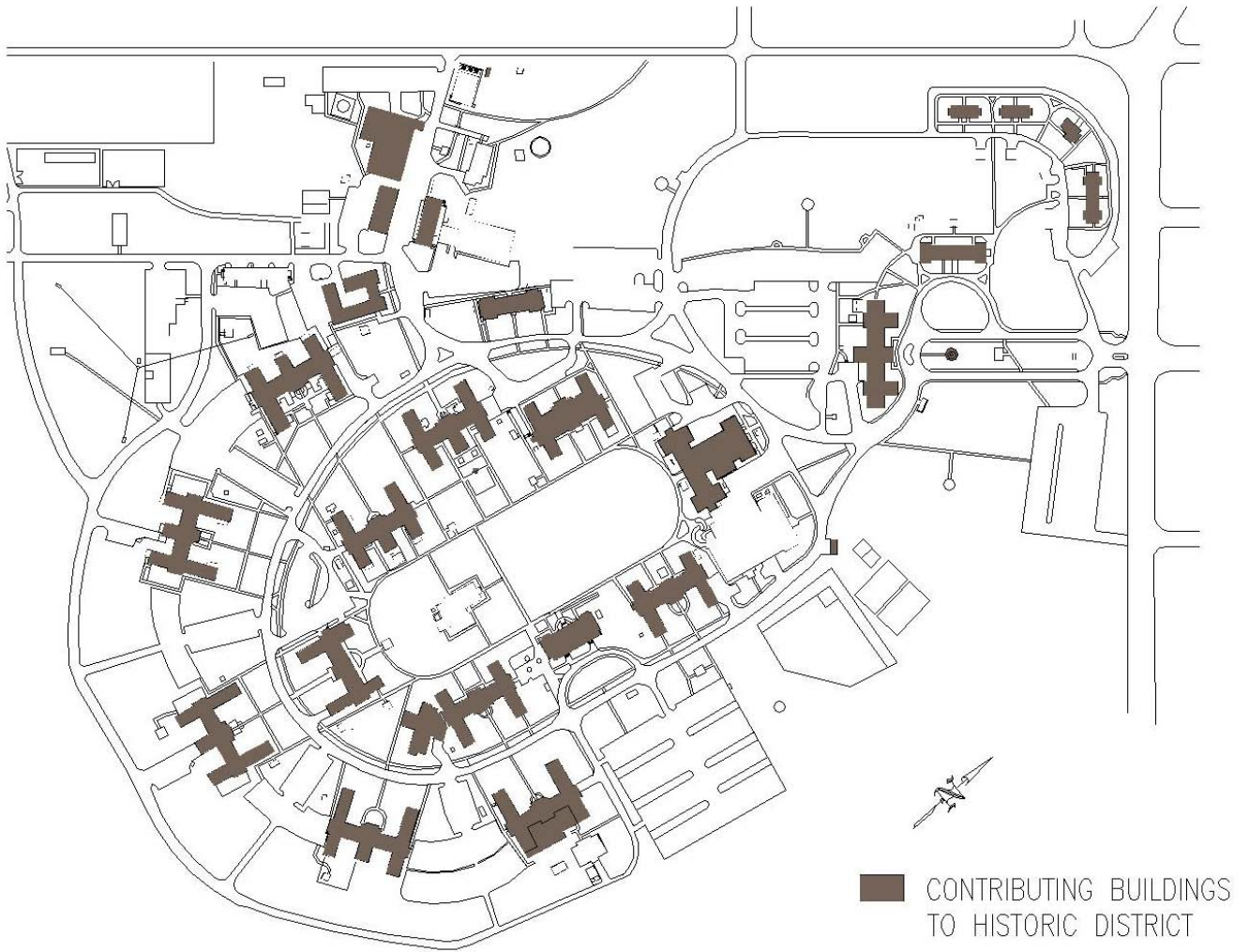
According to the Plan, any new construction that may be required is encouraged in certain areas (see Figure 5). New buildings should not be larger in mass or taller than the major existing historic structures and none should be as prominent as Building 1. New buildings should be designed to reflect the predominant scale, rhythm, roof form, color, and entry sequence in the appearance of the existing historic buildings. Team PwC proposed site plans for all BPOs that require new construction show construction only in those areas where the Plan encourages new construction.

Since the Plan was developed in 1994, VA has adhered to its guidelines. However, the incremental effect of maintenance and repair work that is not sensitive to the historic buildings

<sup>21</sup> Graham, Roy E. and Michael C. Quinn, “Historic Preservation Plan for the Veterans Affairs Medical Center, Waco, Texas” and “Design Guidelines for the Veterans Affairs Medical Center, Waco, Texas”. AIA and Associates. May, 1994.

and minor modifications and expansions of facilities have begun to compromise the appearance of the buildings and their settings.<sup>22</sup>

*Figure 4: Map of Contributing Buildings to the Historic District<sup>23</sup>*



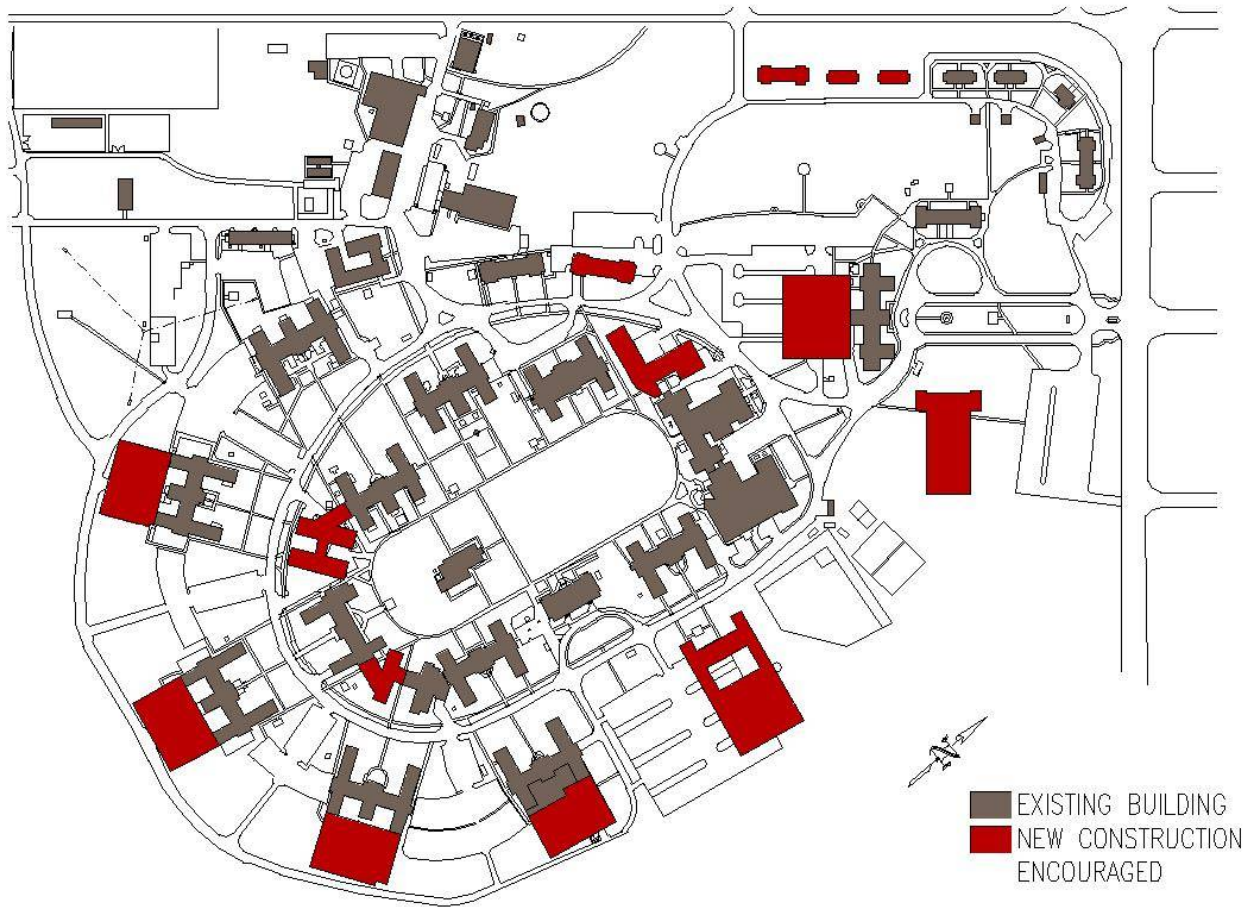
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<sup>22</sup> Ibid.

<sup>23</sup> Graham, Roy E. and Michael C. Quinn, "Historic Preservation Plan for the Veterans Affairs Medical Center, Waco, Texas". AIA and Associates. May, 1994.



Figure 5: Sites Where New Construction is Encouraged<sup>24</sup>



### Recent and Planned Capital Improvements

Some buildings have not been renovated since construction, while most have undergone some alterations. Recently renovated buildings which are in good condition include Building 11 (renovated in 2000) and Building 94 (renovated in 2003). Other buildings renovated since 1990 and in fairly good condition include Buildings 4, 10, 12, 91, and 92. According to VAMC engineering staff, there are no property or site-specific capital improvement projects currently being considered.

### Current and Forecast Investment Requirements

Significant capital investments are required for the facility to meet modern, safe, and secure standards. Included are \$23.4 million for building corrections that have been identified within VA's CAI database. This captures the investment required to rectify facility deficiencies, as captured in the VA CAI database, however, funds are not necessarily allocated for the correction

<sup>24</sup> Graham, Roy E. and Michael C. Quinn, "Design Guidelines for the Veterans Affairs Medical Center, Waco, Texas". AIA and Associates. May, 1994.

of these deficiencies. As previously noted, there are no property or site-specific capital improvement projects currently being considered.

### **Outleased Area**

According to interviews with VAMC staff, there are several site use arrangements on site. Building 92 is leased to the VA Austin Data Processing Center (Finance Center) which occupies the basement and floors 1 and 2 of the building. The Finance Center lease only covers the cost of utilities. Additional arrangements include leased space to the Regional General Counsel Office in Building 12, the credit union in Building 93, and the resident engineer in building 221. The current total outleased space is approximately 58,000 SF. In addition, there is a land lease for the local community college's satellite tower and approximately two acres are outleased for parking to the Owens-Illinois Inc. glass container manufacturing plant.<sup>25</sup>

### **Environment**

Based on a review of available documents, database searches, and on-site tours and interviews, the following statements, conclusions, and recommendations pertaining to the Waco VAMC campus were developed.

The Waco VAMC campus may contain lead in the potable water from lead piping/solder and surface paint due to the age of the facilities. Testing of lead-based paint (LBP) was limited only to structures consisting of living quarters and staff housing. Additional testing of the various potential sources may be required for any potential re-use, such as for residential purposes. The Waco VAMC is required to provide a Disclosure of Information and Acknowledgement on Lead-Based Paint and/or Lead-Based Paint Hazards at the campus if residential use is considered. All buildings where children may be housed should be tested for lead, and all residential buildings should be sampled along the drip line to determine if there has been any impact to surface soils.

The on-campus utility system (sanitary and storm drain system) appears to be in poor condition according to the 1992 Facility Development Plan. The private on-campus storm water and sewer collection systems are primarily composed of clay-type pipe and were installed between 1930 and 1940. The potential exists for ground water contamination due to its antiquated status.

No soil contamination issues appear to be associated with the underground storage tank (UST) removal and the abandoned in-place tanks. Any potential issues appeared to be resolved after the Waco VAMC prepared a full site assessment and a response action plan.

The asbestos containing materials (ACM) surveys at the Waco VAMC campus identify the presence of ACMs in the buildings and structures built between 1930 and 1946; therefore, it may be necessary to conduct ACM abatement before any potential re-use is considered.

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<sup>25</sup> Land lease revenue information was not available to Team PwC.

## **Real Estate Market and Demographic Overview**

Relevant demographic, economic, and real estate market analysis is summarized for each campus of the Waco study site.

### **Residential**

Data on building permits shows a steady growth in single family housing stock, with permits issued each year ranging from a low in 1998 of 377 to a high most recently in 2004 of 739 (Table 6). Multi-family permits were virtually non-existent until 2003 and increased to 42 in 2004, indicating that at least 200 apartment units were built during that time period. The value of single family homes has increased from an average price of \$61,300 in 1990 to \$113,100 in 2003, about an 85% increase in value based on sales price data.

*Table 6: Waco MSA Multifamily Building Permits<sup>26</sup>*

<b>Year</b>	<b>Single Family</b>	<b>5+ Family Building Units</b>
1998	377	4
1999	469	1
2000	513	4
2001	549	7
2002	526	7
2003	608	12
2004	739	42

Table 7 summarizes noted metrics regarding the local apartment market. The table indicates that while rents per square foot are now \$0.71 for buildings constructed since 2000 (which is lower than the Texas average of \$0.92), occupancy for these same units is 96% (higher than the Texas average). Average rents for a two-bedroom unit were \$795. This data combined with the statistics for building permits may imply that the rental market is under-built and that there could be potential for new development.

*Table 7: Waco Apartment Statistics: 2004<sup>27</sup>*

	<b>Waco</b>	<b>Texas Average</b>
Average rent per square foot	\$0.69	\$0.79
Average rent for units built since 2000	\$0.71	\$0.92
Average occupancy	94.2%	91.5%
Average occupancy for units built since 2000	96.0%	92.4%

### **Office**

According to Coldwell Banker Commercial and Texas A&M Real Estate Center, the office market in Waco is mixed. The Central Business District, which has been undergoing revitalization efforts, has moderate occupancy rates. As noted in Table 8, Class A space is occupied at 85% and Class B space is at 80%. Typically, Class C space has high vacancy rates

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<sup>26</sup> U.S. Census Bureau. MSA stands for Metropolitan Statistical Area

<sup>27</sup> Texas A&M Real Estate Center.

in downtown environments, but the data is not available. In the suburban market, occupancy in Class A space is very high at 98% and Class B is at 90%. This is substantially higher than national averages which typically hover around 80% in most markets. This could indicate a market exists for new suburban office construction in Waco.

*Table 8: Office Property Statistics - 2000<sup>28</sup>*

	Class A	Class B
<b>Central Business District</b>		
Occupancy	85%	80%
Average rental rate	\$12.60	\$8.40
<b>Suburban</b>		
Occupancy	98%	90%
Average Rental Rates	\$13.20	\$10.80

## Retail

Data for the retail market in Waco shows that retail sales per capita have been increasing steadily over the past several years, as has the total sales in the metropolitan statistical area (MSA) (Table 9). The figures show that the per capital sales figures in Waco are at \$11,852, below the state average of \$12,859. The community has a wide array of shopping venues, with the largest being Richland Mall, which is proximate to the VA site. There are other regional, community, and neighborhood centers. These developments show varying levels of occupancy (where the data is available) and few are occupied fully. Sales per square foot appear to be in line with comparable centers in this region of the country, perhaps slightly lower than the averages. However, with the continued slow growth of the population and increasing incomes and spending, there could be potential for new development that is carefully targeted to the local market needs.

*Table 9: Waco Retail Sales Trends<sup>29</sup>*

Year	Total Sales (000's)	% Change	Sales per Capita	% Change
1995	\$2,030,099	-	\$10,016	-
1996	\$2,080,949	3%	\$10,107	1%
1997	\$2,150,987	3%	\$10,342	2%
1998	\$2,214,287	3%	\$10,554	2%
1999	\$2,310,076	4%	\$10,920	3%
2000	\$2,467,141	7%	\$11,555	6%
2001	\$2,516,139	2%	\$11,674	1%
2002	\$2,535,226	1%	\$11,676	0%
2003	\$2,605,048	3%	\$11,852	2%

The Waco area is expected to see several retail enhancements, including:

- An announced Academy Sports project that will locate in a former Kmart site in 2006 at the corner of New Road and Franklin Streets
- A new Home Depot is planned in Bellmead, with an opening in 2006

<sup>28</sup> Coldwell Banker Commercial Jim Stewart, and Texas A&M Real Estate

<sup>29</sup> Texas Comptroller's Office

- Local developers are planning a new shopping center at Loop 340 and I-35, across from the existing Central Texas Marketplace, which opened its first phase in the spring of 2005, anchored by Kohl’s and Ross Dress for Less.

Table 10: Waco Shopping Centers<sup>30</sup>

Center Name	Gross Leasable Area	Occupancy %	Sales/Sq Ft	Stores
<b>Super Regional</b>				
Richland Mall	774,864	85%	\$310	97
<b>Regional</b>				
Lake Air Mall	305,034	unavailable	unavailable	unavailable
<b>Community</b>				
Westview Village	250,000	75%	unavailable	23
Center Point	177,000	100%	\$200	16
Parkdale Shopping Center	170,000	82%	unavailable	5
The Brazos Place Center	160,000	unavailable	\$180	12
Waco Square	160,000	unavailable	unavailable	unavailable
Fairgate Shopping Center	125,000	70%	unavailable	unavailable
Eastgate Plaza	115,000	unavailable	unavailable	unavailable
Franklin Village	104,301	unavailable	unavailable	unavailable
<b>Neighborhood</b>				
Southgate Shopping Center	95,000	unavailable	unavailable	unavailable
Meadowlake Center	76,140	90%	unavailable	unavailable
Park Lake Shopping Center	60,000	83%	\$9	unavailable
Bosque Square	60,000	unavailable	unavailable	unavailable
Brookview Hills Shopping Center	48,615	unavailable	unavailable	unavailable
The Community Center	45,000	50%	unavailable	unavailable
Town West Center	38,530	100%	\$4.80	unavailable

**Hotel**

Waco has nearly 3,000 hotels rooms in its market. Currently, average daily room rates are approximately \$56.82. Occupancy in Waco is near 62%, higher than the Texas average of 55.5% (see Table 11). These occupancy rates would indicate a relatively sound market, but not one that investors would look at seriously for major new hotel development. Most of the hotels in the market are middle to lower priced, with the exception of the Hilton in the downtown area.

Table 11: Waco Hotel Trends<sup>31</sup>

	2000	2001	2002	2003	2004
<b>Rooms (000)</b>					
Waco	2.6	2.7	2.7	2.8	2.9
Texas	296.8	307.1	314.3	320.8	329.2
<b>Average Daily Rental Rate</b>					
Waco	\$52.54	\$54.97	\$56.30	\$56.43	\$56.82
Texas	\$71.56	\$70.27	\$70.11	\$68.78	\$70.62
<b>Occupancy Rate</b>					
Waco	61%	61%	60%	63%	62%
Texas	59%	57%	55%	54%	56%

<sup>30</sup> Shopping Center Directory - 2005

<sup>31</sup> Coldwell Banker Commercial Jim Stewart, and Texas A&M Real Estate Center.

## **Market Demand Drivers**

Growth and sustainability in the market for the various land uses considered as re-use options for the parcels will be driven by a variety of demographic and economic factors. Many of these factors will influence markets for more than one type of land use (e.g., employment growth will spur demand for office space as well as new housing for employees working in new buildings). However, for the purposes of this study, the concentration is on those market demand drivers most commonly associated with each type of land use.

### ***Residential***

There has been continued population growth in the city and MSA, creating demand for new housing that is largely focused on single family. While housing prices have increased recently, the rate of growth has been below other regional and national markets. Limited construction has occurred in the multi-family market with much of the interest shown in recent years. Occupancy rates for rental properties are high in contrast to a national market that is experiencing higher vacancies.

### ***Office***

Occupancy rates in the suburban office developments are reportedly stronger compared to downtown projects. Employment levels for staff using this space have decreased since 2000, raising relevant concern about the market's ability to support a significant conversion of VA space into commercial office use. Average reported rental rates in the suburban market of \$10 to \$13 per square foot would not be sufficient to support new construction, or an aggressive renovation.

### ***Retail***

Major retail and service activity are in the vicinity of the VA site on the routes both to the north and to the west, which indicates that the location is considered a good retail area. Household income around the site is lower than the city as a whole and would indicate that retail would need to be targeted to a broader market. Retail spending has shown steady increases, but some unusual changes in the allocation on how households spend their money.

### ***Hotel***

The site does not have good visibility for hotel development, unless it was linked to some type of destinations activity. Furthermore, occupancy rates in the existing hotel market are stronger than those in the state as a whole, but not likely to be high enough to attract new investment.

## **Re-Use Opportunities and Challenges**

Team PwC considered the presence and strength of key market demand drivers for specific uses, as well as the appropriateness of the site (i.e., size, configuration, access, visibility, etc.) to accommodate such uses in developing re-use options. Regulatory constraints were not

addressed in the Stage I assessment of the re-use potential. Discussions of regulatory constraints and interested third parties will be addressed in Stage II as applicable. The results of this analysis, including specific opportunities and challenges for the Waco VAMC are described below.

### **Opportunities**

The Waco VA site has relatively good access for two major traffic arterials, including I-35, making it attractive to developers and tenants. Both residential and commercial areas surround the site. The commercial office market has high vacancy rates; however, the property is more suitable for convenience retail, restaurant, and residential development than commercial market space. Major retail and service activity are in the vicinity of the VA site-on the routes both to the north and to the west, indicating that the location is considered a good retail area.

### **Challenges**

Of the existing square footage currently on the campus, over 90% is in historic buildings. Design guidelines in the 1994 Historic Preservation Plan for the Waco VAMC provide basic design standards and a framework for restoration and maintenance of existing buildings as well as for landscaping, new construction, and demolition when necessary. The approval process for new construction or demolition can take more than a year which could delay the implementation of the re-use option. New buildings should not be larger in mass or taller than the major existing historic and none should be as prominent as Building 1.

Another key issue with residential re-use of historic units is renovation costs. Based on initial review, current lease rates and home values in the neighborhood would not appear to be supportive of market rate renovation costs. Similarly, average reported rental rates for office space in the suburban market of \$10 to \$13 per square foot would not be sufficient to support new construction or an aggressive renovation.

Finally, despite good access to the site, there are concerns with adjacent uses toward New Road, specifically a sports and recreation complex, which has the potential to generate traffic issues at certain times of the day.

### **Re-use Potential**

Team PwC's approach to re-use assumes that the Waco VAMC site is programmed with the "highest and best" land uses that maximize re-use value, given local zoning and forecast market conditions. Team PwC identified 21 re-use parcels for the Waco campus. Additionally, the entire site could be made available for re-use. Table 12 identifies the parcels and their potential re-use. The parcels have been identified based on existing vacant land and the changed footprint for each of the BPOs. Figure 6 illustrates these parcels on a current Waco site map.



Table 12: Waco VAMC Re-use Options

Parcel	Description
Parcel A	Approximately 1.8 acres on the southwest corner of the site. Relatively bare parcel of land with no utilities or easements. Only a continuation of the current use as parking for the near-term would be expected.
Parcel B	Approximately 7.2 acres on the southwest corner of the site. Currently contains a 2.3 acre surface parking lot which is part of an outlease agreement with the neighboring glass plant. Similar to Parcel A, a continuation of the current use as parking for the near-term would be expected.
Parcel C	Approximately 2.9 acres on the northwest corner of the site. Currently contains a recreation and picnic area for the campus. This parcel, in conjunction with Parcel D, should be viewed as one site. While adjacencies will tend to favor a residential re-use, low adjacent residential densities and housing values are not supportive of new construction.
Parcel D	Approximately 3.8 acres on the northwest corner of the site. This parcel currently contains three former quarters' buildings (Buildings 18, 19, 20, and 21) with detached garages. Many of the buildings are currently vacant. Inclusion on the National Register of Historic Places could pose a problem with allocating this parcel of land for re-use. This parcel, in conjunction with Parcel C, should be viewed as one site. While adjacencies will tend to favor a residential re-use, low adjacent residential densities and housing values are not supportive of new construction.
Parcel E	Approximately 9.8 acres on the eastern portion of the site. It is the largest cohesive piece of property available for potential re-use. Adjacent non-VA uses emphasize high-density recreational activities, which are generally not conducive to residential development. Limited frontage along New Road, and related land uses (low density residential across New Road) are not supportive of new development.
Parcel F	Approximately 7.6 acres at the southwestern corner of the campus. Contains the Central Texas College (CTC)-owned microwave tower which could hinder re-use potential. Adjacent use (golf) and limited access make stand-alone re-use of this parcel unlikely. Re-use potential is for residential or commercial office functions.
Parcel G	Approximately 1.2 acres on the southwestern portion of the campus. Contains Buildings 16 and 167, and the woodworking shelter. Building 16 is considered to be an historic property on the National Register of Historic Places. Re-use potential is for residential or commercial office functions.
Parcel H	Approximately 2.3 acres on the southwestern portion of the campus. Contains an extension of the CTC-owned microwave tower which could limit re-use options in addition to Building 24 being considered to be an historic property. This parcel also contains Building 99. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel I	Approximately 4.8 acres on the southern portion of the outer loop of the campus. Contains Building 91, which is vacant and listed in the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel J	Approximately 3.3 acres on the outer loop of the campus. Contains Building 90 which is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.



Parcel	Description
Parcel K	Approximately 2.8 acres on the western portion of the inner circle. Contains Building 9, which is currently vacant and also part of the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel L	Approximately 2.3 acres on the western portion of the inner circle. Contains Building 10 which is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel M	Approximately 2.1 acres at the northern end of the inner circle. Contains Building 11 which is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel N	Approximately 1.8 acres at the southern portion of the inner circle. Contains Building 8 which is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel O	Approximately 4.5 acres at the center of the campus. Contains Buildings 6 and 129. Building 129 is the existing chapel, and has poor access and limited re-use capabilities. In addition, Building 6 is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel P	Approximately 2.1 acres on the eastern portion of the central loop. Contains Building 7 which is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel Q	Approximately 1.3 acres on the eastern portion of the central loop. This is one of the smallest parcels available and contains Building 5 which is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel R	Approximately 8.9 acres on the southeastern corner of the site. Contains Building 93 which is listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel S	Approximately 8.8 acres on the eastern portion of the campus. Contains Buildings 94 and 219 and also a large portion of parking for the site. The buildings are also listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.
Parcel T	Approximately 7.0 acres on the southern portion of the campus. Contains Building 92, which is currently outleased and listed on the National Register of Historic Places. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.

Parcel	Description
Parcel U	Approximately 36.4 acres around the main entrance of the campus. Contains Buildings 1, 2, 4, 12, 14, 15, 17, 131, 202, 216 and 221. This is the largest parcel of land that could be available for re-use, but only if the entire campus is vacated, as the logistics buildings (including the central plant) are within this area. Re-use potential is for residential or commercial office functions; however, existing historic covenants will create renovation expenses that will likely exceed rental income streams.

Some portions of the campus are available for re-use in all BPOs. They are the glass plant parking lot (Parcel B) on the southwest corner of the site (subject to lease conditions), recreation and picnic area (Parcel C) on the western portion of the site, and the baseball field (Parcel E) on the eastern portion of the site.

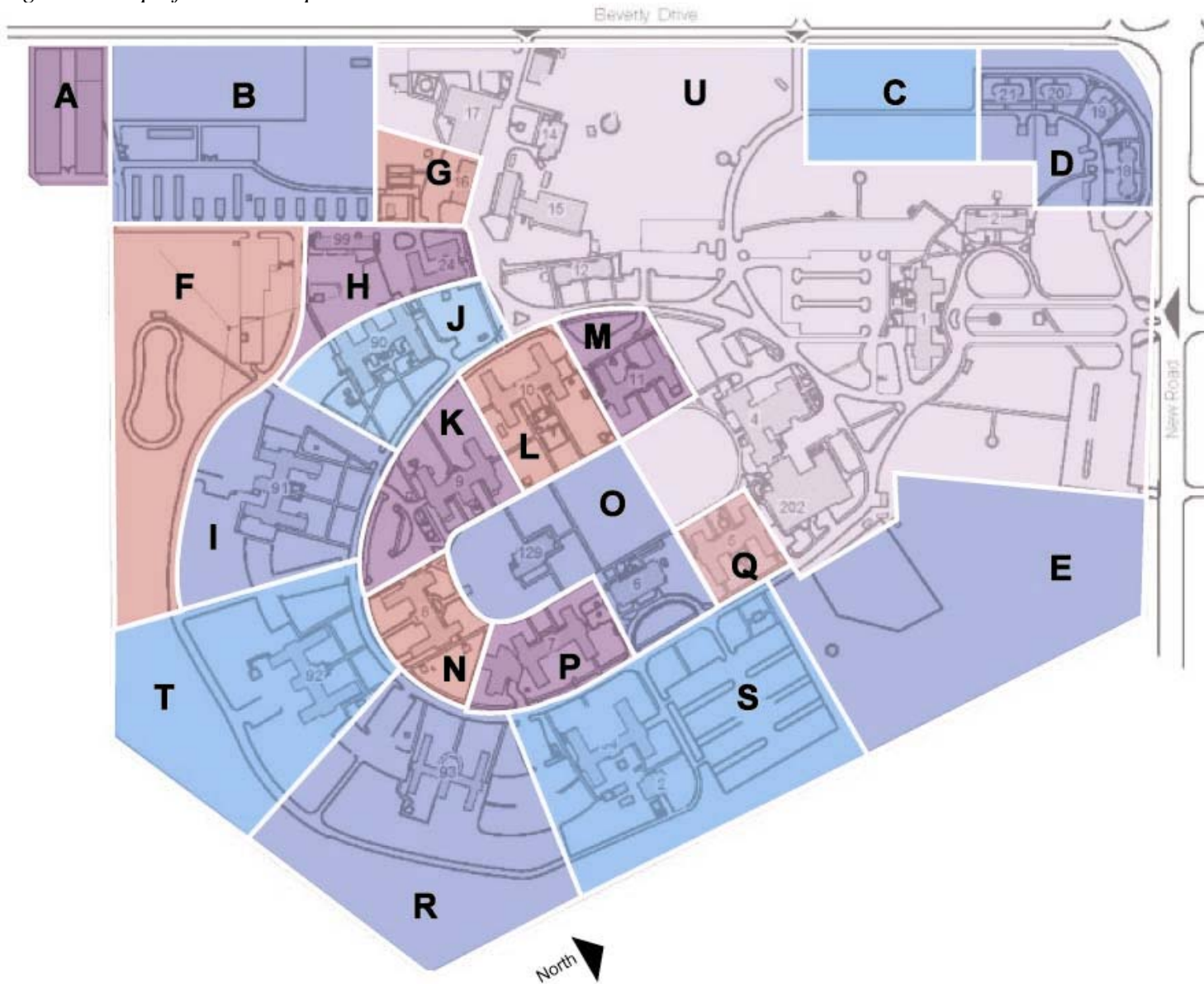
There are some key considerations associated with the re-use of the Waco VAMC campus, which include the following:

- The cost of bringing some of the facilities to current modern, safe, and secure standards could be high.
- The limitations on external facility modifications from the Historic Preservation Plan could impact the operating efficiency for applicable buildings.
- Asbestos remediation is required for any development of existing structures and there is a possibility that the Waco campus may contain lead in the potable water from lead piping/solder and surface paint due to the age of the facilities.<sup>32</sup>
- The current utility infrastructure on the campus would need to be evaluated to determine if it would require upgrading to handle any potential increase in users.
- All existing buildings are connected to the centralized HVAC system; under any re-use option, targeted spaces would require either separate meters or new independent building HVAC systems. It is unknown if the existing system can support incremental loads created by any new development. Additionally, costs to VA for utilities may in fact increase under alternative re-use options if non-VA users are unable to access the central heating/cooling system.
- It is unclear if existing sanitary and storm sewer systems will have capacity to absorb additional campus development.
- The administrative and support spaces available (chapel, garages, storage, etc.) are associated with VAMC-specific uses and are superfluous to re-use options. The market driven re-use of these spaces by the private market is unlikely; therefore, adjacent land use is generally not supportive of higher value land development concepts.

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<sup>32</sup> It is recommended that a full environmental assessment be conducted due to data gaps identified in the environmental study.

Figure 6: Map of Waco Campus Parcels



## 4.0 Overview of Healthcare Demand and Trends

Veteran enrollment and utilization for healthcare services was projected for 20 years, using 2003 data as supplied by VA as the base year and projecting through 2023. Projected utilization data is based upon market demand allocated to the Waco VAMC facility. The following section describes these long-term trends for veteran enrollment and utilization for healthcare services at the Waco facility.

### Enrollment Trends

The Waco VAMC is located in the Central market of VISN 17. The Central market contains approximately 74,000 enrolled veterans. As can be seen in Table 13, over the next 20 years, the number of enrolled veterans in Priority Groups 1-6 (veterans with the greatest service-connected needs) is expected to increase by 11%, from approximately 58,000 to approximately 64,000, while enrollment for Priority 7-8 veterans is projected to decrease by 46% for the same period. The enrollment forecast for Priority 7-8 veterans assumes an annual enrollment fee, and the continued freeze on new Priority 8 enrollment.

*Table 13: Projected Veteran Enrollment for the Central Market by Priority Group*

Fiscal Year	2003	2013	% Change (2003 to 2013)	2023	% Change (2003 to 2023)
Priority 1-6	57,873	67,345	16%	64,484	11%
Priority 7-8	15,755	8,253	-48%	8,510	-46%
<b>Total</b>	<b>73,628</b>	<b>75,598</b>	<b>3%</b>	<b>72,994</b>	<b>-1%</b>

### Utilization Trends

Utilization was analyzed for those CARES Implementation Categories (CICs) for which the Waco VAMC has projected demand. It should be noted that the demand for domiciliary and mental health services at the Waco facility is driven by regional and national referrals in addition to local veteran populations.

A summary of utilization data is provided for each CIC in the following tables. Inpatient utilization is measured in number of beds, while both ambulatory and outpatient mental health utilization is measured in number of clinic stops. A clinic stop is a visit to a clinic or service rendered to a patient.

Considering overall demand for outpatient services (Table 14), outpatient clinic stops (including radiology and pathology) are expected to increase by 6% over the projection period. In addition, total acute inpatient beds are projected to increase by 15% by 2023. These trends are further described in the tables below.

*Table 14: Inpatient and Outpatient Utilization Summary*

<b>Waco</b>	<b>2003 Actual</b>	<b>2013 Projected</b>	<b>2023 Projected</b>	<b>% Change (2003 to 2013)</b>	<b>% Change (2013 to 2023)</b>	<b>% Change (2003 to 2023)</b>
Total Acute Inpatient Beds	155	210	178	35%	-18%	15%
Total Clinic Stops <sup>33</sup>	149,186	173,761	156,861	16%	-9%	6%

The demand for inpatient services varies by CIC (Table 15). The need for inpatient psychiatry and substance abuse beds is projected to increase by 22% over the 20-year time horizon. Similarly, for other VA inpatient mental health programs, a 17% increase in bed requirements is projected. Both of these projections reflect assumptions contained in the VA Mental Health Strategic Plan.

*Table 15: Projected Utilization for Acute Inpatient CICs for Waco VAMC*

<b>CIC</b>	<b>2003 Actual Beds</b>	<b>2013 Beds Needed</b>	<b>2023 Beds Needed</b>	<b>% Change (2003 to 2013)</b>	<b>% Change (2013 to 2023)</b>	<b>% Change (2003 to 2023)</b>
Medicine & Observation	3	1	1	NA	NA	NA
Psychiatry & Substance Abuse	41	54	50	32%	-8%	22%
Surgery	2	0	0	NA	NA	NA
Other: VA Mental Health Inpatient Programs	109	155	127	42%	-18%	17%
Total	155	210	178	35%	-18%	15%

Due to a VA strategic planning decision, VA nursing home beds will be held constant at 104 beds over the next 20 years. Another VA strategic planning decision establishes a need for domiciliary beds at Waco/Temple at 240 beds beginning in 2006 and extending through the year 2023. The combined demand for domiciliary services for both the Waco and Temple VAMCs is projected to be 240 beds starting in 2006. For purposes of the study, it is assumed that 100 domiciliary beds will be provided at Waco and 140 provided at Temple.

*Table 16: Projected Utilization for Nursing Home and DOM-PRRP-PRRTP*

<b>CIC</b>	<b>2003 Actual Beds</b>	<b>2013 Beds Needed</b>	<b>2023 Beds Needed</b>	<b>% Change (2003 to 2013)</b>	<b>% Change (2013 to 2023)</b>	<b>% Change (2003 to 2023)</b>
Nursing Home	104	104	104	NA	NA	NA
DOM-PRRP-PRRTP <sup>34</sup>	0	240	240	NA	NA	NA

<sup>33</sup> Total clinic stop volume includes Radiology & Pathology data.

<sup>34</sup> Waco and Temple DOM-PRRP-PRRTP combined per VA.

Considering outpatient trends (see Table 17), there is a projected 8% decrease in the overall demand for ambulatory services over the forecast period. However, there are large increases projected for some specialty ambulatory care services, reflecting the healthcare needs of an aging veteran population. There are significant increases indicated for the following specialty ambulatory care services:

- Non-surgical specialties
- Orthopedics

In contrast there are significant decreases indicated for:

- Cardiology
- Eye clinic
- Primary care and related specialties
- Surgical and related specialties

Due to a VA planning decision, demand for rehabilitation medicine remains constant over the forecast period.

*Table 17: Projected Utilization for Ambulatory CICs for Waco VAMC*

CIC	2003 Actual Stops	2013 Projected Stops	2023 Projected Stops	% Change (2003 to 2013)	% Change (2013 to 2023)	% Change (2003 to 2023)
Cardiology	4,260	3,852	3,423	-10%	-11%	-20%
Eye Clinic	3,010	2,299	2,171	-24%	-6%	-28%
Non-Surgical Specialties	2,165	3,318	3,006	53%	-9%	39%
Orthopedics	2,018	3,274	3,019	62%	-8%	50%
Primary Care & Related Specialties	31,823	32,621	27,699	3%	-15%	-13%
Rehab Medicine	24,804	24,804	24,804	NA	NA	NA
Surgical & Related Specialties	3,713	2,371	2,109	-36%	-11%	-43%
Urology	0	63	58	NA	-8%	NA
<b>Total</b>	<b>71,793</b>	<b>72,602</b>	<b>66,289</b>	<b>1%</b>	<b>-9%</b>	<b>-8%</b>

Considering the expected utilization of outpatient mental health services (Table 18), there is an overall projected increase in demand of 84%. This is largely driven by very significant net increases indicated for the following outpatient mental health services:

- Homeless program
- Mental health intensive case management

These are the VA outpatient mental health programs for which there is no private sector benchmark. These increased utilization projections reflect assumptions used in the development of the VA Mental Health Strategic Plan. Some areas in which refinements were made include:

- Utilization rates for special mental health programs begin at the current actual rate and are brought up to the nationwide 85th percentile utilization rate by fiscal year 2012
- Age cohort adjustments to reflect anticipated increased use of certain mental health services by aging veterans from Vietnam and later eras
- Expanding outpatient mental health programs to reflect a recovery model

Table 18: Projected Utilization for Outpatient Mental Health CICs for Waco VAMC

CIC	2003 Actual Stops	2013 Projected Stops	2023 Projected Stops	% Change (2003 to 2013)	% Change (2013 to 2023)	% Change (2003 to 2023)
Behavioral Health	23,893	22,498	22,463	-6%	0%	-6%
Community MH Residential Care	1,928	2,417	1,571	25%	-35%	-19%
Homeless	1,158	5,507	4,799	376%	-13%	314%
Mental Health Intensive Case Management (MHICM)	4,193	36,343	28,429	767%	-22%	578%
<b>Total</b>	<b>31,172</b>	<b>66,765</b>	<b>57,262</b>	<b>114%</b>	<b>-14%</b>	<b>84%</b>

In summary, the analysis of the projected enrollment and utilization data highlights several opportunities and challenges for the Waco VAMC. Opportunities exist to address the market need for inpatient mental health services as well as outpatient services for an aging veteran population, such as non-surgical specialties, orthopedics, and mental health.

## 5.0 Business Plan Option Development

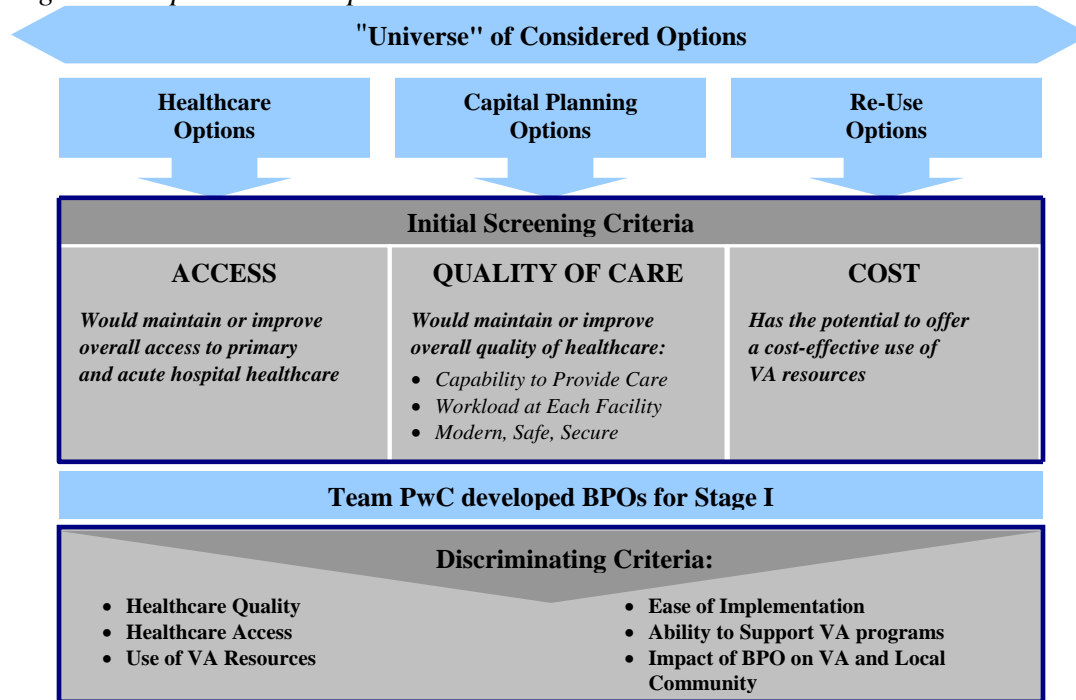
### Options Development Process

Using VA furnished information, site tours and interviews, as well as stakeholder and LAP member input, Team PwC developed a broad range of discrete and credible healthcare and capital planning options and associated re-use options. Each healthcare and capital planning option that passed the initial screening served as potential components of BPOs. A review panel of experienced Team PwC consultants, including medical practitioners, capital planners, and real estate advisors considered the assessment results and recommended the BPOs. Each of the BPOs was then assessed at a more detailed level according to a set of discriminating criteria.

The following diagram illustrates the complete options development process:



Figure 7: Options Development Process



**Initial Screening Criteria**

Discrete healthcare and capital planning options were developed for the Waco VAMC and were subsequently screened to determine whether or not a particular option had the potential to meet or exceed the CARES objectives. The following describes the initial screening criteria that were used during this process:

- **Access:** *Would maintain or improve overall access to primary and acute hospital healthcare* – During Stage I, primary care access is evaluated using VA’s Primary Care Access Tool and a base year of 2001. If an option resulted in a change in location for primary care, the new location would be evaluated using the Primary Care Access Tool. Acute Care access was evaluated using data provided by VA using its ArcView Tool to recalculate the new location’s impact on access.
- **Quality of Care:** *Would maintain or improve the overall quality<sup>35</sup> of healthcare* – This is assessed by consideration of the site's ability to provide services and the level of workload at any facility compared to utilization thresholds. Quality concerns may also occur if it is assumed that VA would contract with a non-VA provider for specific services but there is no current proven healthcare provider for those required services within that particular location. In such a case, assumptions may be required regarding the likelihood of such a provider emerging. Therefore, any option that relied upon patient

<sup>35</sup> Quality includes clinical proficiency across the spectrum of care, safe environment, and appropriate facilities.



care being provided by an emergent third party failed this quality test. An option would pass the quality test only in cases when a compelling reason could be identified to assert that services would be provided.

Additionally, the following was included as part of the quality measure:

- **Modern, Safe, Secure:** *Would result in a modernized, safe healthcare delivery environment that is compliant with existing laws, regulations, and VA requirements* – This was assessed by consideration of the physical environment proposed in the option and any material weaknesses identified in VA’s space and functional surveys, facilities’ condition assessments, and seismic assessments for existing facilities, and application of a similar process to any alternative facilities proposed.

It should be noted that the disruption to continuity of care is not an explicit criteria utilized in the initial screening process; however, the impact on continuity of care was used to further narrow the broad range of options to be assessed in Stage I. A separate study of the impact on continuity of care for each of the options will be conducted in the Stage II assessments of the options.

- **Cost:** *Has the potential to offer a cost-effective use of VA resources* – This was assessed as part of Team PwC’s initial cost effectiveness analysis. A 30-year planning period was used in the cost effectiveness analysis. Any option that did not have the potential to provide a cost effective physical and operational configuration of VA resources as compared to the baseline<sup>36</sup> failed this test.

All identified options were screened against these criteria. If an option failed the initial access test, then no other tests were applied. Those passing the access test were then further screened against quality and cost. Screening was halted when the option failed to meet one of the initial screening criteria.

### **Discriminating Criteria**

After passing the initial screening, BPOs were developed and the following discriminating criteria were applied to assess the overall attractiveness of the BPO.

- **Healthcare Quality** – These criteria assess the following:
  - How the BPO sustains or enhances the quality of healthcare delivery.
  - If the BPO can ensure that forecasted healthcare need is appropriately met.
  - Whether each BPO will result in a modernized, safe, and secure healthcare delivery environment.

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<sup>36</sup> Baseline describes the current state applying utilization projected out to 2023, without any changes to facilities, programs, or locations. Baseline assumes same or better quality, and accounts for any necessary maintenance for a modern, safe, and secure healthcare environment.

- **Healthcare Access** – These criteria assess how the BPO impacts the percentage of the patients meeting access guidelines by describing the current percentage and the expected percentage of patients meeting this guideline.
- **Impact on VA and Local Community** – These criteria assess the impact on staffing, as well as research and clinical education programs.
- **Use of VA Resources** – These criteria assess the cost effectiveness of the physical and operational configuration of the BPO over a 30-year planning horizon. Costs were assessed at an "order of magnitude" level of analysis in Stage I. Detailed costing will be conducted in Stage II. These criteria include:
  - Operating Cost Effectiveness: The ability of the BPO to provide recurring/operating cost increases or savings as compared to the baseline.
  - Level of Capital Expenditures: The amount of investment required relevant to the baseline based on results of initial capital planning estimates.
  - Level of Re-use Proceeds: The amount of re-use proceeds and/or demolition/clean-up cost based on results of the initial re-use study.
  - Cost Avoidance: The ability to obtain savings in necessary capital investment as compared to the baseline BPO.
  - Overall Cost Effectiveness: The initial estimate of net present cost as compared to the baseline.
- **Ease of Implementation** – These criteria assess the risk of implementation associated with each BPO. The following major risk areas were considered:
  - Reputation
  - Continuity of Care
  - Organization & Change
  - Legal & Contractual
  - Compliance
  - Security
  - Political
  - Infrastructure
  - Financial
  - Technology
  - Project Realization
- **Ability to Support VA programs** – These criteria assess how the BPO would impact the sharing of resources with DoD, enhance One-VA integration, and impact special considerations, such as DoD contingency planning, Homeland Security needs, or emergency need projections.

### ***Capital Planning***

The focus of the capital planning study of the CARES study is to define spatial needs for 2023, with a design for these options beginning in 2009. The capital options were derived utilizing several parameters, including criteria for a safe, modern, and secure healthcare environment,

current building vacancy, consideration of historic designation of buildings, and timing of funding availability, as described below.

Due to the planned CARES implementation, many capital improvement projects for the Waco facilities have been deferred. Facilities with building assessment scores less than 4.0 were determined to need renovation to meet standards for modern, safe, and secure. Most building components have a finite life expectancy and require cyclical repair or replacement. Elements which will require attention between the present date and the design year include such items as IT/communications, major medical equipment, interior finishes, roofing, cooling systems, plumbing fixtures, lighting, heating systems, windows/doors, electrical switchgear/panels, and masonry. If no capital improvements are made prior to the design year, it is probable that all buildings will be in need of major renovation by 2023.

Safety issues related to capital planning are limited to fire and life safety (building code) issues. Existing conditions are typically permitted to remain; however, current code compliance is typically triggered by a major renovation project. The renovations to be conducted in the baseline and other BPOs will require correction of current code deficiencies. The capital plans involving new construction also consider these current building code requirements and provides for adequate capacity to meet code. Therefore, all BPOs are able to be meet current safety standards.

Buildings identified as being vacated or mothballed will not support any occupancy; however, some utilities, including mechanical, electrical, and plumbing (MEP) systems, will remain activated in order to maintain their physical condition.

For the purposes of this planning exercise, it is assumed that the first funding cycle for a new project would occur after January 2009. Subsequently, the design and construction of any significant capital project could not be completed until 2012, assuming 12 months for design and 24 months for construction.

### ***Operational Costs***

The objective of the cost analysis in Stage I is to support the comparison of the estimated cost effectiveness of the baseline with each BPO. The Study Methodology calls for an "order of magnitude" level of analysis in Stage I and detailed costing in Stage II. The total estimated costs include operating costs, initial capital costs, re-use opportunities, and any cost avoidances. The operating costs for the baseline and each BPO are a key input to the financial analysis for Stage II. Operating costs considered for the Stage I analysis include direct medical care, administrative support, engineering and environmental management, and miscellaneous benefits and services.

The baseline operating costs were provided to Team PwC by VA. The 2004 costs were obtained from the Decision Support System (DSS), VA's official cost accounting system. This information was selected for use because DSS provides the best available data for identifying fixed direct, fixed indirect, and variable costs. The data can be rolled up to the CIC level and the

data is available nationally for all VAMCs and CBOCs. These costs are directly attributable costs and generally do not reflect the total costs of the operation.

The costs were obtained for each facility within the study scope and were aggregated into the CICs. The costs were categorized as total variable (per unit of care), total fixed direct, and total fixed indirect costs. The definition of each cost category is as follows:

- Total Variable (Direct) Cost: The costs of direct patient care that vary directly and proportionately with fluctuations in workload. Examples include salaries of providers and the cost of medical supplies. Variable direct cost = variable supply cost + variable labor cost. The cost of purchased care is considered a variable direct cost.
- Total Fixed Direct Cost: The costs of direct patient care that do not vary in direct proportion to the volume of patient activity. The word “fixed” does not mean that the costs do not fluctuate, but rather that they do not fluctuate in direct response to workload changes. Examples include depreciation of medical equipment and salaries of administrative positions in clinical areas.
- Total Fixed Indirect Cost: The costs not directly related to patient care, and, therefore, not specifically identified with an individual patient or group of patients. These costs are an allocation of the total other costs (i.e. not direct costs) associated with the operation of the facility. These costs are allocated to individual medical departments through VA’s existing indirect cost allocation process. Examples of indirect costs include utilities, maintenance, and administration costs.

FY 2004 operating costs from DSS were deflated to FY 2003 dollars to create the costs for FY 2003 which is the base date for current cost comparison. These costs (fixed and variable) were then inflated for each year of the study period. Variable costs were multiplied by the forecasted workload for each CIC and summed to estimate total variable costs. Variable costs were also provided by VA for non-VA care. These are based on VA’s actual expenses and are used in the BPOs where care is contracted.

These costs are used together with initial capital investment estimates as the basis for both the baseline option and each BPO with adjustments made to reflect the impact of implementation of the capital option being considered. Potential re-use proceeds are added to provide an overall indication of the cost of each BPO.

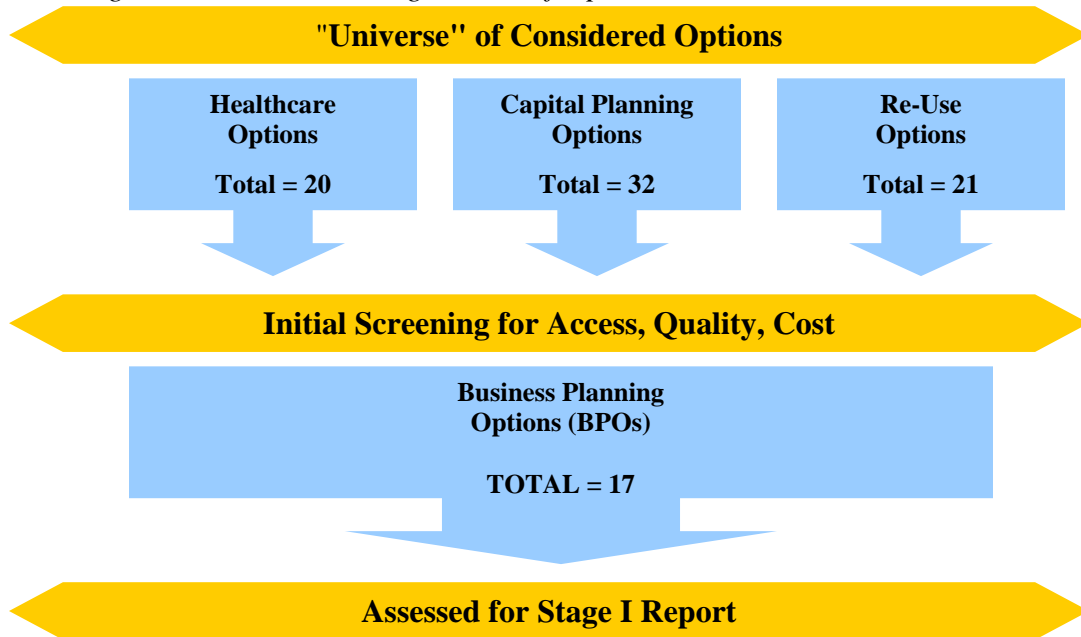
**Summary of Business Plan Options**

The individual healthcare, capital planning, and re-use options that passed the initial screening were further considered as options to comprise a BPO. A BPO is defined as consisting of a single healthcare option, combined with at least one associated capital planning option and re-use option. Therefore, the formula for a BPO is:

$$\text{BPO} = \text{Healthcare option} + \text{Capital Planning option} + \text{Re-use option(s)}$$

The following diagram illustrates the final screening results of all options given consideration:

*Figure 8: Final Screening Results of Options*



**Options Not Selected for Assessment**

Several of the options created during the option development process did not pass the initial screening criteria. Table 19 lists those options that either did not pass the initial screening criteria or were deemed inferior to other options that did pass the initial screening. The table details the results of the initial screening and the reasons why these options were not selected.

Table 19: Options Not Selected for Assessment

Label	Description	Reason(s) Not Selected
<b>Temple VAMC</b>		
All inpatient services except a portion of inpatient psychiatry at Temple. All outpatient services at Waco	Inpatient psychiatry is split between Temple and Austin. All other inpatient services are transferred to Temple. Existing ambulatory and outpatient mental health services remain at Waco.	Additional implementation risk is associated with splitting inpatient services between two campuses, therefore the option is inferior to other BPOs that move all of inpatient psychiatry services to one VA campus.
All inpatient services and outpatient services at Temple	All inpatient psychiatry, nursing home, domiciliary, blind rehab, and other mental health services to be transferred to Temple VAMC. Existing ambulatory and outpatient mental health services to be transferred to Temple VAMC.	Failed Access: The impact of moving primary care from Waco to Temple VAMC resulted in an 11% decrease in the percentage of veterans meeting VA's primary care access guidelines. Additionally, this option is not aligned with the Secretary's Decision to maintain outpatient services at Waco.
All inpatient services except portion of NHCU at Temple, outpatient services at Temple	Inpatient psychiatry, other mental health, domiciliary, blind rehab and a portion of the nursing home beds to be transferred to the Temple VAMC. Remaining nursing home beds to be provided by local community providers in Waco. Existing ambulatory and outpatient mental health services to be transferred to Temple VAMC.	This option is not aligned with the Secretary's Decision to maintain outpatient services at Waco.
All inpatient services except portion of inpatient psychiatry at Temple, all outpatient services at Temple	Inpatient psychiatry is split between Temple and Austin. All other inpatient services are transferred to Temple. Existing ambulatory and outpatient mental health services transferred to Temple.	Additional implementation risk is associated with splitting inpatient services between two campuses, therefore the option is inferior to other BPOs that move all of inpatient psychiatry services to one VA campus. Additionally, this option is not aligned with the Secretary's Decision to maintain outpatient services at Waco.
All inpatient services at Temple, all outpatient services purchased from community	All inpatient psychiatry, nursing home, domiciliary, blind rehab and other mental health to be transferred to Temple VAMC. Existing ambulatory and outpatient mental health services to be provided by local community providers.	Failed Quality: Under this option, ambulatory services including outpatient mental health services would be provided by local community providers. Community experience regarding unique behavioral health issues encountered in the veteran population may be lacking.
All inpatient services except domiciliary services at Temple, all outpatient services at Temple	Inpatient psychiatry, nursing home, blind rehab and other mental health to be transferred to Temple VAMC. Domiciliary services remain at current location of provision in Waco. Existing ambulatory and outpatient mental health services to be transferred to Temple.	Failed Access: The impact of moving primary care from Waco to Temple VAMC resulted in an 11% decrease in the percentage of veterans meeting VA's primary care access guidelines. Additionally, this option is not aligned with the Secretary's Decision to maintain outpatient services at Waco.

Label	Description	Reason(s) Not Selected
All inpatient services except domiciliary services at Temple, all outpatient services purchased from community	Inpatient psychiatry, nursing home, blind rehab and other mental health to be transferred to Temple VAMC. Domiciliary services remain at current location of provision in Waco. Existing ambulatory and outpatient mental health services to be provided by local community providers.	Failed Quality: Under this option, ambulatory services including outpatient mental health services would be provided by local community providers. Community experience regarding unique behavioral health issues encountered in the veteran population may be lacking.
All inpatient services except domiciliary services at Temple, outpatient mental health at Temple, remaining outpatient services at Waco	Outpatient mental health services and inpatient psychiatry, nursing home, blind rehab and other mental health to be transferred to Temple VAMC. Domiciliary and existing ambulatory services remain at current location of provision in Waco.	Inferior to other options that move services to Temple.
All inpatient services except domiciliary services and NHCU at Temple, all outpatient services at Temple	Inpatient psychiatry, blind rehab and other mental health to be transferred to Temple VAMC. Domiciliary and nursing home services remain at current location of provision in Waco. Existing ambulatory and outpatient mental health services to be transferred to Temple.	Failed Access: The impact of moving primary care from Waco to Temple VAMC resulted in an 11% decrease in the percentage of veterans meeting VA's primary care access guidelines. Additionally, this option is not aligned with the Secretary's Decision to maintain outpatient services at Waco.
All inpatient services except domiciliary services and NHCU at Temple, All outpatient services purchased from community	Inpatient psychiatry, blind rehab and other mental health to be transferred to Temple VAMC. Domiciliary and nursing home services remain at current location of provision in Waco. Existing ambulatory and outpatient mental health services to be provided by local community providers.	Failed Quality: Under this option, ambulatory services including outpatient mental health services would be provided by local community providers. Community experience regarding unique behavioral health issues encountered in the veteran population may be lacking.
Only inpatient psychiatry services at Temple, all outpatient services at Temple	Inpatient psychiatry and existing ambulatory and outpatient mental health services to be transferred to Temple VAMC. Domiciliary, nursing home and blind rehab to remain at current location of provision in Waco.	Failed Access: The impact of moving primary care from Waco to Temple VAMC resulted in an 11% decrease in the percentage of veterans meeting VA's primary care access guidelines. Additionally, this option is not aligned with the Secretary's Decision to maintain outpatient services at Waco.
Only inpatient psychiatry services at Temple, all outpatient services purchased from community	Inpatient psychiatry and other mental health to be transferred to Temple VAMC. Domiciliary, nursing home and blind rehab remain at current location of provision in Waco. Existing ambulatory and outpatient mental health services to be provided by local community providers.	Failed Quality: Under this option, ambulatory services including outpatient mental health services would be provided by local community providers. Community experience regarding unique behavioral health issues encountered in the veteran population may be lacking.

Label	Description	Reason(s) Not Selected
<b>Waco + Expanded Service</b>		
Baseline plus expanded blind rehab to 25 beds	Inpatient and outpatient mental health services as well as nursing home, domiciliary, blind rehab and ambulatory health services to be provided at Waco. Blind rehab to be expanded to 25 beds.	Insufficient evidence to support need to add 10 beds to the blind rehab program. Two new blind rehab centers are being established in Biloxi Mississippi (VISN 16) and Long Beach California (VISN 22).
<b>Private Providers</b>		
Inpatient services to local community provider, build community CBOC in Waco, blind rehab to Temple	All inpatient services to be provided by local community providers. Blind rehab to be transferred to Temple VAMC. Existing ambulatory and outpatient mental health services to be provided at new CBOC in Waco.	Failed Quality: Under this option, inpatient services would be provided by local community providers. Community experience regarding unique behavioral health issues encountered in the veteran population may be lacking.
<b>Psychiatry Focused Waco Campus</b>		
Inpatient and outpatient psychiatry services, NHCU, and blind rehab at Waco. Domiciliary services at Temple. All outpatient services at Waco	Inpatient and outpatient mental health services as well as nursing home care, blind rehab and ambulatory health services will be provided at Waco. Domiciliary services will be transferred to Temple VAMC.	Inferior to other options. Separates outpatient mental health services, specifically the intensive case management program, from the post traumatic residential rehab program where important synergies exist.

## **Baseline BPO**

Based upon Team PwC's methodology, the baseline BPO advances in the Stage I process. The baseline is the BPO under which there would not be significant change in either the location or type of services provided in the study site. In the baseline BPO, the Secretary's Decision and forecasted healthcare demand and trends from the demand forecast for 2023 are applied to the current healthcare provision solution for the study site. Additionally, capital improvements required to meet modern, safe, and secure standards are factored into the current state assessment to develop this BPO.

Specifically, the baseline BPO is characterized by the following:

- Healthcare continues to be provided as currently delivered, except to the extent that healthcare volume for particular procedures fall below key quality or cost effectiveness threshold levels.
- Capital 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 costs allow for ongoing preventative maintenance and life-cycle maintenance of major and minor building elements.



## Evaluation System for BPOs

Each BPO is evaluated against the baseline BPO in an assessment table providing comparative rankings across several categories and an overall attractiveness rating. The results of the BPO assessment and the Team PwC recommendation are provided in subsequent sections.

Table 20: Evaluation System Used to Compare BPOs to baseline BPO

<b>Ratings to assess Access, Quality, Local Community, and Ability to Support VA Programs</b>	
↑	The BPO has the potential to provide a slightly improved state compared to the baseline BPO for the specific discriminating criteria (e.g., access, quality, etc)
↔	The BPO has the potential to provide materially the same 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 compared to the baseline BPO for the specific discriminating criteria (e.g., access, quality, etc).
<b>Operating cost effectiveness (based on results of initial healthcare/operating costs)</b>	
↑↑↑	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 require materially the same operating costs as the baseline BPO (+/- 5%)
↓	The BPO has the potential to require slightly higher operating costs compared to the baseline BPO (>5%)
↓↓	The BPO has the potential to require slightly higher operating costs compared to the baseline BPO (>10%)
↓↓↓	The BPO has the potential to require slightly higher operating costs compared to the baseline BPO (>15%)
<b>Level of capital expenditures estimated</b>	
↓↓↓↓	Very significant investment required compared to the baseline BPO (≥ 200%)
↓↓	Significant investment required compared to the baseline BPO (121% to 199%)
-	Similar level of investment required compared to the baseline BPO (80% to 120% of <b>Baseline</b> )
↑↑	Reduced level of investment required compared to the baseline BPO (40%-80%)
↑↑↑↑	Almost no investment required (≤ 39%)
<b>Level of re-use proceeds relative to baseline BPO (based on results of initial re-use study)</b>	
↓↓	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 the baseline (+/- 20% of baseline)
↑↑	Higher level of re-use proceeds compared to the baseline (e.g., 1-2 times)
↑↑↑	Significantly higher level of re-use proceeds compared to the baseline (e.g., 2 or more times)
<b>Cost avoidance (based on comparison to baseline BPO)</b>	
-	No cost avoidance opportunity
↑↑	Significant savings in necessary capital investment compared to the baseline BPO
↑↑↑↑	Very significant savings in essential capital investment compared the baseline BPO

<b>Overall cost effectiveness (based on initial net present cost calculations)</b>	
↓ ↓ ↓ ↓ ↓	Very significantly higher net present cost compared to the baseline BPO (>1.15 times)
↓ ↓ ↓	Significantly higher net present cost compared to the baseline BPO (1.10 – 1.15 times)
↓	Higher net present cost compared 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 compared to the baseline (90-95% of Baseline)
↑ ↑ ↑	Significantly lower net present cost compared to the baseline BPO (85-90% of baseline)
↑ ↑ ↑ ↑ ↑	Very significantly lower net present cost compared to the baseline BPO (<85% of baseline)
<b>Ease of Implementation of the BPO</b>	
↑	The BPO has the potential to provide a slightly improved state compared to the baseline BPO based upon the level of impact and likelihood of occurrence of risks to its implementation plan.
↔	The BPO has the potential to provide materially the state of the baseline based upon the level of impact and likelihood of occurrence of risks to its implementation plan.
↓	The BPO has the potential to provide a slightly lower or reduced state compared to the baseline BPO based upon the level of impact and likelihood of occurrence of risks to its implementation plan.
<b>Overall “Attractiveness” of the BPO Compared to the baseline</b>	
↑ ↑ ↑ ↑ ↑	Very “attractive” – highly likely to offer a solution that improves quality and/or access compared to the baseline while appearing significantly more cost effective compared to the baseline.
↑ ↑	“Attractive” - likely to offer a solution that at least maintains quality and access compared to the baseline while appearing more cost effective compared to the baseline.
-	Generally similar to the baseline.
↓ ↓	Less “attractive” compared to the baseline - likely to offer a solution that while maintaining quality and access compared to the baseline appears less cost effective compared to the baseline.
↓ ↓ ↓ ↓ ↓	Significantly less “attractive” – highly likely to offer a solution that may adversely impact quality and access compared to the baseline and appearing less (or much less) cost effective compared to the baseline.

### **Stakeholder Input: Purpose and Methods**

VA determined at the beginning of the CARES process that it would use the Federal Advisory Committee Act (FACA) process to solicit stakeholder input and to provide a public forum for discussion of stakeholder concerns because "the gathering and consideration of stakeholder input in this scope of work is of great importance." According to the Statement of Work, the purpose of the Local Advisory Panel (LAP) appointed under the FACA is to

provide the Contractor with a perspective on previous CARES local planning products, facility mission and workload, facility clinical issues, environmental factors, VISN referral and cross cutting issues in order to assist the Contractor in the refinement of the options the Contractor shall recommend. The Federal Advisory Committee will also provide feedback to the Contractor on proposed options and recommendations.

The Local Advisory Panel is required to hold at least four public meetings at which stakeholders would have an opportunity to present testimony and comment on the work performed by Team PwC and the deliberations of the LAP.

Team PwC also devised methods for stakeholders to communicate their views without presenting testimony at the LAP meetings. Throughout Stage I, a comment form was available electronically via the CARES website and in paper form at the first LAP public meeting. In addition, stakeholders were advised that they could submit any written comments or proposals to a central mailing address, and a number of stakeholders used this method as well.

The time in which stakeholder input was collected during Stage I can be divided into two input periods – Input Period One and Input Period Two. The intent of Input Period One was to collect general stakeholder input to assist in the development of potential BPOs, while Input Period Two allowed stakeholders to comment on the specific BPOs presented at the public LAP meeting. Input Period One started in April 2005 and ended on the day that the comment form with specific BPOs was available for public comment on the CARES website. For both periods, stakeholder input was reviewed and categorized into nine categories of concern which are summarized in Table 21.

For Input Period Two, stakeholders were provided with a brief description of the BPOs and asked to indicate whether they favored the option, were neutral about the option, or did not favor the option. Ten days after the second LAP meeting was held, Team PwC summarized all of the stakeholder views that were received during input periods one and two, and this information is included in this report.

*Table 21: Definitions of Categories of Stakeholder Concern*

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

Summarized stakeholder views were available to LAP members for their review and consideration when evaluating BPOs as well as in defining new BPOs.

## **Stakeholder Input to Business Plan Option Development**

Approximately 400 members of the public attended the first LAP meeting held on May 3, 2005, as well as the second LAP meeting held on October 4, 2005. A total of 636 forms of stakeholder input (general comments on the study as well as specific BPOs) were received between April 20 and October 14, 2005. The concerns of stakeholders who submitted general comments not related to specific BPOs are summarized in the Table 22:

*Table 22: Analysis of General Stakeholder Concerns (Periods One and Two)*

Key Concern	Number of Comments		
	Oral	Written and Electronic	Total
Effect on Access	10	39	<b>49</b>
Maintain Current Service/ Facility	41	149	<b>190</b>
Support for Veterans	15	107	<b>122</b>
Effect on Healthcare Services and Providers	7	35	<b>42</b>
Effect on Local Economy	4	23	<b>27</b>
Use of Facility	18	117	<b>135</b>
Effect on Research and Education	2	20	<b>22</b>
Administration's Budget or Policies	0	28	<b>28</b>
Unrelated to the Study Objectives	1	11	<b>12</b>

## **6.0 Business Plan Options**

The option development process resulted in a multitude of discrete healthcare, capital planning, and re-use options, which were subsequently screened to determine whether a particular option had the potential to meet or exceed the CARES objectives (i.e., access, quality, and cost). Overall, in addition to the baseline, there were 17 BPOs (comprising healthcare, capital planning, and re-use components) which passed initial screening and were developed for Stage I (see Figure 8).

Many of the BPOs involve transferring a portion of services to another VAMC within CTVCHS, specifically the Temple VAMC, which is a full-service teaching hospital in closer proximity to the growing Austin area. The intent of these options was to better align the provision of services in the system with the changing needs of the market. Transfer of services to other facilities in CTVHCS may also assist in the alignment of services.

One additional BPO (BPO 18) was proposed by the LAP at the second LAP Public Meeting. This BPO was proposed as an alternative to the 17 BPOs being presented by Team PwC.

Table 23: Business Plan Options

<p><b>BPO 1: Baseline</b></p> <p>Current state projected out to 2013 and 2023 without any changes to facilities or programs, but accounting for projected utilization changes, and assuming materially the same quality, and necessary maintenance for a safe, secure, and modern healthcare environment. Inpatient psychiatry, nursing home, blind rehab, and other mental health services (including the PR RTP program) are provided at Waco VAMC. One-hundred beds of the domiciliary program are provided in the Waco community, while 140 domiciliary beds are provided at Temple. Other inpatient services referred to Temple VAMC. Existing ambulatory and outpatient mental health services remain at current location of provision in Waco. There is no re-use in the baseline.</p>
<p><b>BPO 2: Inpatient Services Transfer to Temple; Outpatient Services Remain at Waco</b></p> <p>Inpatient psychiatry, nursing home, blind rehab, other inpatient mental health services (including the PR RTP program) will be transferred to the Temple VAMC. All 240 domiciliary beds will be provided at Temple. Existing ambulatory and outpatient mental health services remain at current location of provision in Waco. This BPO constructs a new acute care tower and nursing home on vacant land at Temple with an additional parking structure and surface parking. The tower will include inpatient acute care services and required support services. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use parcels are available except for M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 10, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.</p>
<p><b>BPO 3: All Inpatient Services, except 50% of Nursing Home, Transfer to Temple; Outpatient Services Remain at Waco</b></p> <p>Inpatient psychiatry, blind rehab, other mental health (including the PR RTP program), and 50% of the nursing home beds will be transferred to the Temple VAMC. Remaining nursing home beds purchased from local community providers. All 240 domiciliary beds will be provided at Temple. Remaining ambulatory and outpatient mental health services provided at current location of provision in Waco. This BPO constructs a new acute care tower and nursing home on vacant land at Temple with an additional parking structure. The tower will include inpatient acute care services and required support services. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use areas are available except for Parcels M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 10, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.</p>
<p><b>BPO 4: All Inpatient Services and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco</b></p> <p>Outpatient mental health services and all inpatient services including psychiatry, nursing home, blind rehab, and other inpatient mental health services (including the PR RTP program) will be transferred to the Temple VAMC. All 240 domiciliary beds will be provided at Temple. Existing ambulatory services remain at current location of provision in Waco. This BPO constructs a new acute care tower and nursing home on vacant land at Temple with an additional parking structure. The tower will include inpatient acute care services and required support services, and outpatient mental health. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use areas are available except for Parcels M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 1, 5 through 10, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.</p>
<p><b>BPO 5: Inpatient Services, except Domiciliary, Transfer to Temple; Ambulatory and Outpatient Mental Health Services Remain at Waco</b></p> <p>Inpatient psychiatry, nursing home, blind rehab, and other inpatient mental health services (including the PR RTP program) will transfer to Temple VAMC. One-hundred domiciliary beds will be provided at Waco and 140 domiciliary beds will be provided at Temple. Existing ambulatory and outpatient mental health services will remain at current location of provision in Waco. This BPO constructs a new acute care tower and nursing home on vacant land at Temple with an additional parking structure. The tower will include inpatient acute care services and required support services. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use areas are available except for Parcels L, M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 9, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.</p>

<p><b>BPO 6: Inpatient Services, except Domiciliary and Nursing Home, Transfer to Temple; All Outpatient Services Remain at Waco</b></p>
<p>Inpatient psychiatry, blind rehab, and other inpatient mental health (including the PRRTTP program) will be transferred to Temple VAMC. One-hundred domiciliary beds will be provided at Waco and 140 domiciliary beds will be provided at Temple. Nursing home, as well as existing ambulatory and outpatient mental health services will remain at current location of provision in Waco. This BPO constructs a new acute care tower on vacant land at Temple with an additional parking structure. The tower will include inpatient acute care services and required support services. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use areas are available except for Parcels I, J, K, L, M, Q, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 6 through 8, 16, 24, 93, 94, 99, 129, 167, and 191.</p>
<p><b>BPO 7: All Inpatient Services, except Domiciliary and Nursing Home, and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco</b></p>
<p>Outpatient mental health services and inpatient psychiatry, blind rehab and other inpatient mental health (including the PRRTTP program) will be transferred to Temple VAMC. One-hundred domiciliary beds will be provided at Waco and 140 domiciliary beds will be provided at Temple. Nursing home as well as remaining ambulatory services will be provided at current location of provision in Waco. This BPO constructs a new acute care tower on vacant land at Temple with an additional parking structure. The tower will include inpatient acute care services and required support services, and outpatient mental health. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use areas are available except for Parcels I, K, L, M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 8, 16, 24, 90, 93, 94, 99, 129, 167, and 191.</p>
<p><b>BPO 8: Inpatient Psychiatry and Other Mental Health Services Transfer to Temple; Remaining Inpatient Services and All Outpatient Services Remain at Waco</b></p>
<p>Inpatient psychiatry and other inpatient mental health services (including the PRRTTP program) will be transferred to the Temple VAMC. All other inpatient services (nursing home, blind rehab, the respective 100-bed portion of the domiciliary program) and existing ambulatory and outpatient mental health services will remain at current location of provision in Waco. The remaining 140 domiciliary beds will be provided at Temple. This BPO constructs a new acute care tower on vacant land at Temple with an additional parking structure. The tower will include inpatient acute care services and required support services. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use areas are available except for Parcels I, J, K, L, M, Q, R, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 6 through 8, 16, 24, 94, 99, 129, 167, and 191.</p>
<p><b>BPO 9: Inpatient Psychiatry and Outpatient Mental Health Services Transfer to Temple; Other Inpatient Services and Ambulatory Services Remain at Waco</b></p>
<p>Inpatient psychiatry and outpatient mental health will be transferred to Temple VAMC. Remaining ambulatory services as well as the respective 100-bed portion of the domiciliary program, nursing home, other inpatient mental health (including the PRRTTP program) and blind rehab provided at current location of provision in Waco. The remaining 140 domiciliary beds will be provided at Temple. This BPO constructs a new acute care tower on vacant land at Temple with an additional parking structure. The tower will include inpatient acute care services and required support services, and outpatient mental health. In addition, renovations will be made to buildings on the Waco campus related to outpatient services. All re-use areas are available except for Parcels I, J, K, L, M, Q, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 6 through 8, 16, 24, 93, 94, 99, 129, 167, and 191.</p>

<p><b>BPO 10: Baseline Services Remain at Waco; VBA Collocated with VAMC; New Construction for VBA and Domiciliary</b></p>
<p>Inpatient and outpatient mental health services as well as nursing home, other inpatient mental health (including the PRRTTP program), blind rehab, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple, as in baseline. This BPO entails significant renovations of various buildings on the Waco campus and continued use of current outlease agreements. In addition, there is new construction of an 180,000 square foot, four-story tower for the VBA, along with four new surface parking areas on the Waco campus. The only parcels of land available for re-use are A, B, C, D, and F. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, and T109.</p>
<p><b>BPO 11: Baseline Services Remain at Waco; New Construction for Research and Domiciliary</b></p>
<p>Inpatient and outpatient mental health services as well as nursing home, other inpatient mental health (including the PRRTTP program), blind rehab, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple, as in baseline. New research space will be constructed for the CTSDRCC, and for the purpose of Stage I, 25,000 SF will be allocated to this initiative. This BPO entails significant renovations of various buildings on the Waco campus and continued use of current outlease agreements. The only parcels of land available for re-use are A, B, C, D, and F. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, and T109.</p>
<p><b>BPO 12: Baseline Services Except Nursing Home Remain at Waco; Nursing Home Services Transferred to Community</b></p>
<p>Inpatient and outpatient mental health services as well as nursing home, other inpatient mental health (including the PRRTTP program), blind rehab, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple, as in baseline. Nursing home services to be purchased from local community providers. This BPO entails renovations to various buildings on the Waco campus. Buildings 10 and 11 will be mothballed. Outlease agreements on buildings 12 and 92 will remain. No new parking constructed. Parcels available for re-use include A, B, C, D, E, F, L, and M. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 10, and 11.</p>
<p><b>BPO 13: Vacate Entire Campus; Contract Inpatient Psychiatry to DoD; NHCU/Domiciliary Purchased from Local Community; Blind Rehab at Temple; All Outpatient Services at Waco in CBOC</b></p>
<p>Inpatient psychiatry relocated to Darnall Army Hospital. Nursing home and 100 beds of domiciliary services will be provided by local community providers. The remaining 140 domiciliary beds will be provided at Temple. Blind rehab transferred to Temple VAMC. Existing ambulatory and outpatient mental health services to be provided through a new CBOC in the Waco community. This BPO entails new construction of a 48,000 SF building to accommodate the blind rehabilitation program on vacant land at Temple, with the required support spaces including parking. Entire campus will be vacated and all parcels and land will be made available for re-use. Outpatient services will be relocated off campus in either leased space or a newly constructed facility. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. All buildings are vacated and made available for re-use.</p>
<p><b>BPO 14: Inpatient and Outpatient Psychiatry Services and Ambulatory Services Remain at Waco; Nursing Home, Domiciliary, and Blind Rehab Transfer to Temple</b></p>
<p>Inpatient and outpatient mental health services as well as ambulatory health services will remain at Waco. Nursing home and blind rehabilitation services will transfer to Temple, and all 240 domiciliary beds will be provided at Temple. A new medical building and nursing home as well as a two-story parking garage will be built on vacant land on the Temple campus. All re-use areas are available except for Parcels G, H, I, J, O, Q, R, S, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, and 7 through 11.</p>

<p><b>BPO 15: Inpatient and Outpatient Psychiatry Services, Nursing Home, and Ambulatory Services Remain at Waco; Domiciliary and Blind Rehab Transfer to Temple</b></p> <p>Inpatient and outpatient mental health services as well as nursing home and ambulatory health services will be provided at Waco. Blind rehabilitation will transfer to Temple, and all 240 domiciliary beds will be provided at Temple. A new medical building as well as a two-story parking garage will be built on vacant land on the Temple campus. The only parcels of land available for re-use are A, B, C, D, E, F, and P. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, and 7.</p>
<p><b>BPO 16: Inpatient and Outpatient Psychiatry Services, Nursing Home, Domiciliary, and Ambulatory Services Remain at Waco; Blind Rehab Transfers to Temple</b></p> <p>Inpatient and outpatient mental health services as well as nursing home, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple. Blind rehab services will be transferred to Temple VAMC. A new one-story medical building as well as surface parking lot will be built on vacant land on the Temple campus. The only parcels of land available for re-use are A, B, C, D, E, and F. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, and T109.</p>
<p><b>BPO 17: Inpatient and Outpatient Psychiatry Services, Domiciliary, Blind Rehab, and Ambulatory Services Remain at Waco; Nursing Home Services Transfer to Temple</b></p> <p>Inpatient and outpatient mental health services as well as the respective 100-bed portion of the domiciliary program, blind rehabilitation, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple. Nursing home services will be transferred to Temple VAMC. A new nursing home as well as a two-story parking garage will be built on vacant land on the Temple campus. The only parcels of land available for re-use are A, B, C, D, E, F, K, L, and N. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, and 8 through 10.</p>
<p><b>BPO 18: City Task Force Proposal - Enhance Blind Rehab, PTSD Clinical Research, Acute Psychiatry, and Domiciliary at Waco</b></p> <p>Inpatient psychiatry, nursing home, the respective 100-bed portion of the domiciliary program, and blind rehab will be provided at the Waco campus. The remaining 140 domiciliary beds will be provided at Temple. Ambulatory and outpatient mental health services remain at Waco. In addition, ten beds are added to the blind rehab program, a clinical research center for PTSD is established, and 30 acute psychiatry beds and 22 domiciliary/residential rehab beds targeted for PRRPT women patients are added.</p>

**BPO 1: Baseline**

“Baseline” describes the current state projected out to 2013 and 2023 without any changes to facilities or programs. Baseline state accounts for projected utilization and enrollment changes, and assumes same or better quality, and necessary maintenance for a safe, secure, and modern healthcare environment. All services currently provided at the campuses will continue.

BPO 1 will retain inpatient psychiatry, nursing home, blind rehab, and other mental health services (including the PRRTP program). One-hundred beds of the domiciliary program are provided for in the Waco community, while 140 domiciliary beds are provided at Temple. The respective portion of domiciliary services at Waco VAMC is contracted for in the community since it cannot be accommodated in the baseline facilities without new construction. Inpatient surgery and medicine services will continue to be provided at Temple VAMC. Existing ambulatory and outpatient mental health services will continue to be provided at Waco VAMC.



In BPO 1, renovations will be made to Buildings 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 90, 91, 93, and 94, while Buildings 15, 16, 17, 24, 99, 129, 167, 191, and 202 will remain without renovation. Buildings 18 through 21, 32 through 35, 219, T109, and TB will be vacated. Buildings 209 and 214 are storage buildings that will be vacated and relocated into Building 15 without requiring any scope of work. Logistical Buildings 14, 25, 131, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options. There is no re-use in the baseline.

**Assessment**

Table 24 summarizes the assessment of the baseline BPO according to the discriminating criteria.

*Table 24: Baseline Assessment*

Assessment of Baseline	Description
<b>Healthcare Access</b>	
Primary	64.5% of enrollees are within drive time guidelines. The primary care access drive time threshold is 70%; therefore, the market does not meet the drive time access guideline for primary care.
Acute	58.95% of enrollees are within drive time guidelines. The acute care drive time threshold is 65%; therefore, the market does not meet the drive time access guideline for acute care.
Tertiary	100% of enrollees are within drive time guidelines. The tertiary care drive time threshold is 65%; therefore, the market exceeds the drive time access guideline for tertiary care.
<b>Healthcare Quality</b>	
Quality of medical services	According to 2004 data, the Waco VAMC achieved the same or better selected quality scores for inpatient satisfaction, heart failure and endocrinology as compared to VISN and overall national scores. The Waco VAMC achieved better quality scores for ambulatory care patient satisfaction than the VISN but the ambulatory patient satisfaction scores were worse than the national scores.

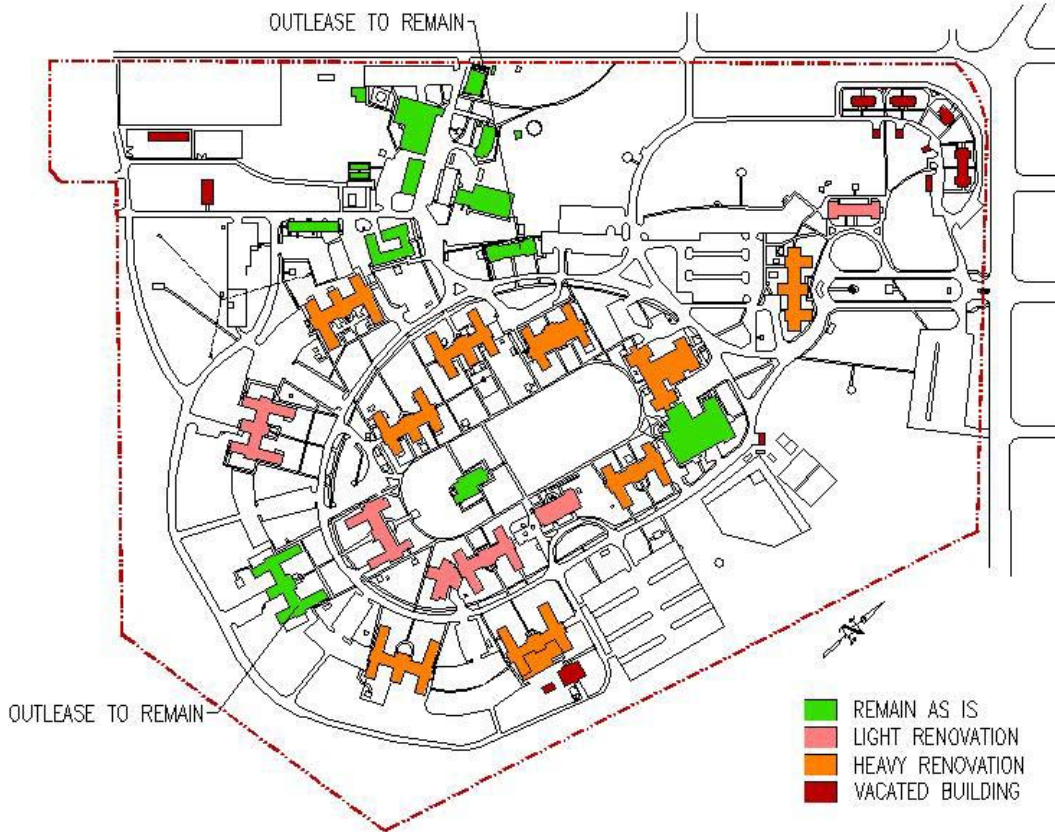
Assessment of Baseline	Description
Modern, safe, and secure environment	The Waco VAMC comprises a total of 44 buildings; eight of which are rated a 4 or better on VA's 5-point CAI scale. A total of 25 of the buildings have "historic" status classification and seven buildings are currently vacant (totaling 205,000 SF). The baseline improves site safety by addressing deficiencies and bringing buildings up to code. The current services provided at Waco are undersized to meet VA standards of care. In order to maintain quality of care and meet VA thresholds, the baseline requires approximately 180,000 SF of additional space. Therefore, 180,000 SF of the currently vacant 205,000 SF will be utilized to accommodate the baseline demand in a modern, safe, and secure environment (yielding approximately 25,000 SF of vacant space). The currently vacant patient care buildings located in the core of the campus will be renovated to accommodate the projected increase in utilization and will become occupied. Some outlying buildings will remain vacant or be vacated to gain efficiencies and eliminate routine maintenance costs, as indicated in the baseline site plan.
Ensure forecast healthcare need is appropriately met	VA will make necessary operational adjustments (e.g. staffing or contract arrangements) to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>	
Human Resources: FTEE need (based on volume)	Waco VAMC employs approximately 760 FTEEs. Based on projected utilization, it is expected that the number of FTEEs needed in 2023 to support workload will be slightly higher than what is currently required. With the projected increase in utilization, FTEE levels would increase to the extent services are not contracted out. The focus is on psychiatric programs at Waco VAMC. Therefore; the majority of FTEEs are trained mental health workers.
Recruitment / retention	Given the proximity and appeal of several larger cities including Austin and Dallas, the Waco VAMC has some difficulty recruiting clinical staff. In particular, psychiatrists, registered nurses, and security guards have been problematic positions to fill. This environment is expected to be maintained in the baseline. It is estimated that approximately 10% of the staff at the VAMC will be eligible for retirement in the next 5-7 years, including the majority of psychologists and psychiatrists currently on staff.
Research	The Waco VAMC research program is part of the larger CTVHCS research enterprise and is very collaborative with research partners. Currently at Waco VAMC, there is an active research program with approximately 40 open studies at any one time, 16 principal investigators and annual funding of about \$2 million. The major research programs at the Waco VAMC include the following: Neuropsychiatry Research Program, Central Texas Stress Disorders Working Group, Texas Brain Collection Program, Brain Imaging Program, and Rehabilitation Research. Additionally, the CTSDRCC is to be developed in support of the mental health Center of Excellence. An additional \$3 million of annual research funding is to be appropriate over the next three years to support PTSD research at the center.

Assessment of Baseline	Description
Education and Academic Affiliations	<p>The Waco VA has two primary affiliations with Texas A&amp;M and University of Texas Medical Branch in Galveston that provide residents and other trainees. VA data indicates that CTVHCS has 55 different affiliations with institutions for training services. Waco’s graduate medical education program trains a total of 20 residents, 200 medical students and roughly 225 other allied health and medical trainees each year. The residency program is a source of recruitment for Waco. The education programs and academic affiliations are expected to be maintained in the baseline.</p>
<b>Use of VA Resources</b>	
Operating cost effectiveness	<p>Significant renovations to the facilities should improve facility operating costs from the current state. However, given the historical design restrictions of the existing facilities, renovations to achieve a modern, safe and secure environment do not realize efficiencies in staffing, supplies, heating, and power, which would be available under new construction alternatives.</p>
Level of capital expenditure anticipated	<p>Significant capital expenditure is required to renovate and upgrade facilities to modern, safe, and secure standards.</p>
Level of re-use proceeds	<p>There is no re-use in the baseline.</p>
Cost avoidance opportunities	<p>In the baseline, it is assumed that renovation and periodic and recurring maintenance costs for some vacated buildings would be eliminated. The majority of the costs identified in the CAI database for facility improvements would be expended for renovation of remaining facilities.</p>
Overall Cost Effectiveness	<p>Not applicable for the baseline.</p>
<b>Ease of Implementation</b>	
Ease of BPO Implementation	<p>The baseline BPO presents implementation risk in terms of the following major risk areas:</p> <ul style="list-style-type: none"> <li>• Continuity of Care-Renovations may disrupt the provision of care for veterans during the renovations.</li> <li>• Compliance -Renovations of buildings will require approval of the historic society which may slow the process.</li> <li>• Project Realization - Baseline renovations are scheduled to be completed over six years and may be prone to delays, additional resource need, and transition complications</li> </ul>
<b>Wider VA Program Support</b>	
DoD sharing	<p>Waco VAMC currently provides medical examinations to DoD beneficiaries. Waco is also involved in a service sharing arrangement to provide laundry service to Darnall Army Hospital. The baseline assumes continued support of these relationships, including both clinical and administrative functions.</p>
One-VA Integration	<p>The VBA is not collocated with Waco VAMC in the baseline BPO.</p>
Special Considerations	<p>The baseline does not impact DoD contingency planning, Homeland Security needs, or emergency need projections.</p>

**Capital Planning Information**

Figure 9 provides a summary of the proposed conceptual site plan for BPO 1.

*Figure 9: BPO 1 Site Plan for Waco*



**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 10 indicates the construction duration for this BPO.

*Figure 10: BPO 1 Construction Schedule*

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	<b>BPO 1</b>	0 days									■	■																						
2	Vacate Buildings for Reuse at Waco Campus	18 mons																																
3	Renovations to Waco Buildings	72 mons																																
4																																		

**BPO 2: Inpatient Services Transfer to Temple; Outpatient Services Remain at Waco**

Inpatient psychiatry, nursing home, blind rehab, other inpatient mental health services (including the PR RTP program) will be transferred to the Temple VAMC. All 240 domiciliary beds will be provided at Temple. Existing ambulatory and outpatient mental health services remain at current location of provision in Waco.

Facility plans to support BPO 2 include construction of a new four-story medical tower, two-story nursing home, as well as a five-story parking garage and surface parking on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 11, and 202, while Buildings 14 (Central Boiler), 15, 17 (Laundry) 25, 131, and 216 (Central Chiller) will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center) and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. All re-use parcels will be available except for Parcels M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 10, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.

**Assessment**

Table 25 summarizes the assessment of the BPO 2 according to the discriminating criteria.

*Table 25: BPO 2 Assessment*

Assessment of BPO 2	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.

Assessment of BPO 2	Comparison to Baseline	Description of Impact
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecast healthcare need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources: FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS if services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient research programs could be transferred to the Temple campus with inpatient services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSDRCC.
Education and Academic Affiliations	↔	Inpatient educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	The relocation of inpatient services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. Although some operational efficiencies are gained, the overall result is similar operating costs as the baseline.
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.



Assessment of BPO 2	Comparison to Baseline	Description of Impact
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for M, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	↑↑	BPO 2 is expected to have lower life cycle costs as compared to the baseline, thus resulting in a cost avoidance opportunity as compared to the baseline.
Overall cost effectiveness	-	As noted earlier, operating costs and level of capital expenditures is similar to the baseline, while no material re-use proceeds are expected. This results in a similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO Implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care.</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> <li>• Infrastructure – Nursing home will need to be constructed according to VA practice on expansion zone of Temple campus currently occupied by other facilities.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however this BPO does increase the available land for potential relocation of the VBA facility if desired.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>		
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness, while improves quality. Thus, BPO 2 is more attractive as compared to the baseline.

**Capital Planning Information**

Figures 11 and 12 provide a summary of the proposed conceptual site plans for BPO 2.

*Figure 11: BPO 2 Site Plan for Waco*

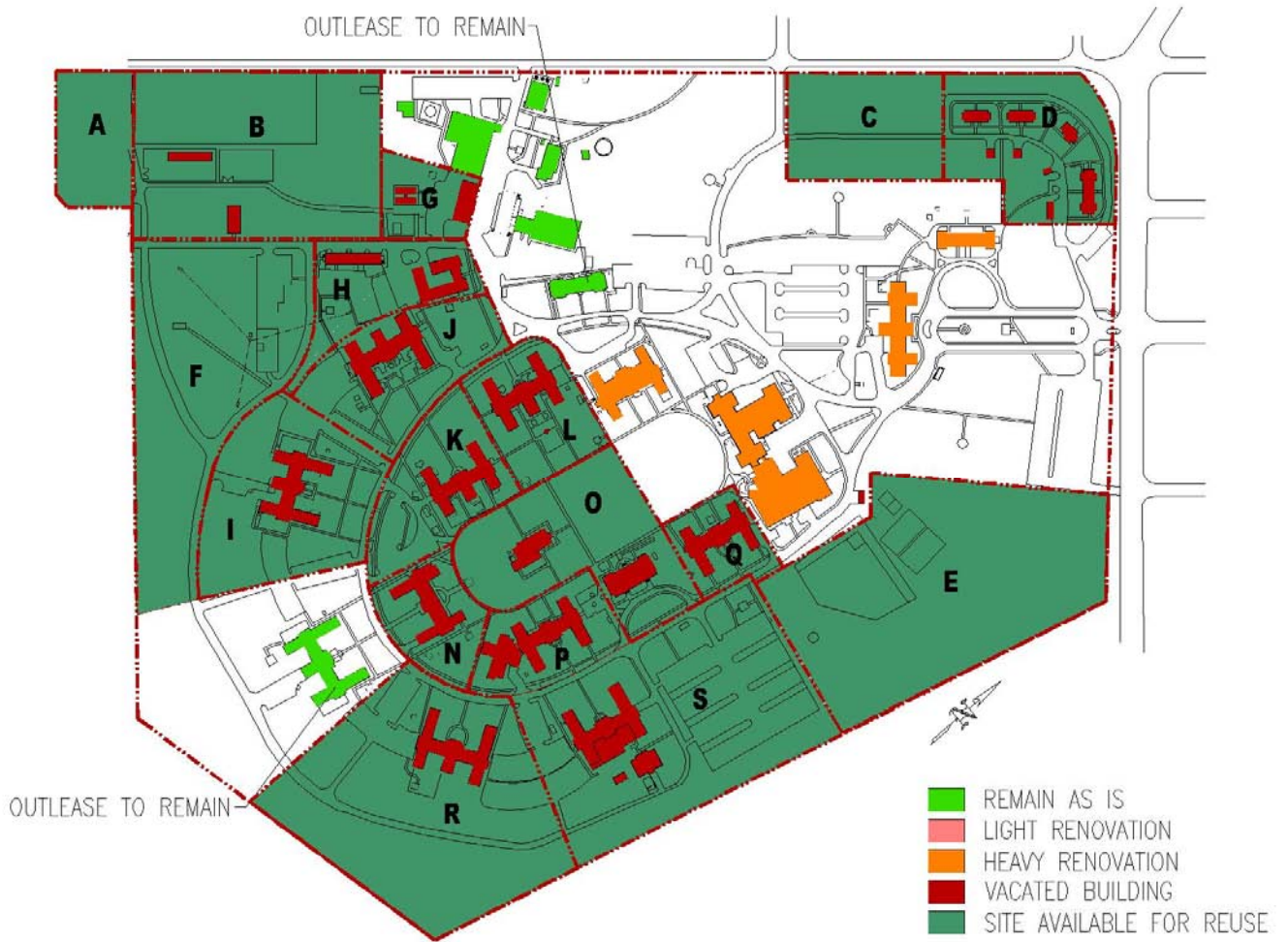
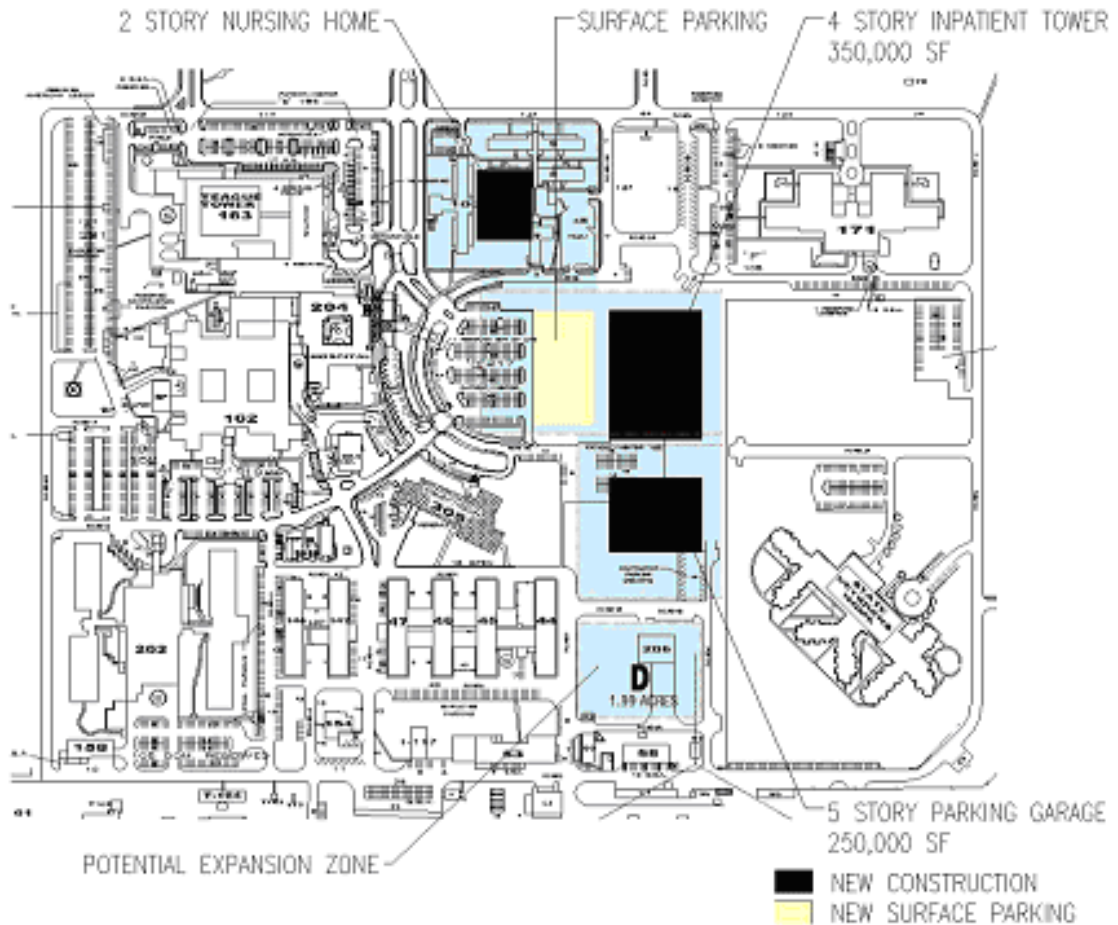




Figure 12: BPO 2 Site Plan for Temple<sup>37</sup>



Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it is assumed that the demolition of these buildings is already planned by the VA. Therefore, no accommodations for this scope of work have been accounted for in the financial models. It is assumed that services provided within those buildings will have been relocated prior to implementation of the CARES recommendations.

<sup>37</sup> Potential Expansion Zone D is designated by VA as a potential area for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 13 indicates the construction duration for this BPO.

*Figure 13: BPO 2 Construction Schedule*

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
6	<b>BPO 2</b>	0 days									■	1/1																						
7	Vacate Buildings for Reuse at Waco Campus	18 mons																																
8	New Construction of Nursing Home, Inpatient Psych, Domiciliary and Blind Rehab at Temple VAMC	48 mons																																
9	Vacate Buildings at Waco Campus	18 mons																																
10	Renovations to Waco Buildings	72 mons																																
11																																		

**BPO 3: All Inpatient Services, except 50% of Nursing Home, Transfer to Temple; Outpatient Services Remain at Waco**

Inpatient psychiatry, blind rehab, other mental health (including the PR RTP program), and 50% of the nursing home beds will be transferred to the Temple VAMC. Remaining nursing home beds will be purchased from local community providers. All 240 domiciliary beds will be provided at Temple. Remaining ambulatory and outpatient mental health services provided at current location of provision in Waco.

Facility plans to support BPO 3 include a new five-story medical tower, one-story nursing home, as well as a four-story parking garage to be built on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 11 and 202, while Buildings 14 (Central Boiler), 15, 17 (Laundry), 25, 131, and 216 (Central Chiller) will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. All re-use areas will be available except for Parcels M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 10, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.

**Assessment**

Table 26 summarizes the assessment of BPO 3 according to the discriminating criteria.

*Table 26: BPO 3 Assessment Summary*

Assessment of BPO 3	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.
<b>Healthcare Quality</b>		

Assessment of BPO 3	Comparison to Baseline	Description of Impact
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted needs is appropriately met	↓	Facilities have capacity to meet 2023 projected utilization. However, a portion of nursing home services is to be provided by a local community provider. Local nursing homes have high occupancy rates and may not be able to provide the appropriate services to support the gero-psychiatry population, so the community may not be able to meet the forecasted need for nursing home services.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient services are transferred to Temple facility. The FTEE need throughout the CTVHCS should also decrease as a portion of nursing home services are transferred outside of the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS as services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient research programs could be transferred to the Temple campus with inpatient services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSDRCC.
Education and Academic Affiliations	↔	Inpatient educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.
<b>Use of VA Resources</b>		
Operating cost effectiveness	↑	Operating savings are achieved by contracting a portion of nursing home care from the local community. Additionally, fixed indirect costs will be lower at the Waco campus. Therefore, the overall result is lower operating costs as compared to the baseline.

Assessment of BPO 3	Comparison to Baseline	Description of Impact
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for M, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	↑↑	Life cycle costs are lower for BPO 3 as compared to the baseline, therefore, BPO 3 presents a cost avoidance opportunity.
Overall cost effectiveness	↑	As noted earlier, operating costs are lower than the baseline, while the level of capital expenditure is similar to the baseline and there are no material re-use proceeds available. Therefore, the overall result is a lower net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care.</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> <li>• Infrastructure – Nursing home will need to be constructed according to VA practice on expansion zone of Temple campus currently occupied by other facilities.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.

Assessment of BPO 3	Comparison to Baseline	Description of Impact
<b>Overall Attractiveness</b>	-	This BPO maintains access yet improves overall cost effectiveness. However, quality could be impacted due to the inability to ensure the forecasted need is appropriately met. Therefore, BPO 3 has similar attractiveness as compared to the baseline.

**Capital Planning Information**

Figures 14 and 15 provide a summary of the proposed conceptual site plans for BPO 3.

*Figure 14: BPO 3 Site Plan for Waco*

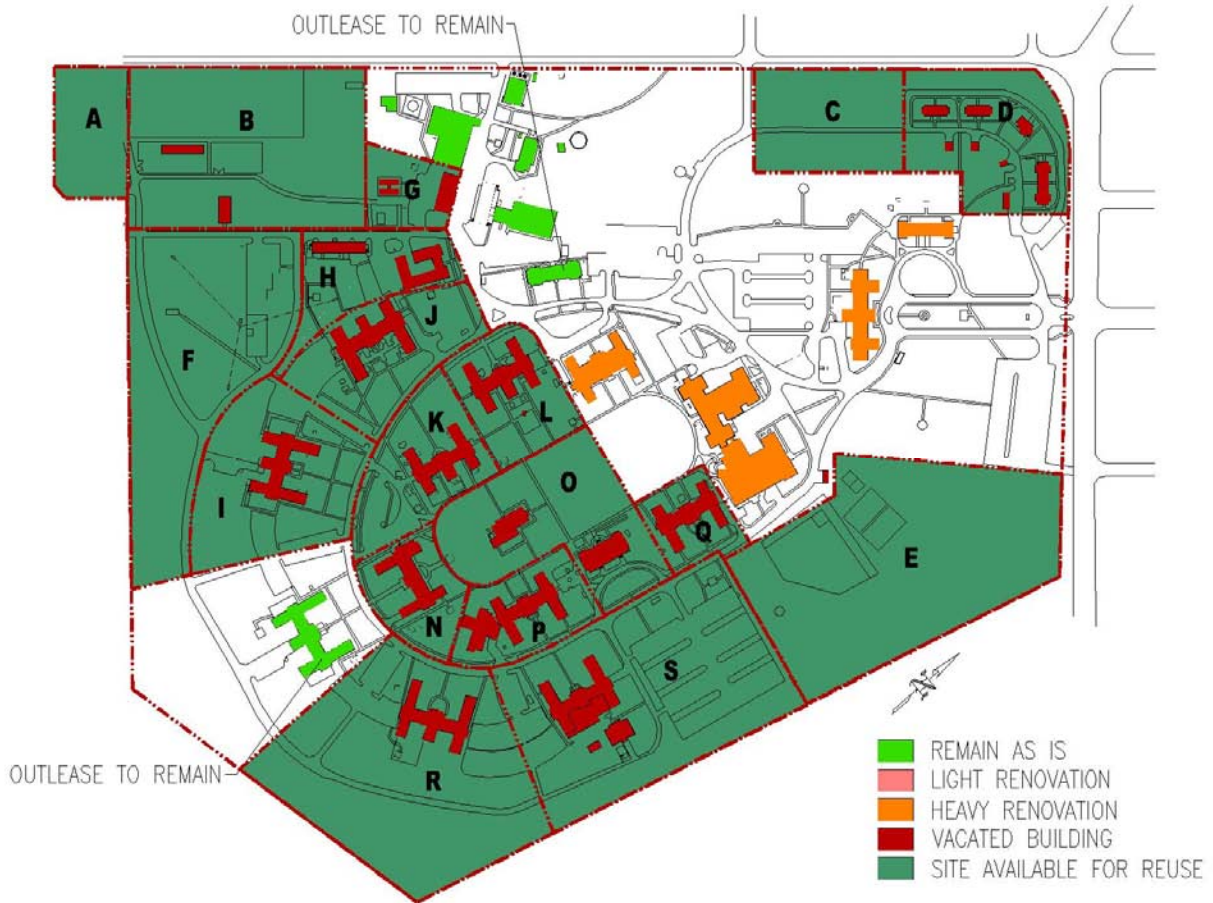
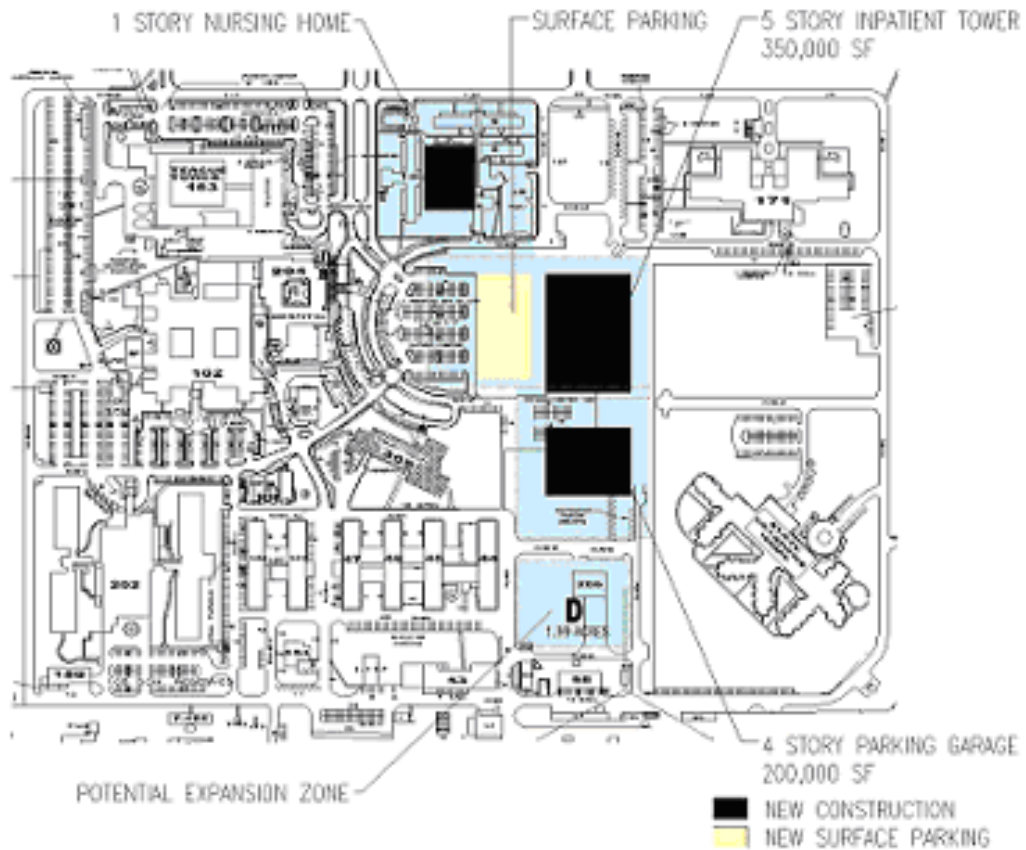




Figure 15: BPO 3 Site Plan Temple<sup>38</sup>



Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it is assumed that the demolition of these buildings is already planned by the VA. Therefore, no accommodations for this scope of work have been accounted for in the financial models. It is assumed that services provided within those buildings will have been relocated prior to implementation of the CARES recommendations.

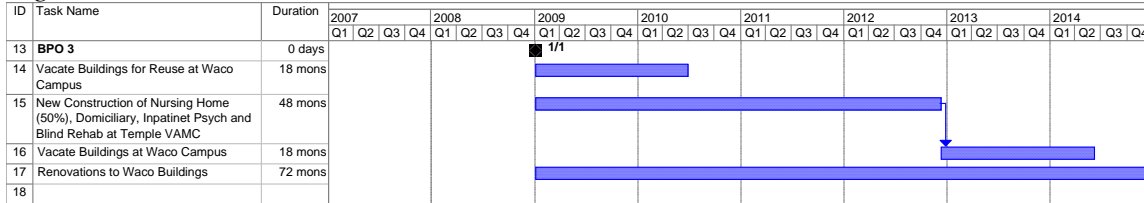
<sup>38</sup> Potential Expansion Zone D is designated by VA as a potential area for future new construction.



**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 16 indicates the construction duration for this BPO.

*Figure 16: BPO 3 Construction Schedule*



**BPO 4: All Inpatient Services and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco**

Outpatient mental health services and all inpatient services including psychiatry, nursing home, blind rehab, and other inpatient mental health services (including the PR RTP program) will be transferred to the Temple VAMC. All 240 domiciliary beds will be provided at Temple. Existing ambulatory services remain at current location of provision in Waco.

Facility plans to support BPO 4 include a new six-story medical tower, two-story nursing home, as well as a six-story parking garage to be built on vacant land on the Temple campus. Renovations will be made to Buildings 2, 4, 11, and 202, while Buildings 14 (Central Boiler), 15, 17 (Laundry), 25, 131, and 216 (Central Chiller) will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. The majority of the campus will be available for re-use. All re-use areas will be available except for Parcels M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 1, 5 through 10, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.

**Assessment**

Table 27 summarizes the assessment of BPO 4 according to the discriminating criteria.

*Table 27: BPO 4 Assessment Summary*

Assessment of BPO 4	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.
<b>Healthcare Quality</b>		

Assessment of BPO 4	Comparison to Baseline	Description of Impact
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allows facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient and outpatient mental health services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS as services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient and outpatient mental health research programs, including those focused on PTSD, could be transferred to the Temple campus with their respective services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSDRCC.
Education and Academic Affiliations	↔	Inpatient and outpatient mental health educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	The relocation of inpatient and outpatient mental health services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. The overall result is similar operating costs as the baseline.

Assessment of BPO 4	Comparison to Baseline	Description of Impact
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for M, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	↑↑	Life cycle costs are lower for BPO 4 as compared to the baseline, therefore, BPO 4 presents a cost avoidance opportunity.
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure is similar to the baseline, while no material re-use proceeds are expected. Therefore, BPO 4 results in a net present cost similar to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care.</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> <li>• Infrastructure – Nursing home will need to be constructed according to VA practice on expansion zone of Temple campus currently occupied by other facilities.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient and outpatient mental health services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>		
Overall Attractiveness	↑↑	This BPO maintains access and cost effectiveness, while improves quality. Thus, BPO 4 is more attractive as compared to the baseline.

**Capital Planning Information**

Figures 17 and 18 provide a summary of the proposed conceptual site plans for BPO 4.

*Figure 17: BPO 4 Site Plan for Waco*

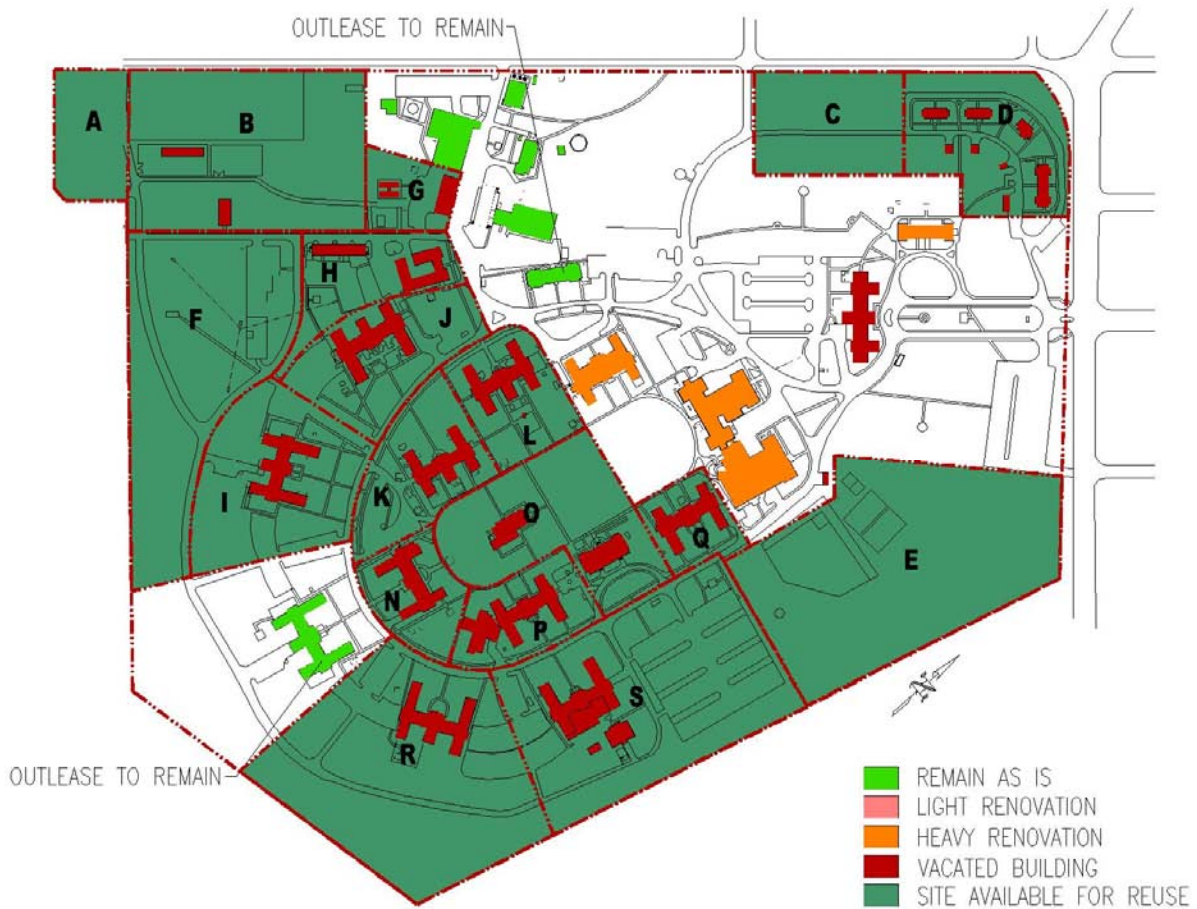
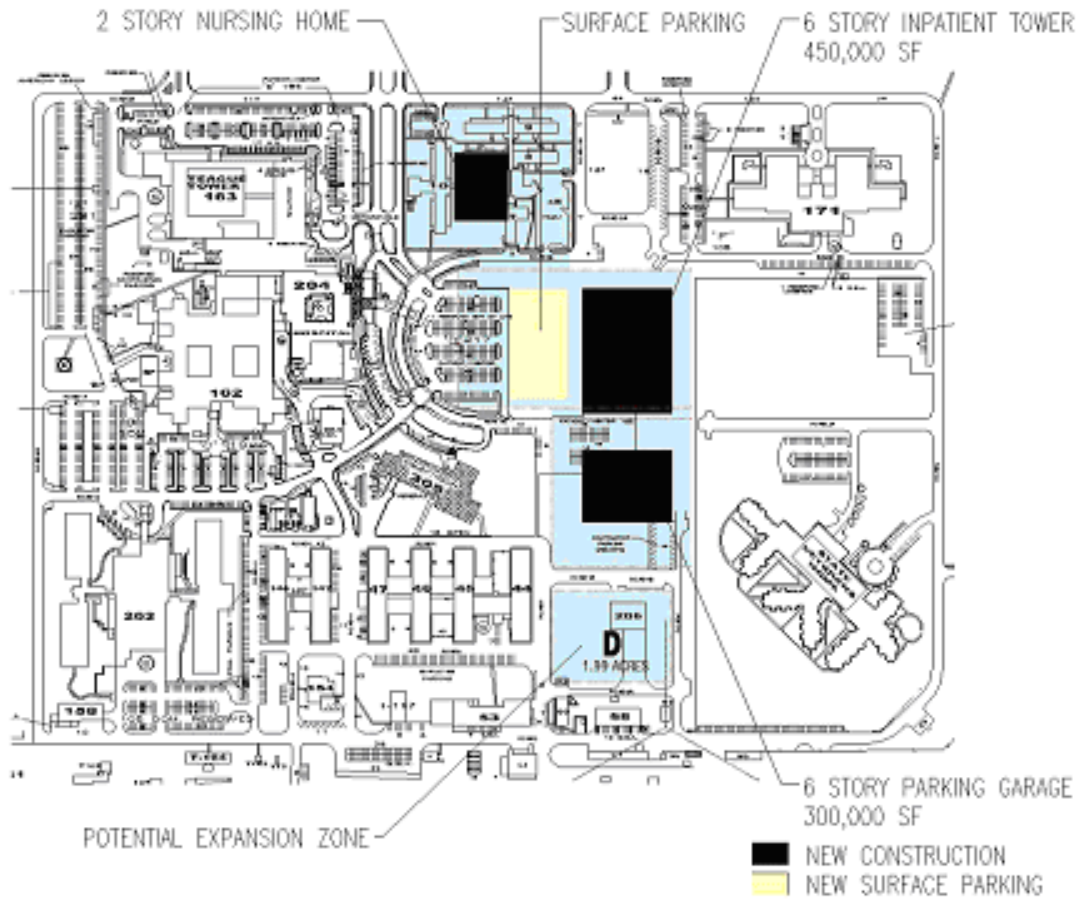


Figure 18: BPO 4 Site Plan for Temple<sup>39</sup>



Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it is assumed that the demolition of these buildings is already planned by the VA. Therefore, no accommodations for this scope of work have been accounted for in the financial models. It is assumed that services provided within those buildings will have been relocated prior to implementation of the CARES recommendations.

<sup>39</sup> Potential Expansion Zone D is designated by VA as a potential area for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. The Figure 19 indicates the construction duration for this BPO.

**Figure 19: BPO 4 Construction Schedule**

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
20	<b>BPO 4</b>	0 days									■	1/1																						
21	Vacate Buildings for Reuse at Waco Campus	18 mons																																
22	New Construction of Nursing Home, Domiciliary, Inpatient & Outpatient Psych and Blind Rehab at Temple VAMC	48 mons																																
23	Vacate Buildings at Waco Campus	18 mons																																
24	Renovations to Waco Buildings	48 mons																																
25																																		



**BPO 5: Inpatient Services, except Domiciliary, Transfer to Temple; Ambulatory and Outpatient Mental Health Services Remain at Waco**

Inpatient psychiatry, nursing home, blind rehab, and other inpatient mental health services (including the PR RTP program) will transfer to Temple VAMC. One-hundred domiciliary beds will be provided at Waco and 140 domiciliary beds will be provided at Temple. Existing ambulatory and outpatient mental health services will remain at current location of provision in Waco.

Facility plans to support BPO 5 include a new three-story medical tower, two-story nursing home, as well as a four-story parking garage to be built on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 10, 11, and 202, while Buildings 14 (Central Boiler), 15, 17 (Laundry), 25, 131, and 216 (Central Chiller), will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 9, 16, 24, 90, 91, 93, 94, 99, 129, 167, and 191.

**Assessment**

Table 28 summarizes the assessment of BPO 5 according to the discriminating criteria.

*Table 28: BPO 5 Assessment Summary*

Assessment of BPO 5	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.
<b>Healthcare Quality</b>		



Assessment of BPO 5	Comparison to Baseline	Description of Impact
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allows facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient mental health services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS as services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient research programs could be transferred to the Temple campus with inpatient services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSDRCC.
Education and Academic Affiliations	↔	Inpatient educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.
<b>Use of VA Resources</b>		

Assessment of BPO 5	Comparison to Baseline	Description of Impact
Operating cost effectiveness	-	The relocation of some inpatient services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. Although some efficiencies are gained, the overall result is similar operating costs compared to the baseline.
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for M, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	↑↑	Life cycle costs are lower for BPO 5 as compared to the baseline, therefore, BPO 5 presents a cost avoidance opportunity.
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure is similar to the baseline, while no material re-use proceeds are expected. Therefore, BPO 5 results in net present cost similar to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> <li>• Infrastructure – Nursing home will need to be constructed according to VA practice on expansion zone of Temple campus currently occupied by other facilities.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.

Assessment of BPO 5	Comparison to Baseline	Description of Impact
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness while improves quality. Thus, BPO 5 is more attractive as the baseline.

**Capital Planning Information**

Figures 20 and 21 provide a summary of the proposed conceptual site plans for BPO 5.

*Figure 20: BPO 5 Site Plan for Waco*

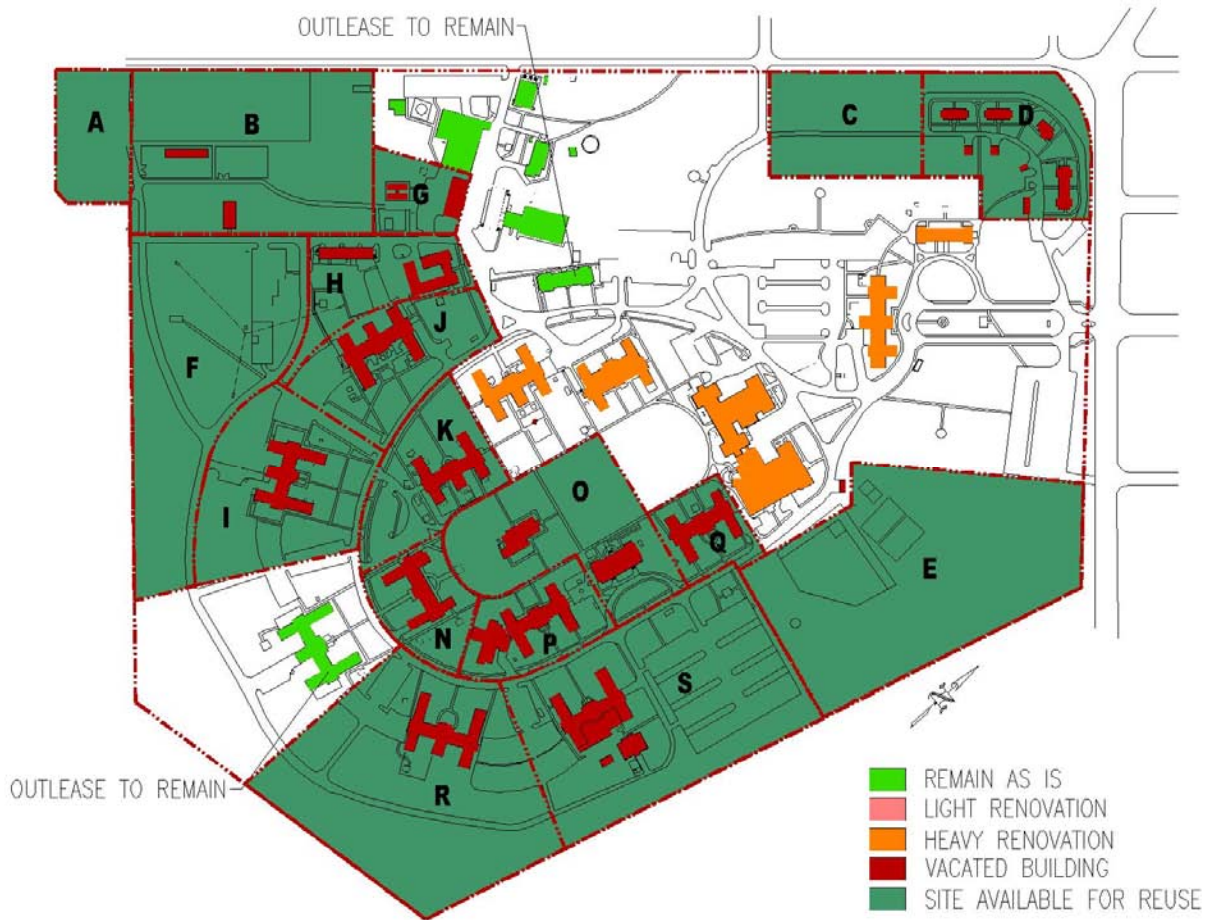
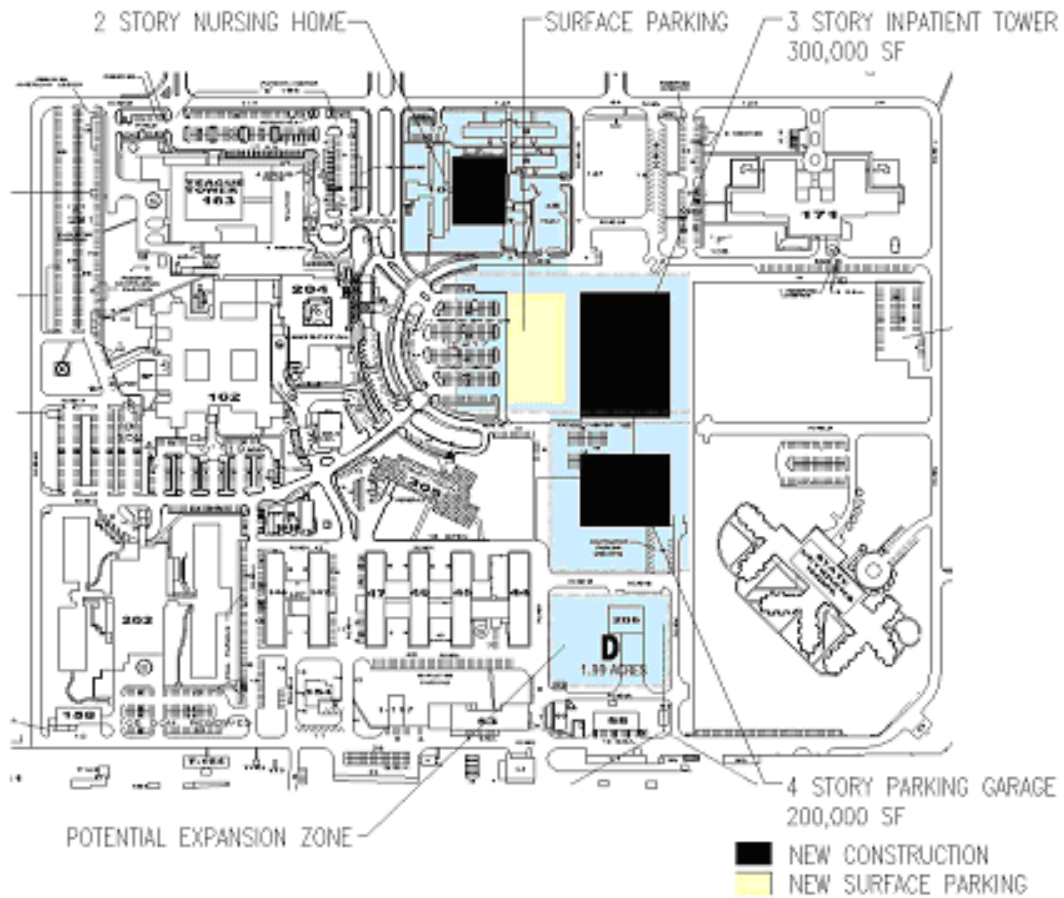


Figure 21: BPO 5 Site Plan for Temple<sup>40</sup>



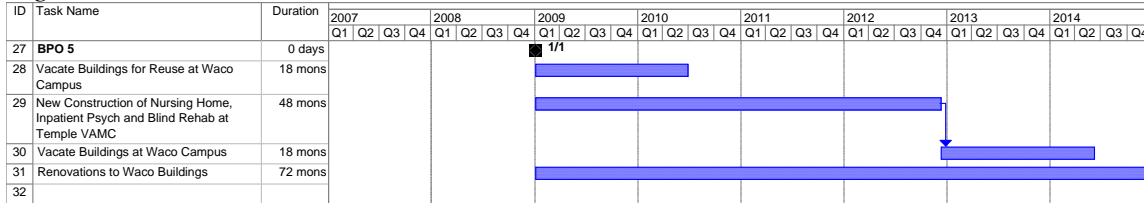
Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it is assumed that the demolition of these buildings is already planned by the VA. Therefore, no accommodations for this scope of work have been accounted for in the financial models. It is assumed that services provided within those buildings will have been relocated prior to implementation of the CARES recommendations.

<sup>40</sup> Potential Expansion Zone D is designated by VA as a potential area for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 22 indicates the construction duration for this BPO.

*Figure 22: BPO 5 Construction Schedule*



**BPO 6: Inpatient Services, except Domiciliary and Nursing Home, Transfer to Temple; All Outpatient Services Remain at Waco**

Inpatient psychiatry, blind rehab, and other inpatient mental health (including the PRRTF program) will be transferred to Temple VAMC. One-hundred domiciliary beds will be provided at Waco, and 140 domiciliary beds will be provided at Temple. Nursing home, as well as existing ambulatory and outpatient mental health services will remain at current location of provision in Waco.

Facility plans to support BPO 6 include a new four-story medical tower as well as a three-story parking garage that will be built on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 5, 9, 10, 11, 90, 91, and 202, while Buildings 14 (Central Boiler), 15, 17 (Laundry), 25, 131, and 216 (Central Chiller) will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. A large portion of the campus will be available for re-use, except for Parcels I, J, K, L, M, Q, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 6 through 8, 16, 24, 93, 94, 99, 129, 167, and 191.

**Assessment**

Table 29 summarizes the assessment of BPO 6 according to the discriminating criteria.

*Table 29: BPO 6 Assessment Summary*

Assessment of BPO 6	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.
<b>Healthcare Quality</b>		

Assessment of BPO 6	Comparison to Baseline	Description of Impact
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient mental health services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS as services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient research programs could be transferred to the Temple campus with inpatient services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSDRCC.
Education and Academic Affiliations	↔	Inpatient educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.
<b>Use of VA Resources</b>		



Assessment of BPO 6	Comparison to Baseline	Description of Impact
Operating cost effectiveness	-	Similar to other BPOs, the relocation of some inpatient services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. Although some efficiencies are gained, the operating costs are still similar to baseline.
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for parcels I, J, K, L, M, Q, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures are similar to the baseline for renovation and construction. Therefore, there are no cost avoidance opportunities.
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure is similar to the baseline, while not material re-use proceeds are expected. This results in a similar net present cost as the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care.</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.

Assessment of BPO 6	Comparison to Baseline	Description of Impact
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness while improving quality. Thus, BPO 6 is attractive compared to the baseline.

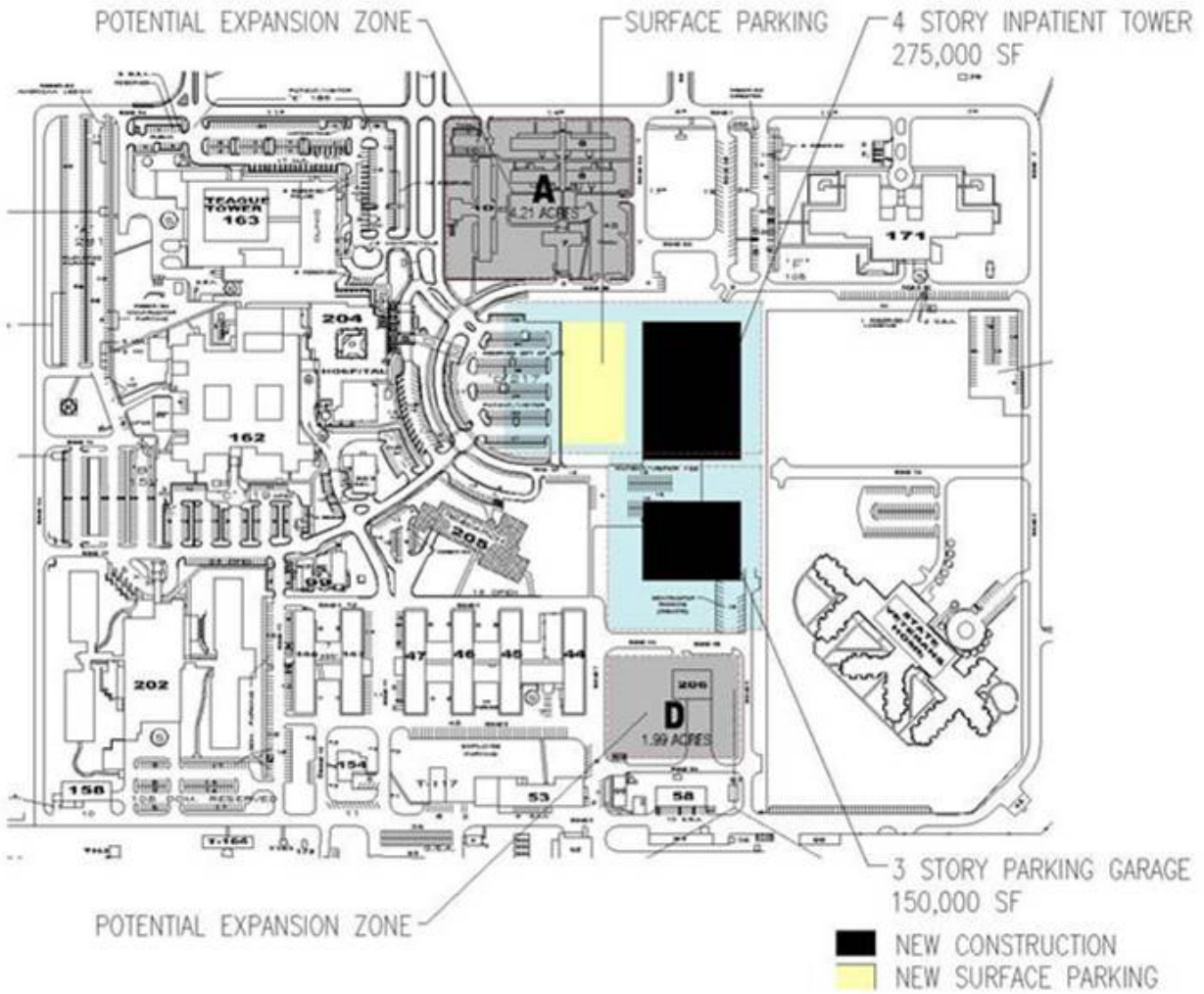
**Capital Planning Information**

Figures 23 and 24 provide a summary of the proposed conceptual site plans for BPO 6.

*Figure 23: BPO 6 Site Plan for Waco*



Figure 24: BPO 6 Site Plan for Temple<sup>41</sup>



<sup>41</sup> Potential Expansion Zones A and D are areas designated by VA as potential areas for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 25 indicates the construction duration for this BPO.

**Figure 25: BPO 6 Construction Schedule**

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
34	<b>BPO 6</b>	0 days									■	1/1																						
35	Vacate Buildings for Reuse at Waco Campus	18 mons																																
36	New Construction of Inpatient Psych and Blind Rehab at Temple VAMC	48 mons																																
37	Vacate Buildings at Waco Campus	18 mons																																
38	Renovations to Waco Buildings	72 mons																																
39																																		

**BPO 7: All Inpatient Services, except Domiciliary and Nursing Home, and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco**

Outpatient mental health services and inpatient psychiatry, blind rehab and other inpatient mental health (including the PR RTP program) will be transferred to Temple VAMC. One-hundred domiciliary beds will be provided at Waco and 140 domiciliary beds will be provided at Temple. Nursing home as well as remaining ambulatory services will be provided at current location of provision in Waco.

Facility plans to support BPO 7 include a new four-story medical tower as well as a four-story parking garage to be built on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 9, 10, 11, 91, and 202, while Buildings 4, 10, 14 (Central Boiler), 15, 17 (Laundry), and 216 (Central Chiller) will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. The majority of the campus will be available for re-use. All re-use areas will be available except for Parcels I, K, L, M, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 5 through 8, 16, 24, 90, 93, 94, 99, 129, 167, and 191.

**Assessment**

Table 30 summarizes the assessment of BPO 7 according to the discriminating criteria.

*Table 30: BPO 7 Assessment Summary*

Assessment of BPO 7	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.

Assessment of BPO 7	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient and outpatient mental health services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS as services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient and outpatient mental health research programs, including those focused on PTSD, could be transferred to the Temple campus with their respective services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSDRCC.
Education and Academic Affiliations	↔	Inpatient and outpatient mental health educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.
<b>Use of VA Resources</b>		



Assessment of BPO 7	Comparison to Baseline	Description of Impact
Operating cost effectiveness	-	The relocation of some inpatient and outpatient mental health services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. These changes in indirect fixed costs offset each other resulting in overall similar operating cost effectiveness as the baseline.
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating all facilities at Waco
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for parcels I, K, L, M, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure are similar to the baseline, and no materials re-use proceeds are expected. This results in an overall similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care.</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.

Assessment of BPO 7	Comparison to Baseline	Description of Impact
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness, while improving quality. Thus, BPO 7 is attractive compared to the baseline.

**Capital Planning Information**

Figures 26 and 27 provide a summary of the proposed conceptual site plans for BPO 7.

*Figure 26: BPO 7 Site Plan for Waco*

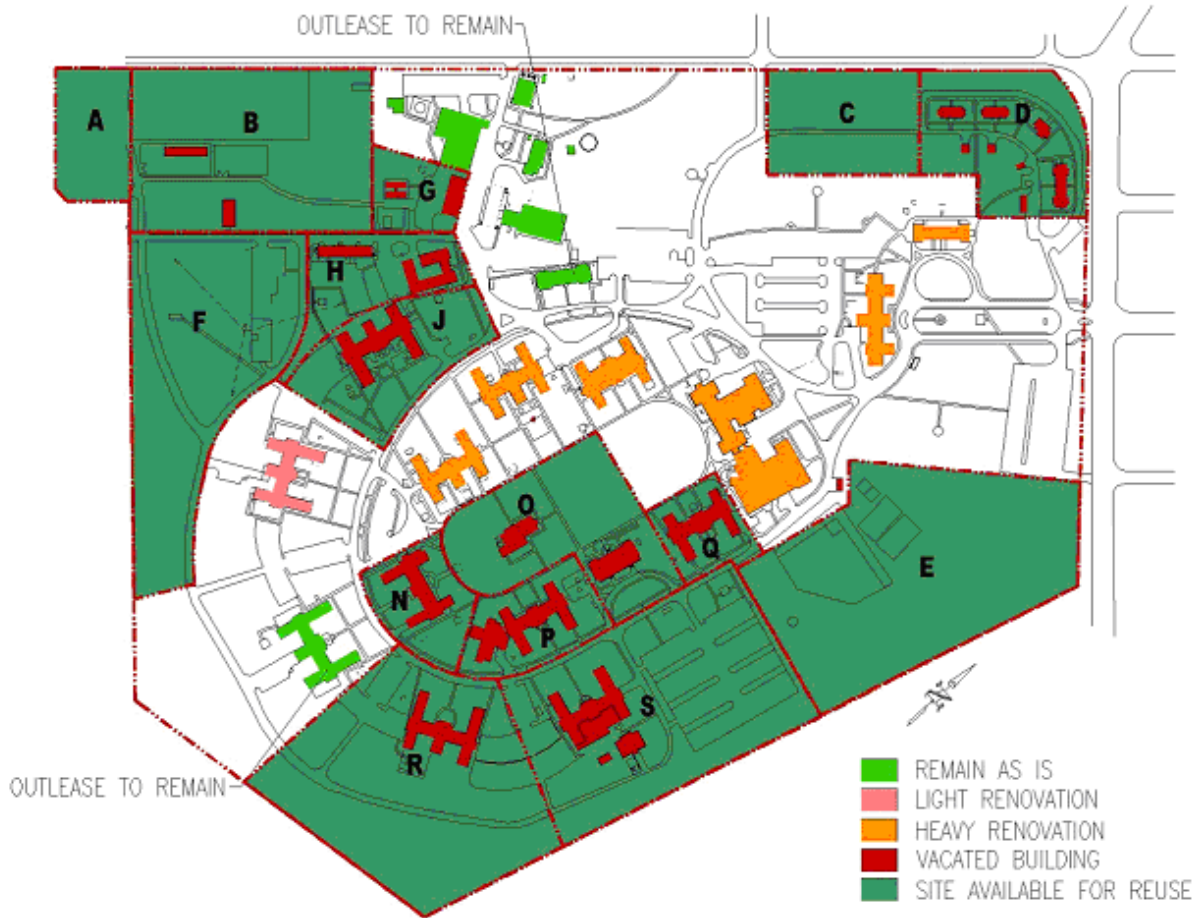
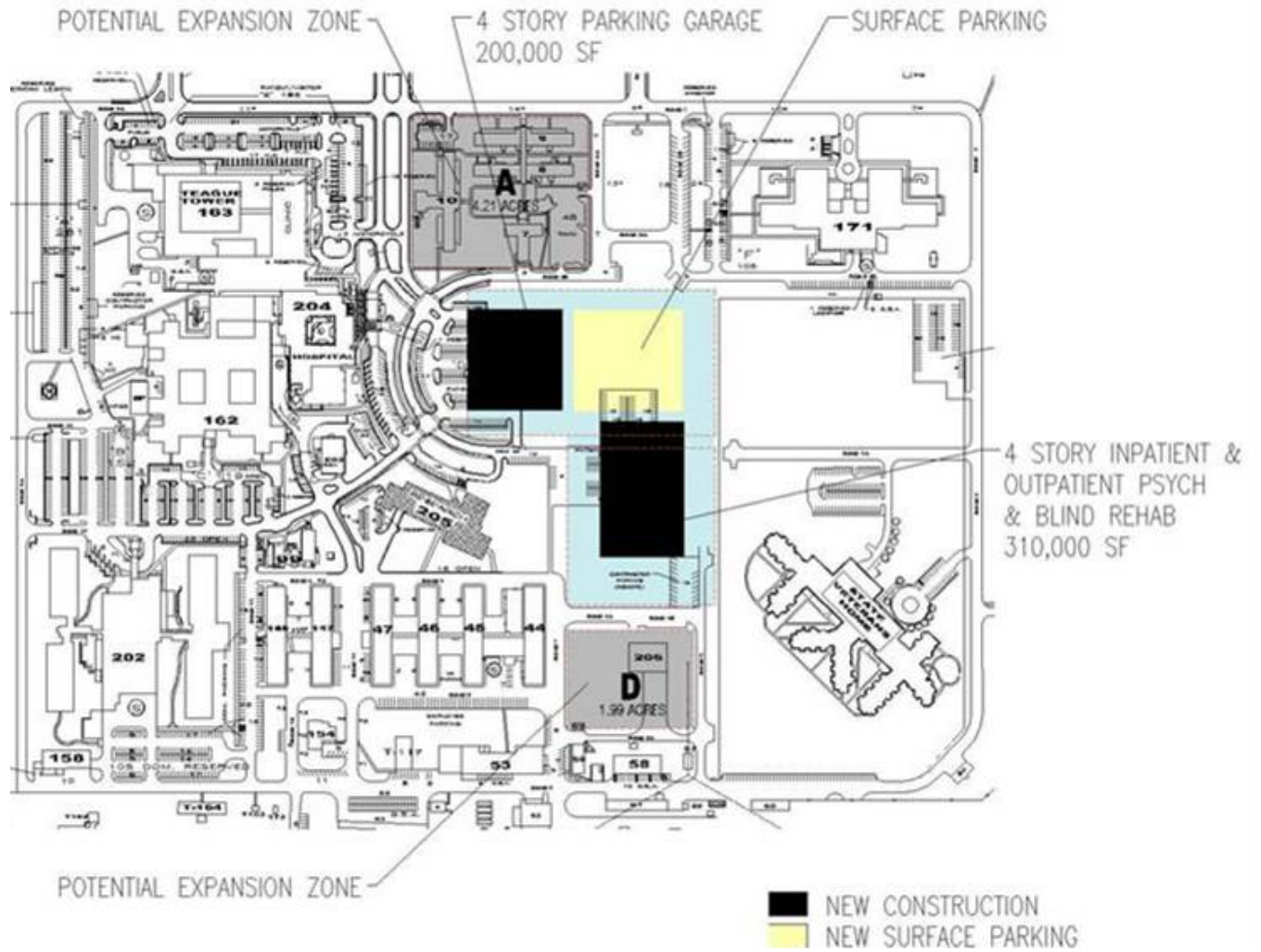


Figure 27: BPO 7 Site Plan for Temple<sup>42</sup>

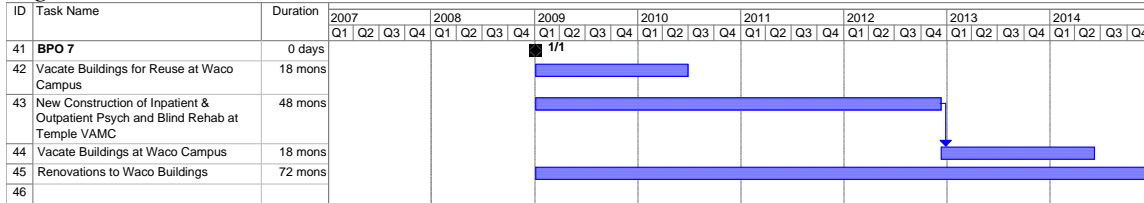


<sup>42</sup> Potential Expansion Zones A and D are areas designated by VA as potential areas for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 28 indicates the construction duration for this BPO.

**Figure 28: BPO 7 Construction Schedule**



**BPO 8: Inpatient Psychiatry and Other Mental Health Services Transfer to Temple; Remaining Inpatient Services and All Outpatient Services Remain at Waco**

Inpatient psychiatry and other inpatient mental health services (including the PRRTTP program) will be transferred to the Temple VAMC. All other inpatient services (nursing home, blind rehab, the respective 100-bed portion of the domiciliary program) and existing ambulatory and outpatient mental health services will remain at current location of provision in Waco. The remaining 140 domiciliary beds will be provided at Temple.

Facility plans to support BPO 8 include a new four-story medical tower as well as a three-story parking garage to be built on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 5, 9, 10, 11, 90, 91, 93, and 202, while Buildings 14 (Central Boiler), 15, 17 (Laundry), 25, 131, and 216 (Central Chiller) will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. All re-use parcels will be available except for Parcels I, J, K, L, M, Q, R, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 6 through 8, 16, 24, 94, 99, 129, 167, and 191.

**Assessment**

Table 31 summarizes the assessment of BPO 8 according to the discriminating criteria.

*Table 31: BPO 8 Assessment Summary*

Assessment of BPO 8	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.

Assessment of BPO 8	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient psychiatry and other mental health services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS as services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient psychiatry and other mental health research programs, including those focused on PTSD, could be transferred to the Temple campus with their respective services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSRCC.
Education and Academic Affiliations	↔	Inpatient psychiatry and other mental health educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.



Assessment of BPO 8	Comparison to Baseline	Description of Impact
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	The relocation of inpatient psychiatry services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. These changes in indirect fixed costs offset each other resulting in similar operating cost effectiveness as the baseline.
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating all facilities at Waco.
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for parcels I, J, K, L, M, Q, R, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and lifecycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure are similar to the baseline, and no material re-use proceeds are expected. This results in an overall similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care.</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.

Assessment of BPO 8	Comparison to Baseline	Description of Impact
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness, while improving quality. Thus, BPO 8 is more attractive compared to the baseline.

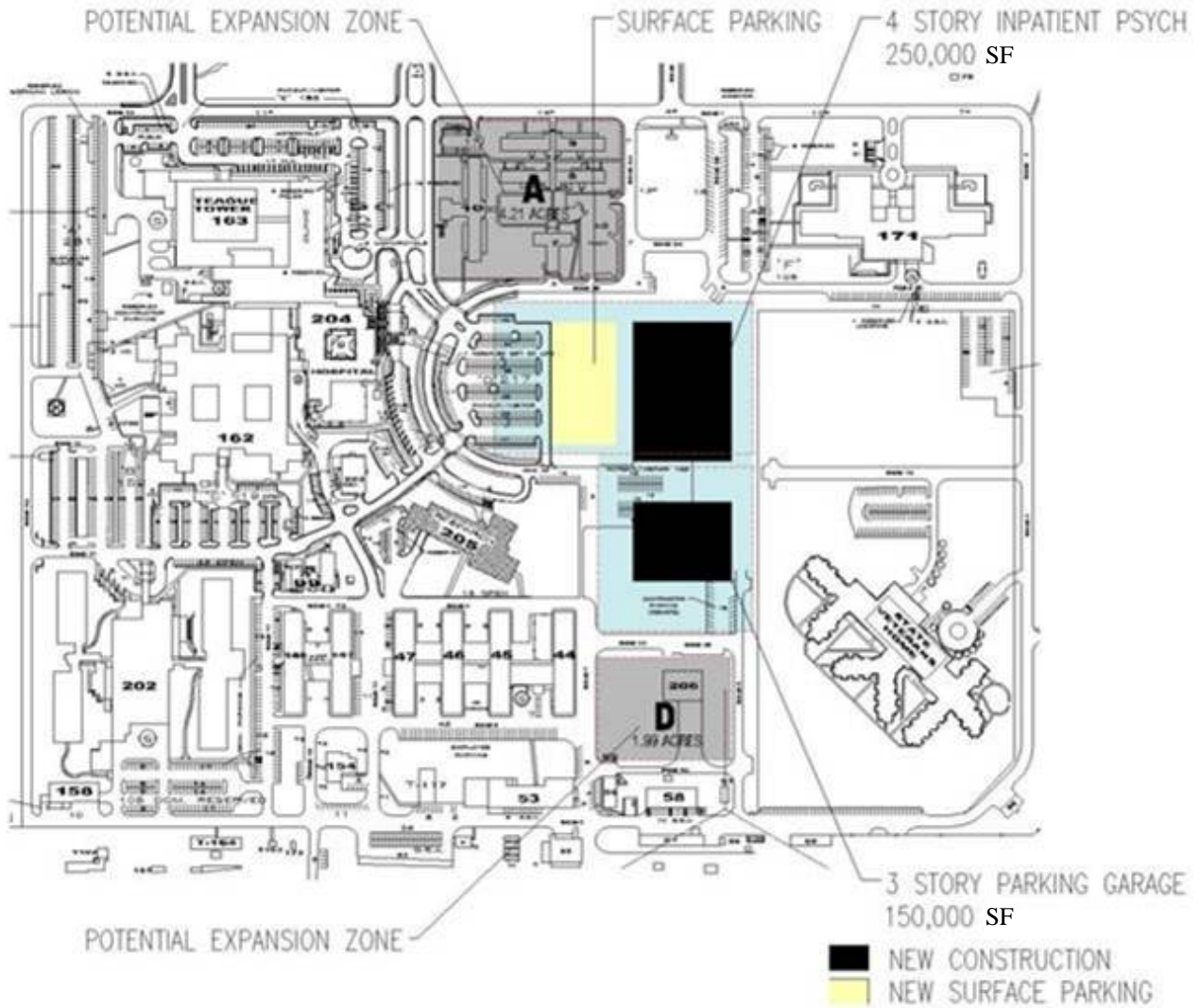
**Capital Planning Information**

Figures 29 and 30 provide a summary of the proposed conceptual site plans for BPO 8.

*Figure 29: BPO 8 Site Plan for Waco*



Figure 30: BPO 8 Proposed Temple Site Plan<sup>43</sup>

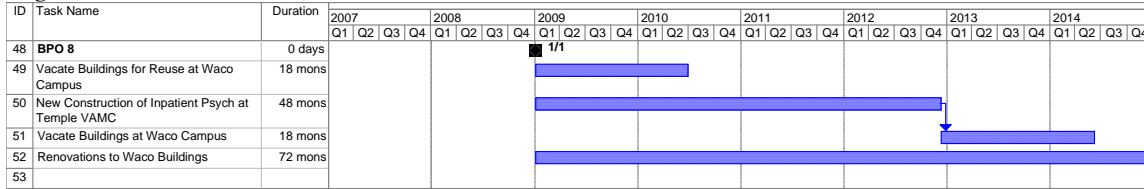


<sup>43</sup> Potential Expansion Zones A and D are areas designated by VA as potential areas for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 31 indicates the construction duration for this BPO.

*Figure 31: BPO 8 Construction Schedule*



## **BPO 9: Inpatient Psychiatry and Outpatient Mental Health Services Transfer to Temple; Other Inpatient Services and Ambulatory Services Remain at Waco**

Inpatient psychiatry and outpatient mental health will be transferred to Temple VAMC. Remaining ambulatory services as well as the respective 100-bed portion of the domiciliary program, nursing home, other inpatient mental health (including the PR RTP program) and blind rehab provided at current location of provision in Waco. The remaining 140 domiciliary beds will be provided at Temple.

Facility plans to support BPO 9 include a new four-story medical tower as well as a three-story parking garage that will be built on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 5, 9, 10, 11, 90, 91, and 202, while Buildings 14 (Central Boiler), 15, 17 (Laundry), 25, 131, and 216 (Central Chiller) will remain. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant areas. A large portion of the campus will be available for re-use, except for Parcels I, J, K, L, M, Q, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 6 through 8, 16, 24, 93, 94, 99, 129, 167, and 191.

### ***Assessment***

Table 32 summarizes the assessment of BPO 9 according to the discriminating criteria.

*Table 32: BPO 9 Assessment Summary*

Assessment of BPO 9	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.

Assessment of BPO 9	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as inpatient psychiatry and outpatient mental health services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↑	Due to Temple’s closer proximity to the larger city of Austin and greater service mix, recruitment and retention should be improved for CTVHCS as services are transferred from Waco to the Temple campus. Although this may be unfavorable from some staff that would need to commute from Waco to Temple, it is estimated that approximately 10% of the staff at the Waco VAMC will soon be eligible for retirement and these positions could be filled with staff from the Temple area.
Research	↔	Inpatient psychiatry and outpatient mental health research programs, including those focused on PTSD, could be transferred to the Temple campus with their respective services. Since research programs are maintained within the CTVHCS, research is similar to that in the baseline and still allows for the development of the mental health Center of Excellence and CTSRCC.
Education and Academic Affiliations	↔	Inpatient educational programs would relocate to Temple with respective services. Since both Temple and Waco VAMCs are similar distances from the primary academic affiliates, there should be no material impact on the education program.

Assessment of BPO 9	Comparison to Baseline	Description of Impact
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	The relocation of inpatient psychiatry services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. These changes in indirect fixed costs offset each other resulting in overall similar operating costs effectiveness as the baseline.
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating all facilities at Waco
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for parcels I, J, K, L, M, Q, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure are similar to the baseline, and no material re-use proceeds are expected. This results in an overall similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>The BPO is riskier than the baseline in terms of the following major risk categories:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Proper coordination required to transfer inpatients to Temple to ensure there is no disruption to the provision of care.</li> <li>• Organization and Change – Inpatient psychiatry services will be transferred to the Temple campus.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.



Assessment of BPO 9	Comparison to Baseline	Description of Impact
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness, while improving quality. Thus, BPO 9 is attractive as compared to the baseline.

**Capital Planning Information**

Figures 32 and 33 provide a summary of the proposed conceptual site plans for BPO 9.

*Figure 32: BPO 9 Site Plan for Waco*





**BPO 10: Baseline Services Remain at Waco; VBA Collocated with VAMC; New Construction for VBA and Domiciliary**

Inpatient and outpatient mental health services as well as nursing home, other inpatient mental health (including the PR RTP program), blind rehab, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple, as in baseline.

Existing research space will remain and can potentially be used for the CTSDRCC. An 180,000 SF, four-story tower will be constructed for the VBA and would be located behind Building 1. A 55,000 SF 100-bed domiciliary facility on the eastern portion of the site, as well as surface parking areas, will also be constructed. This new construction is required since currently vacant space will need to be utilized in upgrading the facilities to meet standards of modern, safe, and secure. Facility plans to support BPO 10 include renovations to be made to Buildings 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 90, 91, 93, and 94, while Buildings 14, 15, 16, 17, 24, 25, 99, 129, 131, 167, 191, 202, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. The only parcels of land available for re-use will be Parcels A, B, C, D, and F. Potential re-uses include parking (Parcels A and B), residential (Parcels C and D), and commercial office or residential (Parcel F). Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, and T109.

**Assessment**

Table 33 summarizes the assessment of BPO 10 according to the discriminating criteria.

*Table 33: BPO 10 Assessment Summary*

Assessment of BPO 10	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.

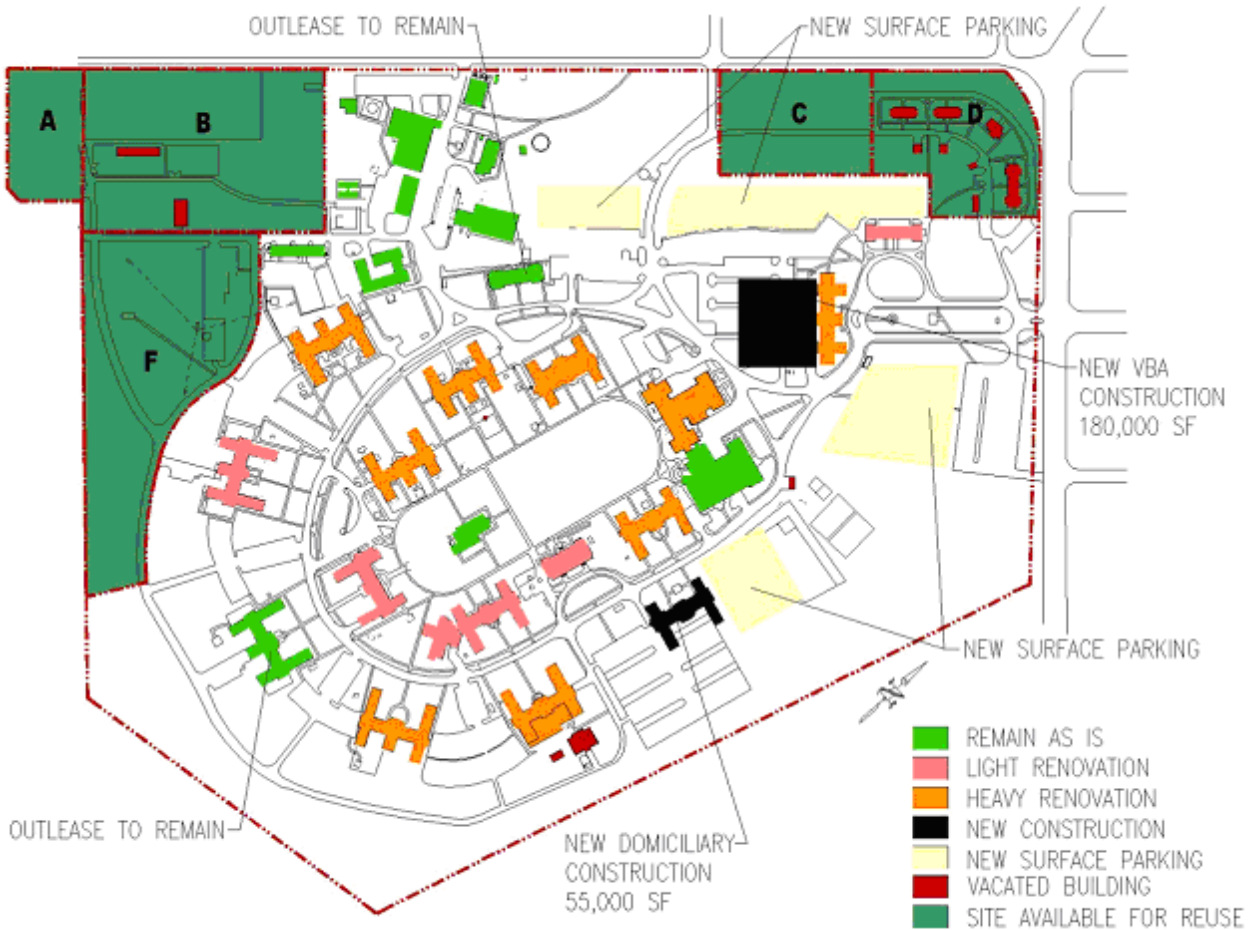
Assessment of BPO 10	Comparison to Baseline	Description of Impact
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Increase	Increase in FTEE need is expected due to the addition of domiciliary services to the baseline services at the Waco campus.
Recruitment / retention	↔	The expansion of domiciliary services and collocation of the VBA are not expected to impact recruitment and retention at Waco.
Research	↔	Since inpatient psychiatry and other baseline services are maintained at the Waco campus, there is not an expected to be an impact on research programs. The service configuration allows for the creation of the CTSDRCC and associated PTSD research programs as are to be developed in the baseline.
Education and Academic Affiliations	↔	Since inpatient psychiatry and other baseline services are maintained at the Waco campus, there is not expected to be an impact on education programs and academic affiliations.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	Although the addition of domiciliary services does increase operating costs, the increase is not significant. Therefore, the BPO has similar operating cost effectiveness as the baseline.

Assessment of BPO 10	Comparison to Baseline	Description of Impact
Level of capital expenditure estimated	↓ ↓	New construction for the 55K SF domiciliary facility and 180K SF VBA, as well as renovation of existing buildings, requires a greater level of capital expenditure as compared to the baseline.
Level of re-use proceeds	-	The only parcels of land available for re-use are A, B, C, D, and F. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities
Overall cost effectiveness	-	As noted earlier, operating costs are similar to the baseline and no materials re-use proceeds are expected. While the level of capital expenditures is greater than the baseline, this results in an overall similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	The BPO is slightly riskier than the baseline in terms of compliance since construction of the 100-bed domiciliary facility and VBA building will require approval of the historic society
<b>Wider VA Program Support</b>		
DoD sharing	↔	The expansion of domiciliary services is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↑	This BPO accommodates the regional VBA office building on the Waco campus. Therefore, veterans are able to access healthcare and benefit services on the same campus.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑ ↑	This BPO maintains access and cost effectiveness, while improving quality. Thus, BPO 10 is attractive as compared to the baseline.

**Capital Planning Information**

Figure 35 provides a summary of the proposed conceptual site plan for BPO 10.

*Figure 35: BPO 10 Site Plan for Waco*



**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 36 indicates the construction duration for this BPO.

*Figure 36: BPO 10 Construction Schedule*

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
62	BPO 10	0 days									■	1/1																						
63	Vacate Buildings for Reuse at Waco Campus	18 mons																																
64	New Construction of VBA Tower on Waco Campus	48 mons																																
65	Renovations to Waco Buildings	72 mons																																
66																																		



**BPO 11: Baseline Services Remain at Waco; New Construction for Research and Domiciliary**

Inpatient and outpatient mental health services as well as nursing home, other inpatient mental health (including the PR RTP program), blind rehab, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple, as in baseline.

New research space will be constructed for the CTSDRCC, and for the purpose of Stage I, 25,000 SF will be allocated to this initiative. A 55,000 SF 100-bed domiciliary facility will be constructed on the eastern portion of the site. This new construction is required since currently vacant space will need to be utilized in upgrading the facilities to meet standards of modern, safe, and secure. Surface parking areas will also be constructed on the Waco campus. Additional facility plans to support BPO 11 include renovations to be made to Buildings 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 90, 91, 93, and 94, while Buildings 14, 15, 16, 17, 24, 25, 99, 129, 131, 167, 191, 202, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. The only parcels of land available for re-use are Parcels A, B, C, D and F. Potential re-uses include parking (Parcels A and B), residential (Parcels C and D), and commercial office or residential (Parcel F). Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, and T109.

***Assessment***

Table 34 summarizes the assessment of BPO 11 according to the discriminating criteria.

*Table 34: BPO 11 Assessment Summary*

Assessment of BPO 11	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.



Assessment of BPO 11	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Increase	Increase in FTEE need is expected due to the expansion of domiciliary service at the Waco campus.
Recruitment / retention	↑	The creation of new research space for the CTSDRCC should improve recruitment and retention for the Waco campus.
Research	↑	The construction of new research space for the CTSDRCC will have a positive impact on the research programs at Waco.
Education and Academic Affiliations	↑	The construction of new space for the CTSDRCC will have a positive impact on the education programs at Waco.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	Although the addition of domiciliary services does increase operating costs, the increase is not significant. Therefore, the BPO has similar operating cost effectiveness as the baseline.
Level of capital expenditure estimated	-	Additional capital expenditure is required for the new construction of the 55K SF domiciliary facility and the 25K SF research building. However, the increased costs are not significantly more than those required for baseline renovations.
Level of re-use proceeds	-	The only parcels of land available for re-use are A, B, C, D, and F. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities.

Assessment of BPO 11	Comparison to Baseline	Description of Impact
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure are similar to the baseline, and no material re-use proceeds are expected. This results in an overall similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	The BPO is slightly riskier than the baseline in terms of compliance since construction of a 100-bed domiciliary facility and research building will require approval of the historic society.
<b>Wider VA Program Support</b>		
DoD sharing	↑	The new research space for the CTSDRCC could enhance DoD sharing opportunities through collaborative research activities.
One-VA Integration	↔	No impact is expected to the level of One-VA integration.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness, while improving quality. Thus, BPO 11 is attractive as compared to the baseline.

**Capital Planning Information**

Figure 37 provides a summary of the proposed conceptual site plan for BPO 11.

*Figure 37: BPO 11 Site Plan for Waco*



**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 38 indicates the construction duration for this BPO.

*Figure 38: BPO 11 Construction Schedule*

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
68	BPO 11	0 days									■	1/1																						
69	Vacate Buildings for Reuse at Waco Campus	18 mons																																
70	New Construction of Research Building on Waco Campus	48 mons																																
71	Renovations to Waco Buildings	72 mons																																
72																																		

**BPO 12: Baseline Services except Nursing Home Remain at Waco; Nursing Home Services Transferred to Community**

Inpatient and outpatient mental health services as well as nursing home, other inpatient mental health (including the PR RTP program), blind rehab, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple, as in baseline. Nursing home services to be purchased from local community providers.

Facility plans to support BPO 12 include renovations to be made to Buildings 1, 2, 4, 5, 6, 7, 8, 9, 90, 91, 93, and 94, while Buildings 14, 15, 16, 17, 24, 25, 99, 129, 131, 167, 191, 202, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. Parcels available for re-use include Parcels A, B, C, D, E, F, L, and M. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, 10, and 11.

**Assessment**

Table 35 summarizes the assessment of BPO 12 according to the discriminating criteria.

*Table 35: BPO 12 Assessment Summary*

Assessment of BPO 12	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.

Assessment of BPO 12	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as most services continue to be provided by VA. It is expected that VA will select local community providers that provide the same quality of medical services for nursing home care.
Modern, safe, and secure environment	↔	Renovation improves site safety by bringing buildings up to modern, safe, and secure standards similar to baseline renovations
Ensures forecasted need is appropriately met	↓	Facilities have capacity to meet 2023 projected utilization. However, nursing home services will to be provided by a local community provider. Local nursing homes have high occupancy rates and may not be able to provide the appropriate services to support the geropsychiatry population, so the community may not be able to meet the forecasted need for nursing home services.
<b>Impact on VA and Local Community</b>		
Human Resources:		
FTEE need (based on volume)	Decrease	Although domiciliary service capacity will expand by 100 beds from the baseline, nursing home service capacity will decrease by 125 beds. Therefore, it is anticipated that this will result in an overall decrease in FTEE need for Waco.
Recruitment / retention	↔	The expansion of domiciliary services and contracting for nursing home care are not expected to impact recruitment and retention at Waco.
Research	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on research programs. The service configuration allows for the creation of the CTSDRCC and associated PTSD research programs as are to be developed in the baseline.
Education and Academic Affiliations	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on education programs and academic affiliations.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	Purchasing nursing home services from local community providers could result in recurring savings, however, operating costs are expected to remain similar to the baseline.

Assessment of BPO 12	Comparison to Baseline	Description of Impact
Level of capital expenditure estimated	↑↑	Capital expenditure is less than the baseline since nursing home buildings would no longer need renovations as they would in the baseline.
Level of re-use proceeds	-	The only parcels of land available for re-use are A, B, C, D, E, F, L, and M. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities.
Overall cost effectiveness	-	As noted earlier, operating costs are similar to the baseline, and no material re-use proceeds are expected. While the level of capital expenditure is lower, the result is a similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	The BPO is slightly riskier than the baseline in terms of continuity of care since coordination is required in the transfer of nursing home services to local providers.
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of inpatient services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration; however, this BPO does increase the available land for potential relocation of the VBA facility if desired.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↓↓	This BPO maintains access and cost effectiveness, yet has the potential to negatively impact quality. Overall, the BPO should be less attractive as the baseline.

**Capital Planning Information**

Figure 39 provides a summary of the proposed conceptual site plan for BPO 12.

*Figure 39: BPO 12 Site Plan for Waco*



**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 40 indicates the construction duration for this BPO.

*Figure 40: BPO 12 Construction Schedule*

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
74	BPO 12	0 days									■	1/1																						
75	Vacate Buildings for Reuse at Waco Campus	18 mons																																
76	Renovations to Waco Buildings	72 mons																																
77																																		



**BPO 13: Vacate Entire Campus; Contract Inpatient Psychiatry to DoD; NHCU/Domiciliary Purchased from Local Community; Blind Rehab at Temple; All Outpatient Services at Waco in CBOC**

BPO 13 reflects collaboration with the DoD by contracting for inpatient psychiatry with Darnall Army Hospital at Ft. Hood. Nursing home and domiciliary services will be provided by providers in the local Waco community. Blind rehabilitation services will be transferred to the Temple VA campus. Outpatient services will be provided in a CBOC within the Waco area. Existing outleased properties at Waco are terminated. Space for the blind rehabilitation inpatient service will be constructed at the Temple campus. The condition of existing current vacant space in Temple is unknown, so it is assumed that adequate square footage does not currently exist, and new construction is consequently required.

The entire campus will be vacated and all parcels and buildings will be made available for re-use. The VA will need to maintain utilities to these buildings until appropriate re-use can be identified. A CBOC will be developed within the community either through new construction or renovation of existing space in the city. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels.

**Assessment**

Table 36 summarizes the assessment of BPO 13 according to the discriminating criteria.

*Table 36: BPO 13 Assessment Summary*

Assessment of BPO 13	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.



Assessment of BPO 13	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Nursing home, domiciliary and inpatient psychiatry services are purchased from local community providers, and it is assumed that VA will select providers that will provide similar or better quality medical services. Psychiatric quality data is unavailable for Darnall Army Hospital.
Modern, safe, and secure environment	↔	New construction or renovation for blind rehabilitation services at Temple and a CBOC to provide outpatient services should improve modern, safe, and secure standards similar to baseline renovations.
Ensures forecasted need is appropriately met	↓	Nursing home services will be provided by a local community provider. Local nursing homes have high occupancy rates and may not be able to provide the appropriate services to support the gero-psychiatry population, so the community may not be able to meet the forecasted need for nursing home services. Also, domiciliary services are expected to be contracted for as well; however, the local community may not be able to provide domiciliary services. Furthermore, Darnall Army Hospital has communicated its limited capacity and interest in treating inpatients, which may not allow the forecasted need to be appropriately met.
<b>Impact on VA and Local Community</b>		
Human Resources: FTEE need (based on volume)	Decrease	Decrease in FTEE need as a result of closing inpatient services at Waco campus. Many of the baseline services are provided for by DoD or community providers. The reduction and fragmentation of service mix has the potential to negatively affect recruitment and retention for remaining employees to support remaining blind rehab and ambulatory services.
Recruitment / retention	↓	Research programs are expected to be negatively affected since inpatient psychiatry services would no longer be provided at the CTVHCS but rather by DoD. Although the DoD may be a research partner, the research programs may be affected by transferring services outside of the VA system.
Research	↓	Research programs are expected to be negatively affected since inpatient psychiatry services would no longer be provided at the CTVHCS but rather by DoD. Although the DoD may be a research partner, the research programs may be affected by transferring services outside of the VA system.

Assessment of BPO 13	Comparison to Baseline	Description of Impact
Education and Academic Affiliations	↓	The transfer of inpatient psychiatry and other services to DoD and other providers will negatively affect the education and training programs provided by VA in baseline.
<b>Use of VA Resources</b>		
Operating cost effectiveness	↑	Contracting for inpatient psychiatry, nursing home, and domiciliary services is expected to result in significant recurring operating cost savings compared to the baseline.
Level of capital expenditure estimated	↑↑	The BPO avoids significant capital expenditure required to renovate facilities in order meet modern, safe, and secure standards in the baseline.
Level of re-use proceeds	-	Although the entire campus is available for re-use, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	↑↑↑↑	The BPO requires significantly less capital investment compared to the baseline, thus resulting in cost avoidance opportunities with respect to the capital expenditure.
Overall cost effectiveness	↑	As noted previously, the BPO results in lower operating costs and lower level of capital expenditure as compared to the baseline, although no material re-use proceeds are expected. Thus, the BPO results in overall lower net present cost as compared to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	This BPO is riskier than baseline due to continuity of care, since significant coordination required for transfer of patients to Darnall Army Hospital and local community providers.
<b>Wider VA Program Support</b>		
DoD sharing	↑	This BPO results in expanded service sharing with the DoD since Darnall Army Hospital would be providing inpatient psychiatry services to veterans.
One-VA Integration	↓	This BPO decreases potential for collocation of the VBA facility since the Waco VAMC campus is vacated.
Special Considerations	↓	This BPO reduces the number of local VA acute inpatient beds, and thus diminishes the flexibility in responding to national emergencies.

Assessment of BPO 13	Comparison to Baseline	Description of Impact
<b>Overall Attractiveness</b>	-	This BPO maintains access and improves cost effectiveness; however, it negatively affects quality. Therefore, BPO 13 has similar attractiveness as the baseline.

**Capital Planning Information**

Figure 41 and Figure 42 provide a summary of the proposed conceptual site plans for BPO 13.

*Figure 41: BPO 13 Site Plan for Waco*

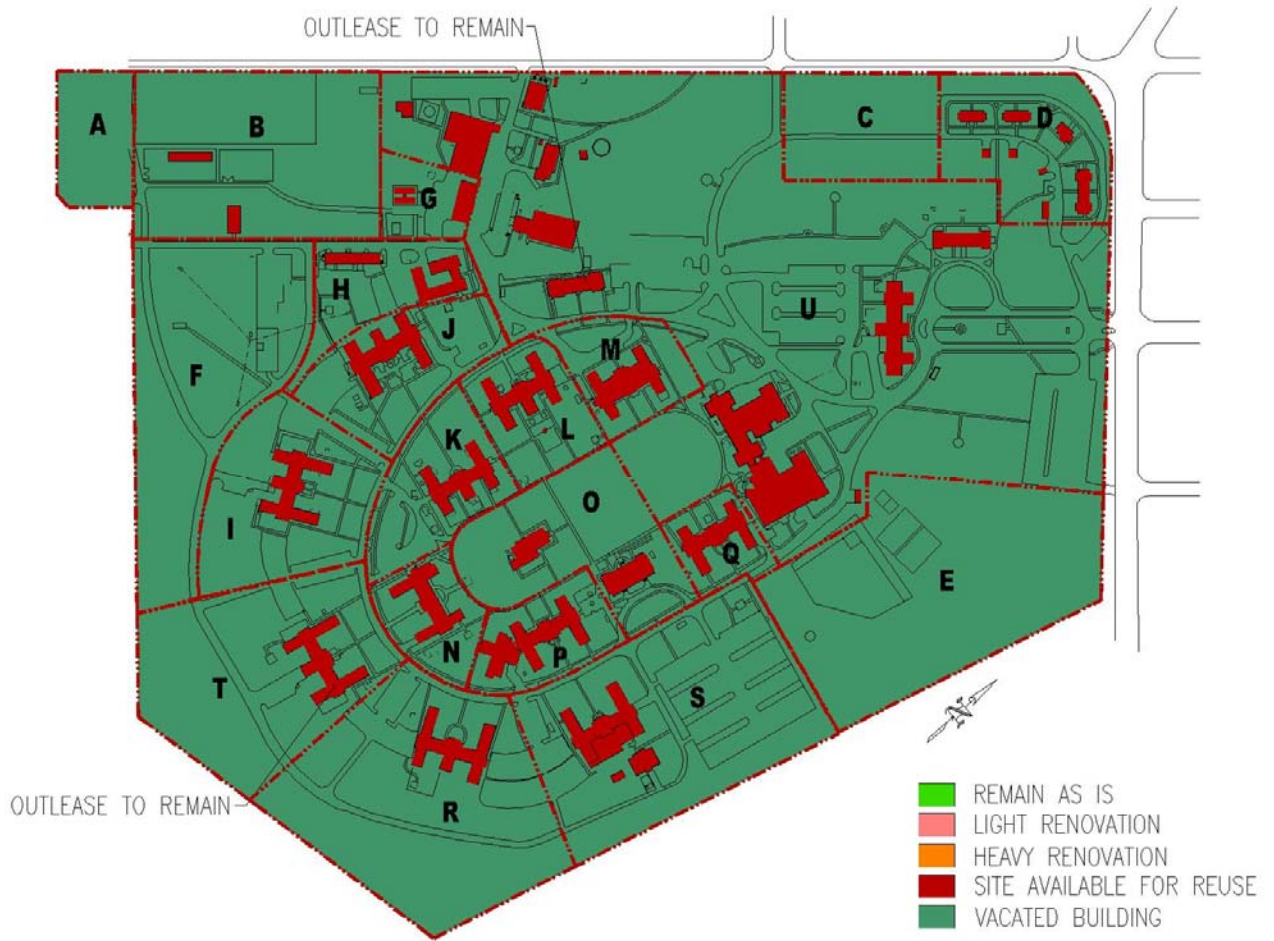
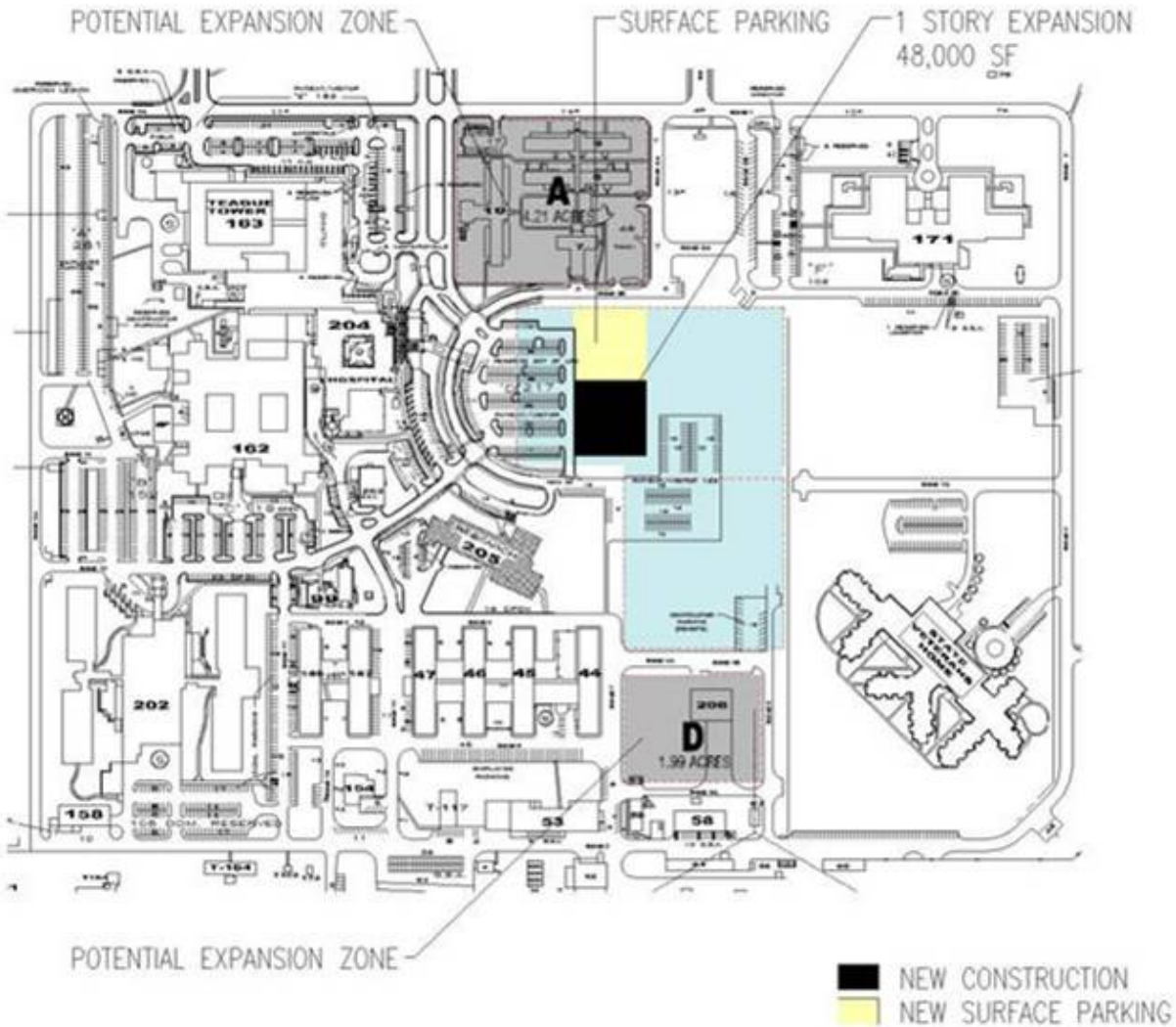


Figure 42: BPO 13 Site Plan for Temple<sup>45</sup>



**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 43 indicates the construction duration for this BPO.

Figure 43: BPO 13 Construction Schedule

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
79	BPO 13	0 days									■	1/1																						
80	Vacate All Buildings at Waco Campus for Reuse	18 mons																																
81																																		

<sup>45</sup> Potential Expansion Zones A and D are areas designated by VA as potential areas for future new construction.

**BPO 14: Inpatient and Outpatient Psychiatry Services and Ambulatory Services Remain at Waco; Nursing Home, Domiciliary, and Blind Rehab Transfer to Temple**

Inpatient and outpatient mental health services as well as ambulatory health services will remain at Waco. Nursing home and blind rehabilitation services will transfer to Temple, and all 240 domiciliary beds will be provided at Temple.

Facility plans to support BPO 14 include the construction of a new four-story medical tower, two-story nursing home, as well as a two-story parking garage on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 5, 6, 90, 91, 93, and 94, while Buildings 14, 15, 16, 17, 24, 25, 99, 129, 131, 167, 191, 202, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. A large portion of the campus will be available for re-use, except for Parcels G, H, I, J, O, Q, R, S, T, and U. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, and 7 through 11.

**Assessment**

Table 37 summarizes the assessment of BPO 14 according to the discriminating criteria.

*Table 37: BPO 14 Assessment Summary*

Assessment of BPO 14	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.



Assessment of BPO 14	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as nursing home, domiciliary, and blind rehab services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↔	Although nursing home, domiciliary, and blind rehab services are transferred to Temple which may improve recruitment and retention, Waco VAMC will continue to need to recruit psychiatry staff which has been noted as being challenging. Therefore, recruitment and retention is expected to be similar to the baseline.
Research	↔	Since inpatient psychiatry and some other baseline services are maintained at the Waco campus, there is not expected to be an impact on research programs. The service configuration allows for the creation of the CTSDRCC and associated PTSD research programs as are to be developed in the baseline.
Education and Academic Affiliations	↔	Since inpatient psychiatry and some other baseline services are maintained at the Waco campus, there is not expected to be an impact on education programs and academic affiliations.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	The relocation of some inpatient services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. Although some operational efficiencies are gained, the overall result is similar operating costs as the baseline.



Assessment of BPO 14	Comparison to Baseline	Description of Impact
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.
Level of re-use proceeds	-	The majority of the campus is available for re-use; specifically, all parcels are available for re-use except for G, H, I, J, O, R, S, T, and U. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities.
Overall cost effectiveness	-	As noted earlier, both operating costs and the level of capital expenditure are similar to the baseline, and no material re-use proceeds are expected. Therefore, the overall result is a similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>This BPO is riskier than baseline in the following major risk categories:</p> <ul style="list-style-type: none"> <li>▪ Continuity of care - Proper coordination required to transfer nursing home, domiciliary, and blind rehab patients to Temple to ensure there is no disruption to the provision of care.</li> <li>▪ Infrastructure – Nursing home will need to be constructed according to VA practice on expansion zone of Temple campus currently occupied by other facilities.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of nursing home, domiciliary, and blind rehab services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and overall cost effectiveness while improving quality. Overall, BPO 14 is more attractive compared to the baseline.

**Capital Planning Information**

Figure 44 and Figure 45 provide a summary of the proposed conceptual site plans for BPO 14.

*Figure 44: BPO 14 Site Plan for Waco*

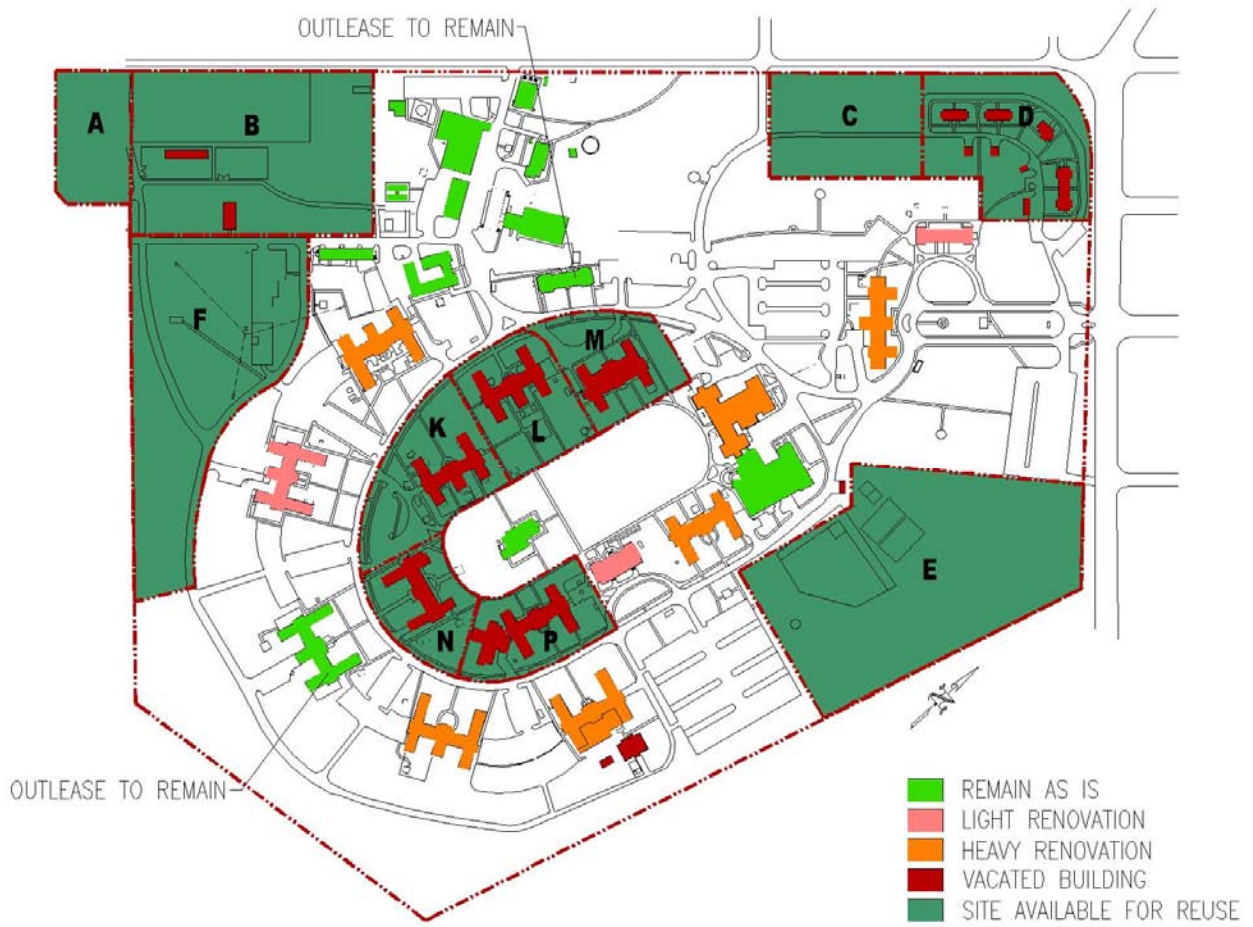
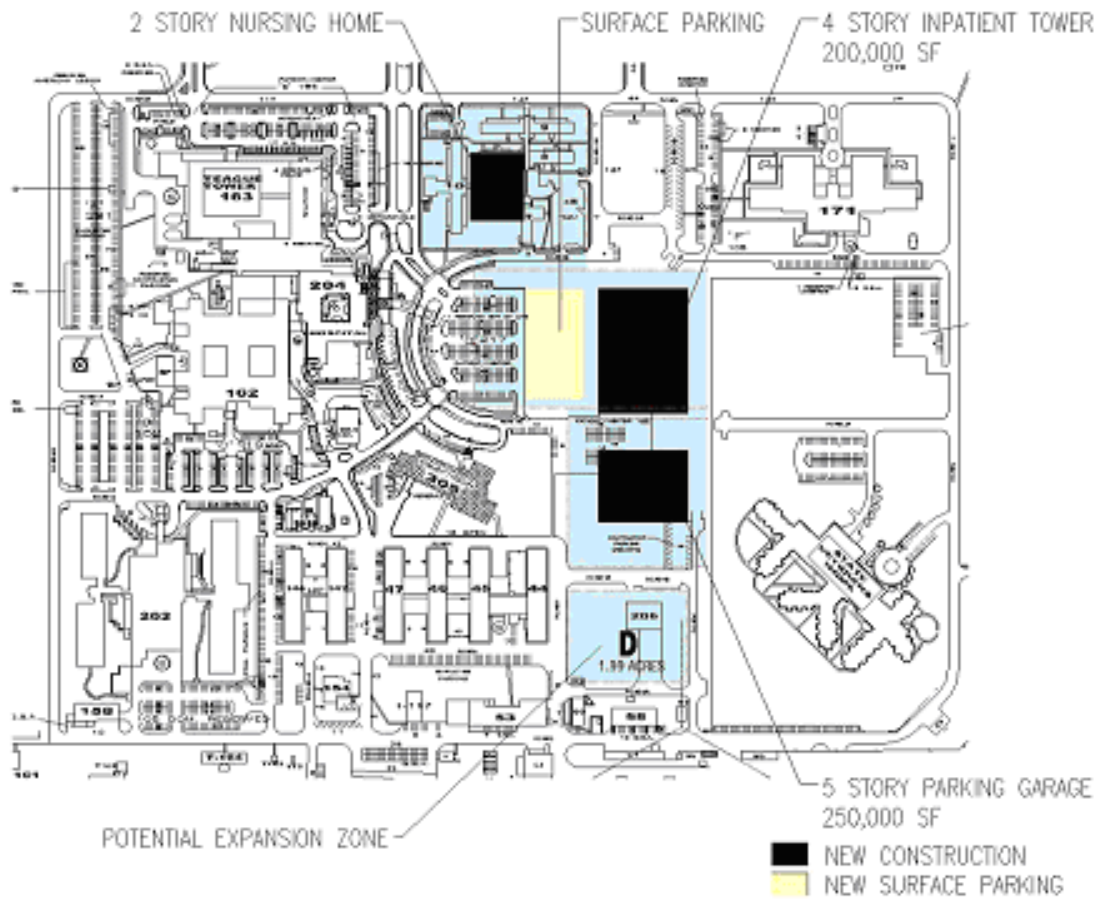


Figure 45: BPO 14 Site Plan for Temple<sup>46</sup>



Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it is assumed that the demolition of these buildings is already planned by the VA. Therefore, no accommodations for this scope of work have been accounted for in the financial models. It is assumed that services provided within those buildings will have been relocated prior to implementation of the CARES recommendations.

<sup>46</sup> Potential Expansion Zone D is designated by VA as a potential area for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 46 indicates the construction duration for this BPO.

**Figure 46: BPO 14 Construction Schedule**

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
83	<b>BPO 14</b>	0 days									■	1/1																						
84	Vacate Buildings for Reuse at Waco Campus	18 mons																																
85	New Construction of Nursing Home, Domiciliary and Blind Rehab at Temple VAMC	48 mons																																
86	Vacate Buildings at Waco Campus	18 mons																																
87	Renovations to Waco Buildings	72 mons																																
88																																		

**BPO 15: Inpatient and Outpatient Psychiatry Services, Nursing Home, and Ambulatory Services Remain at Waco; Domiciliary and Blind Rehab Transfer to Temple**

Inpatient and outpatient mental health services as well as nursing home and ambulatory health services will be provided at Waco. Blind rehabilitation will transfer to Temple, and all 240 domiciliary beds will be provided at Temple.

Facility plans to support BPO 15 include the construction of a new two-story medical building as well as a two-story parking garage on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 5, 6, 8, 9, 10, 11, 90, 91, 93, and 94, while Buildings 14, 15, 16, 17, 24, 25, 99, 129, 131, 167, 191, 202, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. The only parcels of land available for re-use are Parcels A, B, C, D, E, F, and P. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, and 7.

**Assessment**

Table 38 summarizes the assessment of BPO 15 according to the discriminating criteria.

*Table 38: BPO 15 Assessment Summary*

Assessment of BPO 15	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.

Assessment of BPO 15	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as domiciliary and blind rehab services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↔	Although domiciliary and blind rehab services are transferred to Temple which may improve recruitment and retention, Waco VAMC will continue to need to recruit psychiatry staff which have been noted as being challenging. Therefore, recruitment and retention is expected to be similar to the baseline.
Research	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on research programs. The service configuration allows for the creation of the CTSDRCC and associated PTSD research programs as are to be developed in the baseline.
Education and Academic Affiliations	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on education programs and academic affiliations.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	Similar to other BPOs, the relocation of some services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. This results in similar operating costs as the baseline.

Assessment of BPO 15	Comparison to Baseline	Description of Impact
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.
Level of re-use proceeds	-	The only parcels available for re-use are A, B, C, D, E, F, and P. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure is similar to the baseline, and no material re-use proceeds are available. This results in a similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	This BPO is riskier than the baseline in terms of the continuity of care, since proper coordination required to transfer patients to Temple to ensure there is no disruption to the provision of care.
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness while improves quality. Therefore, BPO 15 is more attractive than the baseline.



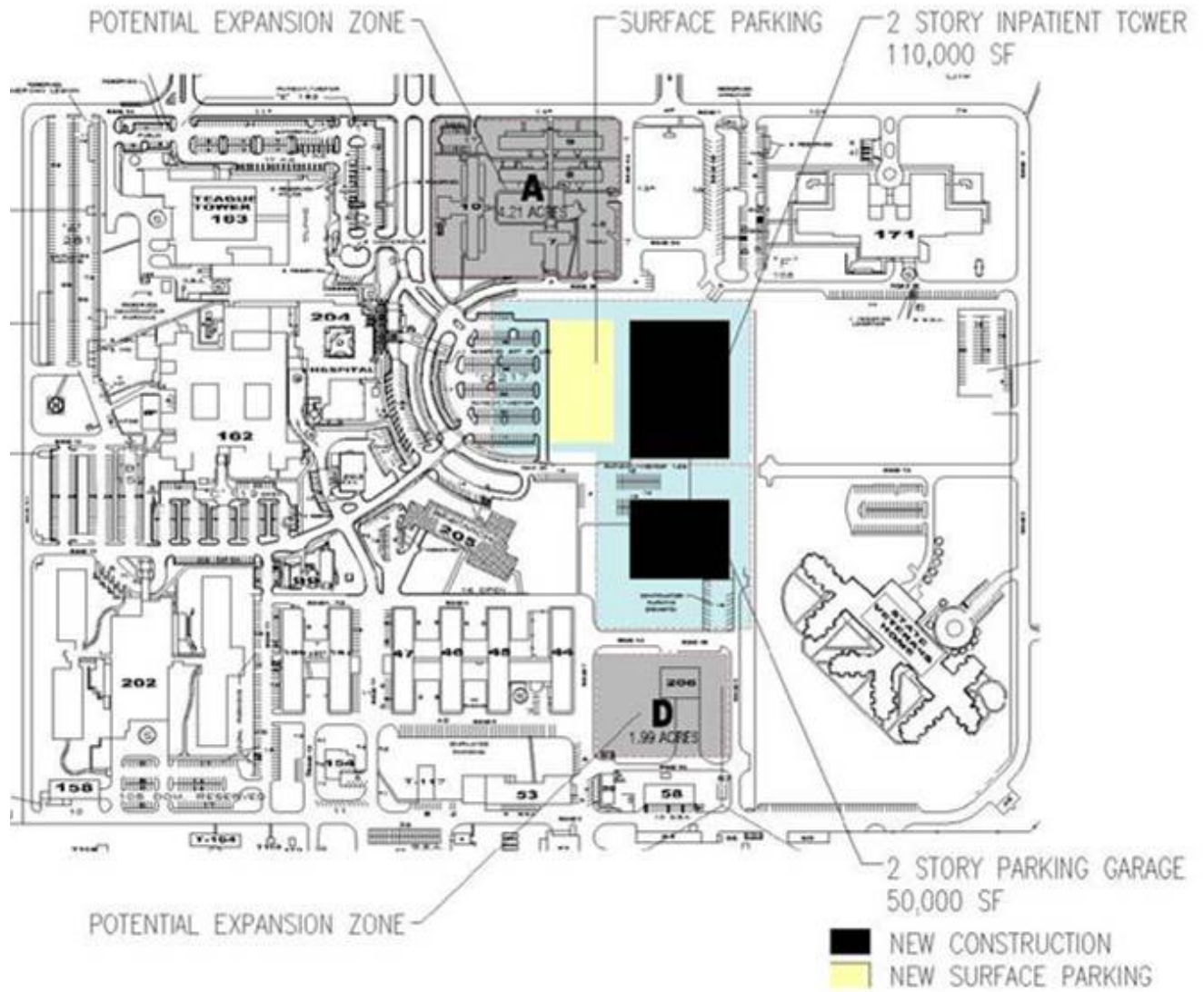
**Capital Planning Information**

Figure 47 and Figure 48 provide a summary of the proposed conceptual site plans for BPO 15.

*Figure 47: BPO 15 Site Plan for Waco*



Figure 48: BPO 15 Site Plan for Temple<sup>47</sup>



<sup>47</sup> Potential Expansion Zones A and D are areas designated by VA as potential areas for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 49 below indicates the construction duration for this BPO.

**Figure 49: BPO 15 Construction Schedule**

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
90	<b>BPO 15</b>	0 days									■	1/1																						
91	Vacate Buildings for Reuse at Waco Campus	18 mons																																
92	New Construction of Domiciliary and Blind Rehab at Temple VAMC	48 mons																																
93	Vacate Buildings at Waco Campus	18 mons																																
94	Renovations to Waco Buildings	72 mons																																
95																																		

**BPO 16: Inpatient and Outpatient Psychiatry Services, Nursing Home, Domiciliary, and Ambulatory Services Remain at Waco; Blind Rehab Transfers to Temple**

Inpatient and outpatient mental health services as well as nursing home, the respective 100-bed portion of the domiciliary program, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple. Blind rehab services will be transferred to Temple VAMC.

Facility plans to support BPO 16 include the construction of a new one-story medical building as well as a surface parking lot on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 90, 91, 93, and 94, while Buildings 14, 15, 16, 17, 24, 25, 99, 129, 131, 167, 191, 202, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. The only parcels of land available for re-use are Parcels A, B, C, D, E, and F. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, and T109.

**Assessment**

Table 39 summarizes the assessment of BPO 16 according to the discriminating criteria.

*Table 39: BPO 16 Assessment Summary*

Assessment of BPO 16	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.

Assessment of BPO 16	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↔	There is limited new construction for blind rehabilitation services on the Temple campus and renovations similar to baseline. Therefore, facilities meet modern, safe, and secure standards similar to just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as blind rehab services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↔	Although blind rehab services are transferred to Temple which may improve recruitment and retention, Waco VAMC will continue to need to recruit psychiatry staff which have been noted as being challenging. Therefore, recruitment and retention is expected to be similar to the baseline.
Research	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on research programs. The service configuration allows for the creation of the CTSDRCC and associated PTSD research programs as are to be developed in the baseline.
Education and Academic Affiliations	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on education programs and academic affiliations.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	The transfer of blind rehab services to Temple has minor effects on the operating costs and thus results in similar operating cost effectiveness as the baseline.
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating all facilities at Waco.

Assessment of BPO 16	Comparison to Baseline	Description of Impact
Level of re-use proceeds	-	The only parcels available for re-use are A, B, C, D, E, and F. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities
Overall cost effectiveness	-	As noted earlier, operating costs and level of capital expenditure are similar to the baseline, and no material re-use proceeds are expected. This results in an overall similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↔	Since only the blind rehabilitation service is transferring to Temple, the overall risk is similar to the baseline.
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of blind rehabilitation services to Temple is not expected to affect the relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>	-	This BPO maintains access, quality, and cost effectiveness. Therefore, BPO 16 has similar attractiveness as the baseline.



**Capital Planning Information**

Figure 50 and Figure 51 provide a summary of the proposed conceptual site plans for BPO 16.

*Figure 50: BPO 16 Site Plan for Waco*

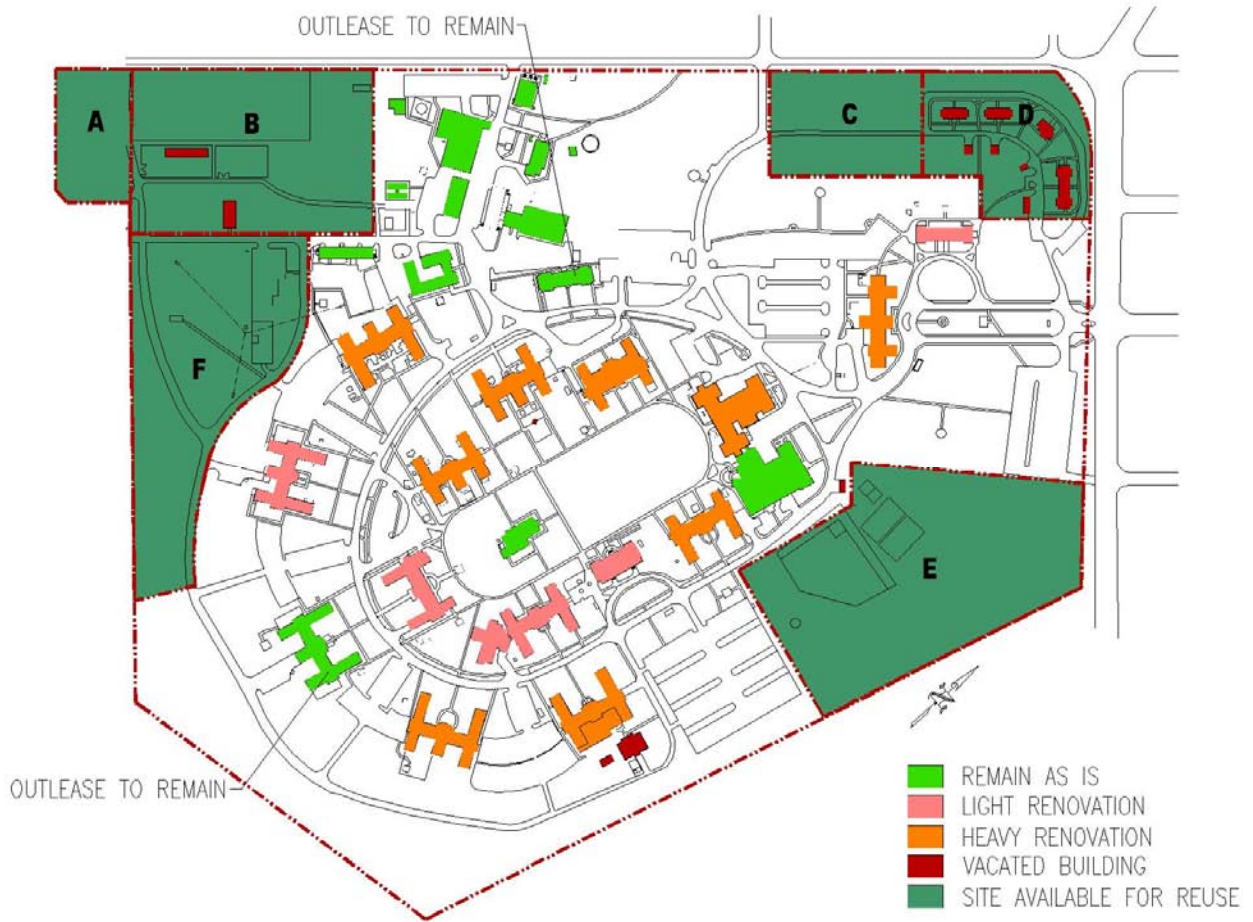
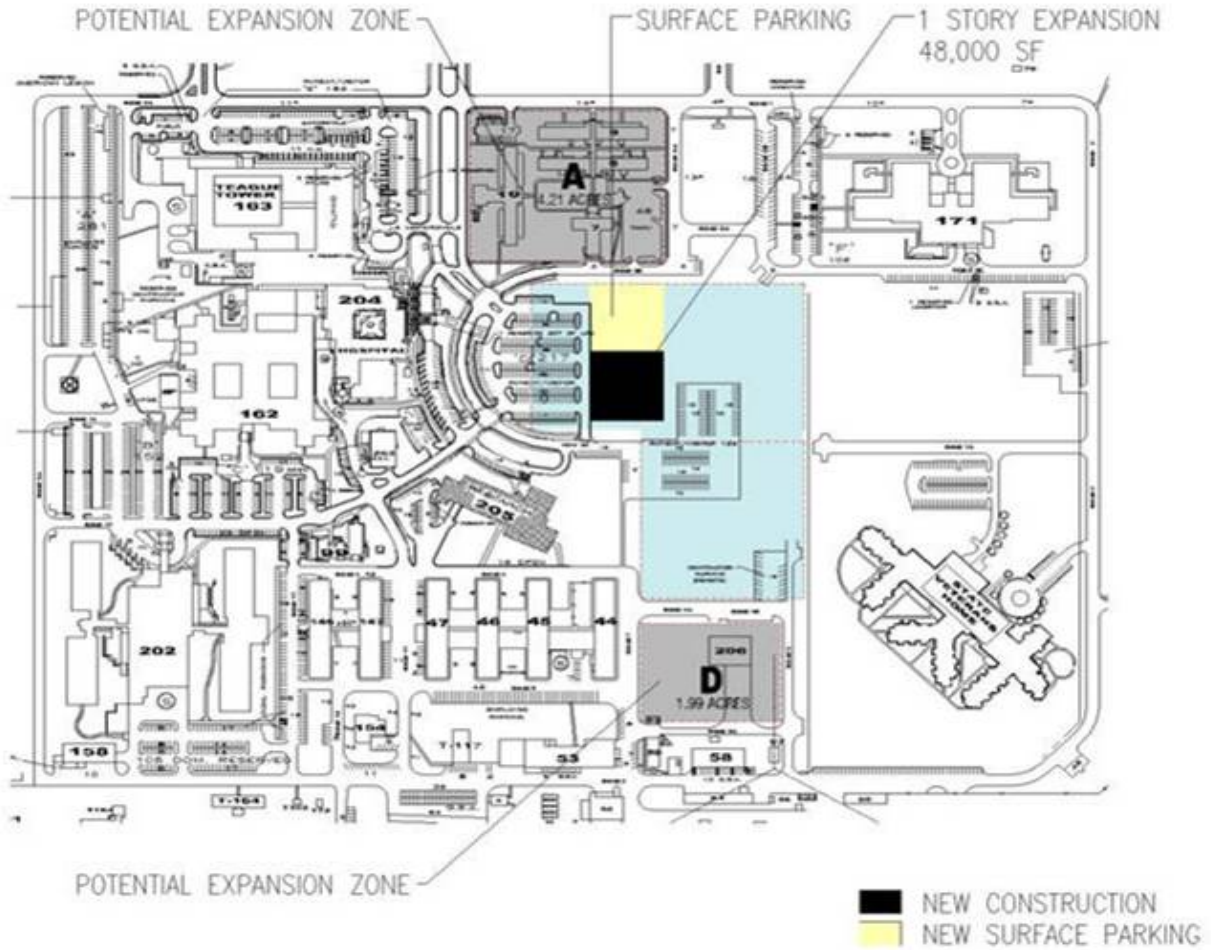




Figure 51: BPO 16 Site Plan for Temple<sup>48</sup>



**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 52 indicates the construction duration for this BPO.

Figure 52: BPO 16 Construction Schedule

ID	Task Name	Duration	2007				2008				2009				2010				2011				2012				2013				2014			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
97	BPO 16	0 days									■	■	■	■																				
98	Vacate Buildings for Reuse at Waco Campus	18 mons																																
99	New Construction of Blind Rehab at Temple VAMC	48 mons																																
100	Vacate Buildings at Waco Campus	18 mons																																
101	Renovations to Waco Buildings	72 mons																																
102																																		

<sup>48</sup> Potential Expansion Zones A and D are areas designated by VA as potential areas for future new construction.

**BPO 17: Inpatient and Outpatient Psychiatry Services, Domiciliary, Blind Rehab, and Ambulatory Services Remain at Waco; Nursing Home Services Transfer to Temple**

Inpatient and outpatient mental health services as well as the respective 100-bed portion of the domiciliary program, blind rehabilitation, and ambulatory health services will be provided at Waco. The remaining 140 domiciliary beds will be provided at Temple. Nursing home services will be transferred to Temple VAMC.

Facility plans to support BPO 17 include the construction of a new two-story nursing home as well as a three-story parking garage to be built on vacant land on the Temple campus. Renovations will be made to Buildings 1, 2, 4, 5, 6, 7, 11, 90, 91, 93, and 94, while Buildings 14, 15, 16, 17, 24, 25, 99, 129, 131, 167, 191, 202, and 216 will remain without renovation. Building 12 (VA General Counsel), Building 92 (VA Finance Center), and Building 221 (Resident Engineer) are currently outleased. These agreements could remain in place depending on other potential re-use options.

All other buildings will be vacated and made available for re-use along with vacant site areas. The only parcels of land available for re-use are Parcels A, B, C, D, E, F, K, L, and N. Potential re-uses include parking for Parcels A and B and commercial or residential re-use for most remaining parcels. Buildings vacated and available for re-use include Buildings 18 through 21, 32 through 35, 209, 214, 219, T109, and 8 through 10.

**Assessment**

Table 40 summarizes the assessment of BPO 17 according to the discriminating criteria.

*Table 40: BPO 17 Assessment Summary*

Assessment of BPO 17	Comparison to Baseline	Description of Impact
<b>Healthcare Access</b>		
Primary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since primary care services will remain at the same location as the baseline.
Acute	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since acute medicine and surgery services will remain at the same location as the baseline.
Tertiary	↔	No material change is expected to the percentage of enrollees meeting VA drive time access guidelines, since tertiary care services will remain at the same location as the baseline.

Assessment of BPO 17	Comparison to Baseline	Description of Impact
<b>Healthcare Quality</b>		
Quality of medical services	↔	Quality remains the same as services continue to be provided by VA.
Modern, safe, and secure environment	↑	Renovation and new construction allow facilities to meet modern, safe, and secure standards better than just renovations in the baseline.
Ensures forecasted need is appropriately met	↔	Facilities have capacity to meet 2023 projected utilization. Changes in clinical volume should maintain quality of care, assuming VA makes necessary operational adjustments to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>		
Human Resources:  FTEE need (based on volume)	Decrease	Decrease in FTEEs anticipated at Waco VAMC as nursing home services are transferred to Temple facility, however, the FTEE need throughout the CTVHCS should remain relatively the same since all services are staying within the system.
Recruitment / retention	↔	Although nursing home services are transferred to Temple which may improve recruitment and retention, Waco VAMC will continue to need to recruit psychiatry staff which have been noted as being challenging. Therefore, recruitment and retention is expected to be similar to the baseline.
Research	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on research programs. The service configuration allows for the creation of the CTSDRCC and associated PTSD research programs as are to be developed in the baseline.
Education and Academic Affiliations	↔	Since inpatient psychiatry and most other baseline services are maintained at the Waco campus, there is not expected to be an impact on education programs and academic affiliations.
<b>Use of VA Resources</b>		
Operating cost effectiveness	-	The relocation of nursing home services decreases fixed indirect costs (i.e., utilities, maintenance, and administration) for the Waco campus while increasing these costs for Temple. The overall result is similar operating costs compared to the baseline.

Assessment of BPO 17	Comparison to Baseline	Description of Impact
Level of capital expenditure estimated	-	The capital expenditure required to construct additional space at Temple and renovate remaining Waco facilities is similar to the baseline cost of renovating facilities at Waco.
Level of re-use proceeds	-	The only parcels available for re-use are A, B, C, D, E, F, K, L, and N. However, no material re-use proceeds are expected due to the real estate market and re-use limitations that result from the historic designation.
Cost avoidance opportunities	-	Capital expenditures for renovation and construction and life cycle costs are similar to the baseline. Therefore, there are no cost avoidance opportunities
Overall cost effectiveness	-	As noted earlier, operating costs and the level of capital expenditure are similar to the baseline, and no material re-use proceeds are expected. This results in similar net present cost relative to the baseline.
<b>Ease of Implementation</b>		
Ease of BPO implementation	↓	<p>This BPO is riskier than the baseline in terms of the following risk categories:</p> <ul style="list-style-type: none"> <li>▪ Continuity of care - Proper coordination is required to transfer nursing home patients to Temple to ensure there is no disruption to the provision of care.</li> <li>▪ Infrastructure – Nursing home will need to be constructed according to VA practice on expansion zone of Temple campus currently occupied by other facilities.</li> </ul>
<b>Wider VA Program Support</b>		
DoD sharing	↔	The relocation of nursing home services to Temple is not expected to affect the current relationship with Darnall Army Hospital.
One-VA Integration	↔	No impact is expected to the level of One-VA integration.
Special Considerations	↔	No material impact is expected in terms of special considerations since the BPO neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
<b>Overall Attractiveness</b>		
<b>Overall Attractiveness</b>	↑↑	This BPO maintains access and cost effectiveness, while improves quality. Therefore, BPO 17 is more attractive than the baseline.

**Capital Planning Information**

Figure 53 and Figure 54 provide a summary of the proposed conceptual site plans for BPO 17.

*Figure 53: BPO 17 Site Plan for Waco*

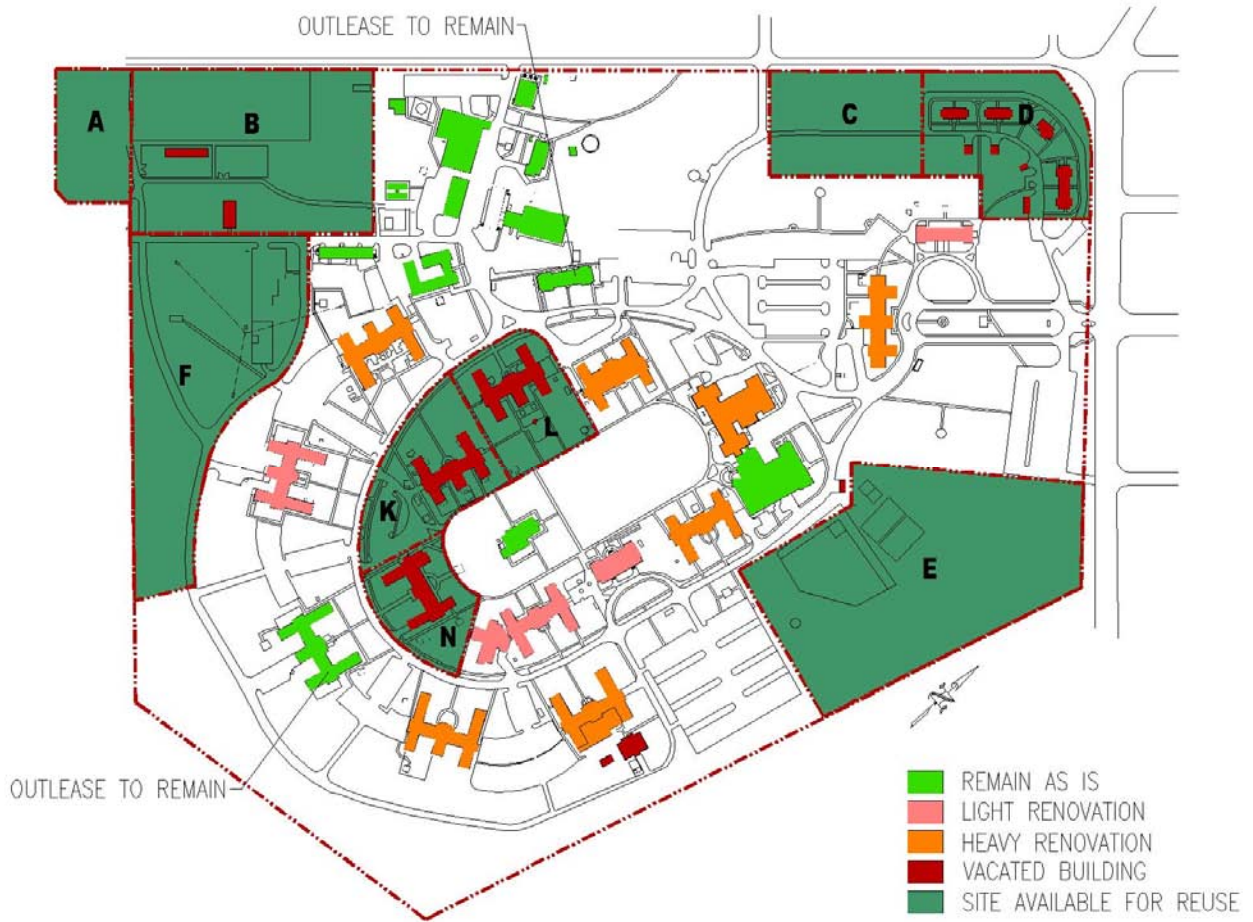
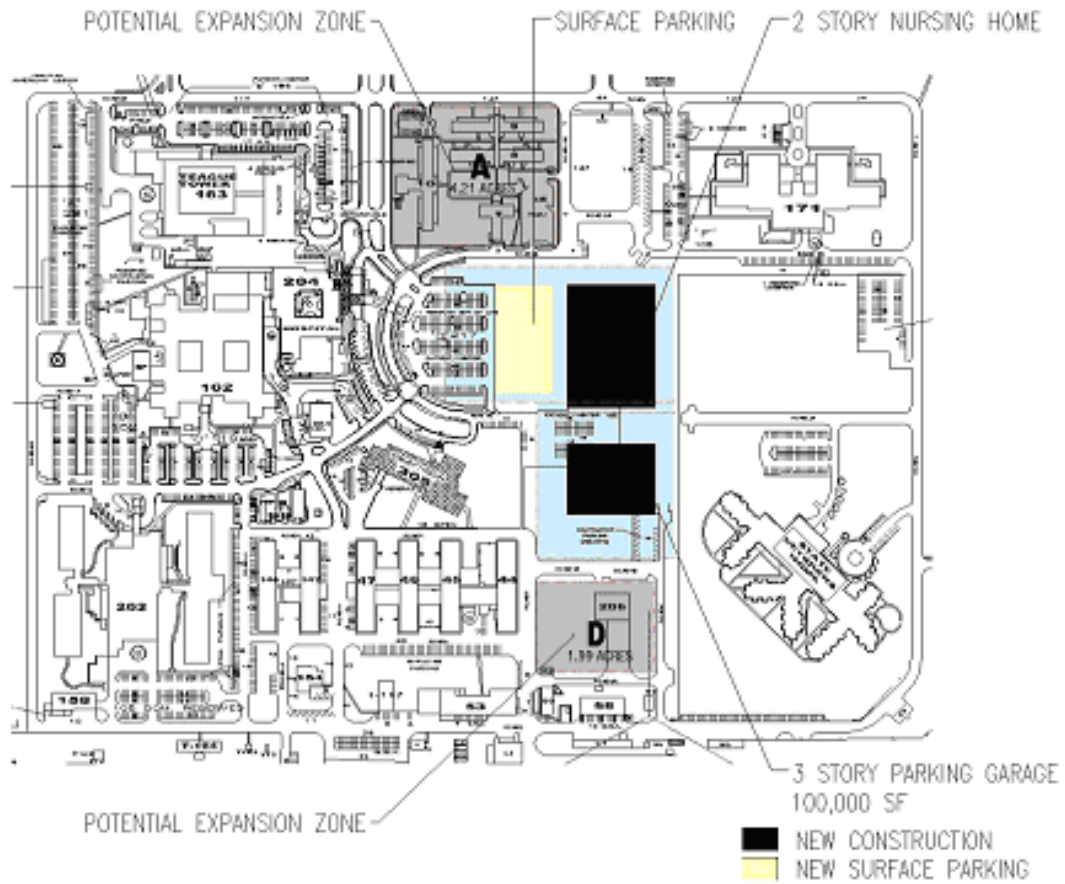




Figure 54: BPO 17 Site Plan for Temple<sup>49</sup>



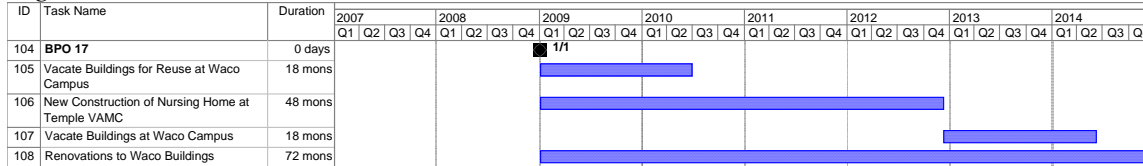
Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it is assumed that the demolition of these buildings is already planned by the VA. Therefore, no accommodations for this scope of work have been accounted for in the financial models. It is assumed that services provided within those buildings will have been relocated prior to implementation of the CARES recommendations.

<sup>49</sup> Potential Expansion Zones A and D are areas designated by VA as potential areas for future new construction.

**Schedule**

Schedules for development in Stage I are intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. Figure 55 indicates the construction duration for this BPO.

*Figure 55: BPO 17 Construction Schedule*



**7.0 BPO Summary and Recommendations**

**Assessment Drivers**

Over the projection period, the number of enrolled veterans for the Central market is expected to decline by less than 1% to approximately 74,000 by 2023. However, enrollment of Priority 1-6 veterans is projected to show an overall increase of 11% to approximately 64,500 by 2023. VA provides most of its services to this priority group, which, therefore, drives the majority of demand.

Total acute inpatient beds are projected to increase by 15% by 2023 which is driven mostly by the increased need for inpatient psychiatry and substance abuse beds, as well as for other VA inpatient mental health programs. There also is a projected 8% decrease in ambulatory utilization over the same period. Although there are projected increases in non-surgical specialties and orthopedics, these are offset by decreases in demand for cardiology and eye clinic services, as well as primary care and surgical related specialty services.

Finally, the projected demand for outpatient mental health services overall shows an upward trend, with projected services increasing 84% by 2023. This increase is driven by the significant increase in homeless and mental health intensive case management services, which are projected to increase overall by 314% and 578%, respectively, by 2023, with peaks in demand in the interim. These increased utilization projections reflect assumptions used in the development of the VA Mental Health Strategic Plan.

Overall, projected utilization presents several opportunities to serve the population as well as challenges. Opportunities exist to serve the increase in market demand for inpatient, other mental health, psychiatry and substance abuse services, and outpatient mental health services. However, the projected increases in these services will utilize most of the currently vacant space, particularly the space in patient care Buildings 9 and 91, thus requiring new construction to accommodate domiciliary, VBA, and new research services in the various BPOs. Additionally, Waco faces challenges resulting from a projected peak in utilization for these services in 2013 followed by a decline through 2023.



These long term healthcare trends for the market, together with four major drivers were considered for the Waco study site. These drivers represent factors particularly evident at the Waco study site that must be balanced in the development and evaluation of BPOs. They are:

1. Waco VAMC facilities lend themselves to continued use since facilities providing patient care are in relatively good condition, but despite the current vacant space, there is not enough square footage to meet the space requirements for all BPOs.
2. Additionally, the campus has existing facilities that can serve the specialized psychiatry population, including gero-psychiatry nursing home patients, which may not be available at the Temple campus.
3. The historic designation of 25 buildings, in combination with the conditions of the real estate market, limits the re-use potential of the Waco property.
4. Potential exists to further support VA programs through the collocation of the regional VBA office at the Waco VAMC.

These four drivers are described further below.

### **VAMC Facilities**

Waco VAMC facilities lend themselves to continued use since facilities providing patient care are in relatively good condition. All buildings used for patient care or administration are in generally average to good condition reflecting generally consistent and on-going maintenance practices over time. In fact, eight out of the 44 buildings included within the VA Capital Asset Inventory (CAI) database have been rated as a 4.0 or better (on a scale of 1 to 5) for facility condition. These eight buildings account for approximately 37% of the total campus square footage. Recently renovated buildings which are in good condition include Building 11 (renovated in 2000) and Building 94 (renovated in 2003). Other buildings renovated since 1990 and in good condition include Buildings 4, 10, 12, 91, and 92. Therefore, buildings with fairly good facility conditions could continue to be effectively utilized by VA to provide healthcare services.

There is 205,000 SF of vacant space currently on the Waco campus. Approximately 180,000 SF of the currently vacant 205,000 SF will be utilized to accommodate the baseline demand in a modern, safe, and secure environment (yielding approximately 25,000 SF of vacant space). The currently vacant patient care buildings located in the core of the campus will be renovated to accommodate the projected increase in utilization and will become occupied, while outlying buildings will remain vacant or be vacated to gain efficiencies and eliminate routine maintenance costs, as indicated in the baseline site plan. BPOs that accommodate the domiciliary, research, and VBA services on the campus will need to construct facilities in order to provide space for these programs.

## **Gero-Psychiatry Service and Facility Needs**

Additionally, the campus has existing facilities that can serve the specialized psychiatry population, including gero-psychiatry nursing home patients. The Waco VAMC is focused on providing psychiatry services to the veteran population and is one of the largest psychiatric treatment facilities in the country. Currently, the facility provides acute psychiatric care, post traumatic stress residential disorder (PTSD) / post traumatic stress residential rehabilitation, locked psychiatric care, serious mental illness life empowerment program, and gero-psychiatry nursing home services. The gero-psychiatry program is specialized and serves elderly veterans who are afflicted with Alzheimer's disease and other dementia variants. The clinical space has been remodeled to accommodate the special needs of this population. It is secure and features a "racetrack" corridor that permits uninterrupted walking by patients supporting their care. The availability of specialized gero-psychiatry services and associated facilities is most likely limited in the community. Therefore, the ability for the forecasted need of this population to be appropriately met should be considered in the evaluation of BPOs to be recommended for further study.

Furthermore, this specialized space for the gero-psychiatry nursing home population would need to be constructed at Temple campus if services were to be transferred there from Waco, based on Stage I review of available space. In order for the new nursing home facility to meet VA practice of a maximum height of two-stories, a stand-alone facility would need to be constructed on the Temple campus on Potential Building Expansion Zone A, a site of approximately 4.2 acres. Construction of the nursing home is dependent upon the demolition of all buildings surrounded by Road 2B on the south, Road 6A on the east, Road 1 on the North, and the main entrance to the west. Per conversations with VA representatives, it is has been indicated that the demolition of these buildings is already planned by the VA. However, if services are not relocated from these buildings on the Expansion Zone, and the buildings are not demolished, there would be adequate space on the Temple campus to construct the nursing home according to VA practice.

## **Re-Use Potential**

In accordance with the Secretary's Decision, options are to be explored that divest or lease a significant portion of the underutilized Waco property in order to generate savings and revenues. However, divesting and/or leasing facilities and property at the Waco VAMC campus may not provide optimal benefit due to the constraints of the historic designation of the facilities and current conditions of the Waco real estate market. The Waco campus is designated as historic, and in 1994, many of the buildings on the Waco VAMC campus were added to the National Register of Historic Places. Currently, 25 (over 90% of the existing square footage) of the buildings are considered to be historic. Design guidelines in the 1994 Historic Preservation Plan for the Waco VAMC provide basic design standards and a framework for restoration and maintenance of existing buildings as well as for landscaping, new construction, and demolition when necessary. The National Historic Preservation Act requires that a federal agency must assume responsibility for historic properties and Section 106 requires federal agencies to consider historic properties as it plans a project and to consult with the Advisory Council on Historic Preservation. The approval process for new construction and renovation can take more than a year, and the approval process for demolition can take over 10 years. New buildings should not be larger in mass or taller than the major existing historic structures around the Mall and none should be as prominent as Building 1. These restrictions and approval process may be unfavorable to developers and limit re-use potential of the property.

Additionally, divesting or leasing a significant portion of the underutilized Waco property may not be feasible due to the conditions of the Waco real estate market. Key issues with residential re-use focus on renovation costs for historic units. Based on initial review, current lease rates and home values in the neighborhood would not appear to be cost effective when taking into account of market rate renovation costs. Similarly, average reported rental rates for office space in the suburban market of \$10 to \$13 per square foot would not be sufficient to support new construction or an aggressive renovation plan. Therefore, the related lease income will not likely be sufficient to offset the required renovations and ongoing building maintenance expense. Since facilities do not need replacement and the re-use value is minimal if property were to be made available for re-use, the best use of VA resources may be continued use of the campus. The facility and real estate market conditions should be considered when evaluating options that transfer services off of the campus, either to Temple or to the local community.

**Ability to Support VA Programs**

The regional VBA office is located in Waco and was part of the city’s downtown revitalization efforts. The addition of the VBA building to the VAMC campus will further add to the vibrancy of the Waco campus while reducing expenses overall for VA by avoiding paying rent to a third party. By relocating the VBA building to the VAMC campus, consolidation of all Waco community veterans’ services would occur on one campus, as well as address VBA’s security and storage issues. Currently, there is no existing building on the Waco campus that meets the minimum VBA requirements and distribution of this service among multiple buildings is undesirable as it limits flexibility as staffing fluctuates with work load. Therefore, a new building at the VAMC campus with the required 180,000 SF would offer more security as well as flexibility for future expansion.

**Assessment Results**

The following tables (41 and 42) detail the results of applying discriminating criteria and comparison against the baseline in accordance with the Evaluation System for BPOs (Table 10).

*Table 41: Baseline Assessment*

Assessment of Baseline	Description
<b>Healthcare Access</b>	
Primary	64.5% of enrollees are within drive time guidelines. The primary care access drive time threshold is 70%; therefore, the market does not meet the drive time access guideline for primary care.
Acute	58.95% of enrollees are within drive time guidelines. The acute care drive time threshold is 65%; therefore, the market does not meet the drive time access guideline for acute care.
Tertiary	100% of enrollees are within drive time guidelines. The tertiary care drive time threshold is 65%; therefore, the market exceeds the drive time access guideline for tertiary care.
<b>Healthcare Quality</b>	
Quality of medical services	According to 2004 data, the Waco VAMC achieved the same or better selected quality scores for inpatient satisfaction, heart failure and endocrinology as compared to VISN and overall national scores. The Waco VAMC achieved better quality scores for ambulatory care patient satisfaction than the VISN but the ambulatory patient satisfaction scores were worse than the national scores.

Assessment of Baseline	Description
Modern, safe, and secure environment	The Waco VAMC comprises a total of 44 buildings; eight of which are rated a 4 or better on VA's 5-point CAI scale. A total of 25 of the buildings have "historic" status classification and seven buildings are currently vacant (totaling 205,000 SF). The baseline improves site safety by addressing deficiencies and bringing buildings up to code. The current services provided at Waco are undersized to meet VA standards of care. In order to maintain quality of care and meet VA thresholds, the baseline requires approximately 180,000 SF of additional space. Therefore, 180,000 SF of the currently vacant 205,000 SF will be utilized to accommodate the baseline demand in a modern, safe, and secure environment (yielding approximately 25,000 SF of vacant space). The currently vacant patient care buildings located in the core of the campus will be renovated to accommodate the projected increase in utilization and will become occupied. Some outlying buildings will remain vacant or be vacated to gain efficiencies and eliminate routine maintenance costs, as indicated in the baseline site plan.
Ensure forecast healthcare need is appropriately met	VA will make necessary operational adjustments (e.g. staffing or contract arrangements) to maintain appropriate thresholds over time.
<b>Impact on VA and Local Community</b>	
Human Resources: FTEE need (based on volume)	Waco VAMC employs approximately 760 FTEEs. Based on projected utilization, it is expected that the number of FTEEs needed in 2023 to support workload will be slightly higher than what is currently required. With the projected increase in utilization, FTEE levels would increase to the extent services are not contracted out. The focus is on psychiatric programs at Waco VAMC. Therefore, the majority of FTEEs are trained mental health workers.
Recruitment / retention	Given the proximity and appeal of several larger cities including Austin and Dallas, the Waco VAMC has some difficulty recruiting clinical staff. In particular, psychiatrists, registered nurses, and security guards have been problematic positions to fill. This environment is expected to be maintained in the baseline. It is estimated that approximately 10% of the staff at the VAMC will be eligible for retirement in the next 5-7 years, including the majority of psychologists and psychiatrists currently on staff.
Research	The Waco VAMC research program is part of the larger CTVHCS research enterprise and is very collaborative with research partners. Currently, there is an active research program with approximately 40 open studies at any one time, 16 principal investigators and annual funding of about \$2 million. The major research programs at the Waco VAMC include the following: Neuropsychiatry Research Program, Central Texas Stress Disorders Working Group, Texas Brain Collection Program, Brain Imaging Program, and Rehabilitation Research. Additionally, the CTSDRCC is to be developed in support of the mental health Center of Excellence. An additional \$3 million of annual research funding is to be appropriate over the next three years to support PTSD research at the center.

Assessment of Baseline	Description
Education and Academic Affiliations	<p>The Waco VA has two primary affiliations with Texas A&amp;M and University of Texas Medical Branch in Galveston that provide residents and other trainees. VA data indicates that CTVHCS has 55 different affiliations with institutions for training services. Waco’s graduate medical education program trains a total of 20 residents, 200 medical students and roughly 225 other allied health and medical trainees each year. The residency program is a source of recruitment for Waco. The education programs and academic affiliations are expected to be maintained in the baseline.</p>
<b>Use of VA Resources</b>	
Operating cost effectiveness	Renovations to the facilities should improve facility operating costs from the current state. However, given the historical design restrictions of the existing facilities, renovations to achieve a modern, safe and secure environment do not realize efficiencies in staffing, supplies, heating, and power, which would be available under new construction alternatives.
Level of capital expenditure anticipated	Capital expenditure is required to renovate and upgrade facilities to modern, safe, and secure standards.
Level of re-use proceeds	There is no re-use in the baseline.
Cost avoidance opportunities	In the baseline, it is assumed that renovation and periodic and recurring maintenance costs for some vacated buildings would be eliminated. The majority of the costs identified in the CAI database for facility improvements would be expended for renovation of remaining facilities.
Overall Cost Effectiveness	Not applicable for the baseline.
<b>Ease of Implementation</b>	
Ease of BPO Implementation	<p>The baseline BPO presents implementation risk in terms of the following major risk areas:</p> <ul style="list-style-type: none"> <li>• Continuity of Care – Renovations may disrupt the provision of care for veterans during the renovations.</li> <li>• Compliance – Renovations of buildings will require approval of the historic society which may slow the process.</li> <li>• Project Realization – Baseline renovations are scheduled to be completed over six years and may be prone to delays, additional resource need, and transition complications</li> </ul>
<b>Wider VA Program Support</b>	
DoD sharing	Waco VAMC currently provides medical examinations to DoD beneficiaries. Waco is also involved in a service sharing arrangement to provide laundry service to Darnall Army Hospital. The baseline assumes continued support of these relationships, including both clinical and administrative functions.
One-VA Integration	The VBA is not collocated with Waco VAMC in the baseline BPO.
Special Considerations	The baseline does not impact DoD contingency planning, Homeland Security needs, or emergency need projections.

Table 42 provides an overall summary of the BPOs assessed for comparative purposes.

Table 42: BPO Assessment Summary

Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5	BPO 6	BPO 7	BPO 8	BPO 9
	Inpatient Services Transfer to Temple; Outpatient Services Remain at Waco	All Inpatient Services, except 50% of Nursing Home, Transfer to Temple; Outpatient Services Remain at Waco	All Inpatient Services and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco	Inpatient Services, except Domiciliary, Transfer to Temple; Ambulatory and Outpatient Mental Health Services Remain at Waco	Inpatient Services, except Domiciliary and Nursing Home, Transfer to Temple; All Outpatient Services Remain at Waco	All Inpatient Services, except Domiciliary and Nursing Home, and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco	Inpatient Psychiatry and Other Mental Health Services Transfer to Temple; Remaining Inpatient Services and All Outpatient Services Remain at Waco	Inpatient Psychiatry and Outpatient Mental Health Services Transfer to Temple; Other Inpatient Services and Ambulatory Services Remain at Waco
<b>Healthcare Access</b>								
Primary	↔	↔	↔	↔	↔	↔	↔	↔
Acute	↔	↔	↔	↔	↔	↔	↔	↔
Tertiary	↔	↔	↔	↔	↔	↔	↔	↔
<b>Healthcare Quality</b>								
Quality of medical services	↔	↔	↔	↔	↔	↔	↔	↔
Modern, safe, and secure environment	↑	↑	↑	↑	↑	↑	↑	↑
Meets forecasted service needs	↔	↓	↔	↔	↔	↔	↔	↔
<b>Impact on VA and Local Community</b>								
Human Resources:								
FTEE need (based on volume)	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Recruitment / retention	↑	↑	↑	↑	↑	↑	↑	↑
Research	↔	↔	↔	↔	↔	↔	↔	↔
Education and Academic Affiliations	↔	↔	↔	↔	↔	↔	↔	↔
<b>Use of VA Resources</b>								
Operating cost effectiveness	-	↑	-	-	-	-	-	-
Level of capital expenditure estimated	-	-	-	-	-	-	-	-
Level of re-use proceeds	-	-	-	-	-	-	-	-
Cost avoidance opportunities	↑↑	↑↑	↑↑	↑↑	-	-	-	-
Overall cost effectiveness	-	↑	-	-	-	-	-	-
<b>Ease of Implementation</b>								
Ease of BPO implementation	↓	↓	↓	↓	↓	↓	↓	↓



Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5	BPO 6	BPO 7	BPO 8	BPO 9
	Inpatient Services Transfer to Temple; Outpatient Services Remain at Waco	All Inpatient Services, except 50% of Nursing Home, Transfer to Temple; Outpatient Services Remain at Waco	All Inpatient Services and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco	Inpatient Services, except Domiciliary, Transfer to Temple; Ambulatory and Outpatient Mental Health Services Remain at Waco	Inpatient Services, except Domiciliary and Nursing Home, Transfer to Temple; All Outpatient Services Remain at Waco	All Inpatient Services, except Domiciliary and Nursing Home, and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco	Inpatient Psychiatry and Other Mental Health Services Transfer to Temple; Remaining Inpatient Services and All Outpatient Services Remain at Waco	Inpatient Psychiatry and Outpatient Mental Health Services Transfer to Temple; Other Inpatient Services and Ambulatory Services Remain at Waco
<b>Wider VA Program Support</b>								
DoD sharing	↔	↔	↔	↔	↔	↔	↔	↔
One-VA Integration	↔	↔	↔	↔	↔	↔	↔	↔
Special Considerations	↔	↔	↔	↔	↔	↔	↔	↔
<b>Overall Attractiveness</b>	↑↑	-	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑

Table 42: BPO Assessment Summary Continued<sup>50</sup>

Assessment Summary	BPO 10	BPO 11	BPO 12	BPO 13	BPO 14	BPO 15	BPO 16	BPO 17
	Baseline Services Remain at Waco; VBA Collocated with VAMC; New Construction for VBA and Domiciliary	Baseline Services Remain at Waco; New Construction for Research and Domiciliary	Baseline Services Except Nursing Home Remain at Waco; Nursing Home Services Transferred to Community	Vacate Entire Campus; Contract Inpatient Psychiatry to DoD; NHCU/ Domiciliary Purchased from Local Community; Blind Rehab at Temple; All Outpatient Services at Waco in CBOC	Inpatient and Outpatient Psychiatry Services and Ambulatory Services Remain at Waco; Nursing Home, Domiciliary, and Blind Rehab Transfer to Temple	Inpatient and Outpatient Psychiatry Services, Nursing Home, and Ambulatory Services Remain at Waco; Domiciliary and Blind Rehab Transfer to Temple	Inpatient and Outpatient Psychiatry Services, Nursing Home, and Ambulatory Services Remain at Waco; Blind Rehab Transfers to Temple	Inpatient and Outpatient Psychiatry Services, Domiciliary, Blind Rehab, and Ambulatory Services Remain at Waco; Nursing Home Services Transfer to Temple
<b>Healthcare Access</b>								
Primary	↔	↔	↔	↔	↔	↔	↔	↔
Acute	↔	↔	↔	↔	↔	↔	↔	↔
Tertiary	↔	↔	↔	↔	↔	↔	↔	↔
<b>Healthcare Quality</b>								
Quality of medical services	↔	↔	↔	↔	↔	↔	↔	↔
Modern, safe, and secure environment	↑	↑	↔	↔	↑	↑	↔	↑
Meets forecasted service needs	↔	↔	↓	↓	↔	↔	↔	↔
<b>Impact on VA and Local Community</b>								
Human Resources:								
FTEE need (based on volume)	Increase	Increase	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Recruitment / retention	↔	↑	↔	↓	↔	↔	↔	↔
Research	↔	↑	↔	↓	↔	↔	↔	↔
Education and Academic Affiliations	↔	↑	↔	↓	↔	↔	↔	↔
<b>Use of VA Resources</b>								
Operating cost effectiveness	-	-	-	↑	-	-	-	-
Level of capital expenditure estimated	↓↓	-	↑↑	↑↑	-	-	-	-
Level of re-use proceeds	-	-	-	-	-	-	-	-

<sup>50</sup> BPO 18 was not included in the Assessment Summary Table because it was created during the second LAP meeting at the suggestion of the LAP and therefore only the initial screening criteria of access, quality, and cost were applied to determine if the BPO has the potential to meet or exceed the CARES objectives. If BPO 18 is selected for Stage II a more detailed analysis will be completed.

Assessment Summary	BPO 10	BPO 11	BPO 12	BPO 13	BPO 14	BPO 15	BPO 16	BPO 17
	Baseline Services Remain at Waco; VBA Collocated with VAMC; New Construction for VBA and Domiciliary	Baseline Services Remain at Waco; New Construction for Research and Domiciliary	Baseline Services Except Nursing Home Remain at Waco; Nursing Home Services Transferred to Community	Vacate Entire Campus; Contract Inpatient Psychiatry to DoD; NHCU/ Domiciliary Purchased from Local Community; Blind Rehab at Temple; All Outpatient Services at Waco in CBOC	Inpatient and Outpatient Psychiatry Services and Ambulatory Services Remain at Waco; Nursing Home, Domiciliary, and Blind Rehab Transfer to Temple	Inpatient and Outpatient Psychiatry Services, Nursing Home, and Ambulatory Services Remain at Waco; Domiciliary and Blind Rehab Transfer to Temple	Inpatient and Outpatient Psychiatry Services, Nursing Home, Domiciliary, and Ambulatory Services Remain at Waco; Blind Rehab Transfers to Temple	Inpatient and Outpatient Psychiatry Services, Domiciliary, Blind Rehab, and Ambulatory Services Remain at Waco; Nursing Home Services Transfer to Temple
Cost avoidance opportunities	-	-	-	↑↑↑↑	-	-	-	-
Overall cost effectiveness	-	-	-	↑	-	-	-	-
<b>Ease of Implementation</b>								
Ease of BPO implementation	↓	↓	↓	↓	↓	↓	↔	↓
<b>Wider VA Program Support</b>								
DoD sharing	↔	↑	↔	↑	↔	↔	↔	↔
One-VA Integration	↑	↔	↔	↓	↔	↔	↔	↔
Special Considerations	↔	↔	↔	↓	↔	↔	↔	↔
<b>Overall Attractiveness</b>	↑↑	↑↑	↓↓	-	↑↑	↑↑	-	↑↑

***BPO 18: City Task Force Proposal - Enhance Blind Rehab, PTSD Clinical Research, Acute Psychiatry, and Domiciliary at Waco***

As shown in Table 43, the initial screening criteria of access, quality, and cost were applied to this new BPO to determine if this BPO, as created by the LAP, has the potential to meet or exceed the CARES objectives. A more detailed analysis of selected BPOs will be completed in Stage II.

*Table 43: Screening Results of BPO created by LAP*

<b>Criteria</b>	<b>Screening Result</b>
<b>Access</b>	Since inpatient services and all ambulatory and outpatient mental health services will remain on the campus, this BPO would be expected to provide the same level of primary care, acute, and tertiary access as the baseline.
<b>Quality</b>	Similar to the baseline, new construction and renovations will allow the site to meet standards of modern, safe, and secure. It is expected that the quality of medical services would be similar to baseline since services are remaining within the VA system and that all forecasted healthcare need could be appropriately met.
<b>Cost</b>	Because of the expanded services associated with this BPO, it is anticipated that operating costs and capital investment required will be higher relative to the baseline.

BPO 18 was submitted by the Waco City Task Force during the second public LAP meeting on Tuesday, October 4, 2005 as an alternative to the 17 BPOs being presented by Team PwC. This BPO was unanimously endorsed by the LAP during deliberations. This BPO is intended to maintain all services currently being provided at the Waco VAMC, in addition to adding 10 beds to the blind rehab program, establishing a clinical research center for PTSD, adds 30 acute psychiatry beds and 22 domiciliary/residential rehab beds targeted for PRRPT women patients.

Under this proposal the Waco campus will provide inpatient psychiatry, nursing home, domiciliary, and blind rehab. Ambulatory and outpatient mental health services will remain at current location of provision. In addition, this BPO will support the establishment of the CTSDRCC as well as allow the campus to develop focused services for women veterans.

**Local Advisory Panel and Stakeholder Reactions/Concerns**

***Local Advisory Panel Feedback***

The Waco LAP consists of ten members: Jose R. Coronado (Chair); Roland Goetz; Walter Dyck, M.D.; James H. Garrett; James G. Vaughan, Jr.; Coke Mills; Kathryn Kotula, M.D.; Kirk Bennett; Carl Lowe; and Dave Wanser. Two of the members are VA staff, the rest are representatives of the community, veteran service organizations, and, where appropriate, medical affiliates and Department of Defense.

At the second LAP meeting on October 4, 2005, following the presentation of public comments, the LAP conducted its deliberation on the BPOs. At that time, the LAP proposed one alternative BPO which modifies the baseline BPO by expanding blind rehab treatment to at least 25 beds. Table 44 presents the results of LAP deliberations. The LAP shared the sentiment of the stakeholders they would like to keep services at Waco and potentially expand the blind rehab

program, establish a clinical center of excellence, and add 30 acute psychiatry beds and domiciliary residential rehab beds for PRRPT patients. The LAP's voting on BPOs and creation of BPO 18 reflect this general sentiment.

*Table 44: LAP BPO Voting Results*

BPO	Label	Yes	No
1	Baseline	10	0
2	Inpatient Services Transfer to Temple; Outpatient Services Remain at Waco	0	10
3	All Inpatient Services, except 50% of Nursing Home, Transfer to Temple; Outpatient Services Remain at Waco	0	10
4	All Inpatient Services and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco	0	10
5	Inpatient Services, Except Domiciliary, Transfer to Temple; Ambulatory and Outpatient Mental Health Services Remain at Waco	0	10
6	Inpatient Services Except Domiciliary and Nursing Home Transfer to Temple; All Outpatient Services Remain at Waco	0	10
7	All Inpatient Services, Except Domiciliary and Nursing Home, and Outpatient Mental Health Services Transfer to Temple; Ambulatory Services Remain at Waco	0	10
8	Inpatient Psychiatry and Other Mental Health Services Transfer to Temple; Remaining Inpatient Services and All Outpatient Services Remain at Waco	0	10
9	Inpatient Psychiatry and Outpatient Mental Health Services Transfer to Temple; Other Inpatient Services and Ambulatory Services Remain at Waco	0	10
10	Baseline Services Remain at Waco and Domiciliary Expanded; VBA Collocated with VAMC	10	0
11	Baseline Services Remain at Waco and Domiciliary Expanded; Research Space Constructed for CTSDRCC	10	0
12	Baseline Services Except Nursing Home Remain at Waco and Domiciliary Expanded; Nursing Home Services Transferred to Community	0	10
13	Vacate Entire Campus; Contract Inpatient Psychiatry to DoD, NHCU/Domiciliary Purchased from Local Community, Blind Rehab at Temple, All Outpatient Services at Waco in CBOC	0	10
14	Inpatient and Outpatient Psychiatry Services and Ambulatory Services Remain at Waco; Nursing Home, Domiciliary, and Blind Rehab Transfer to Temple	0	10
15	Inpatient and Outpatient Psychiatry Services, Nursing Home, and Ambulatory Services Remain at Waco; Domiciliary and Blind Rehab Transfer to Temple	0	10
16	Inpatient and Outpatient Psychiatry Services, Nursing Home, Domiciliary, and Ambulatory Services Remain at Waco; Blind Rehab Transfers to Temple	0	10
17	Inpatient and Outpatient Psychiatry Services, Domiciliary, Blind Rehab, and Ambulatory Services Remain at Waco; Nursing Home Services Transfer to	0	10

BPO	Label	Yes	No
	Temple		
18 <sup>51</sup>	City Task Force Proposal - Enhance Blind Rehab, PTSD Clinical Research, Acute Psychiatry, and Domiciliary at Waco	10	0

**Stakeholder Feedback on BPOs**

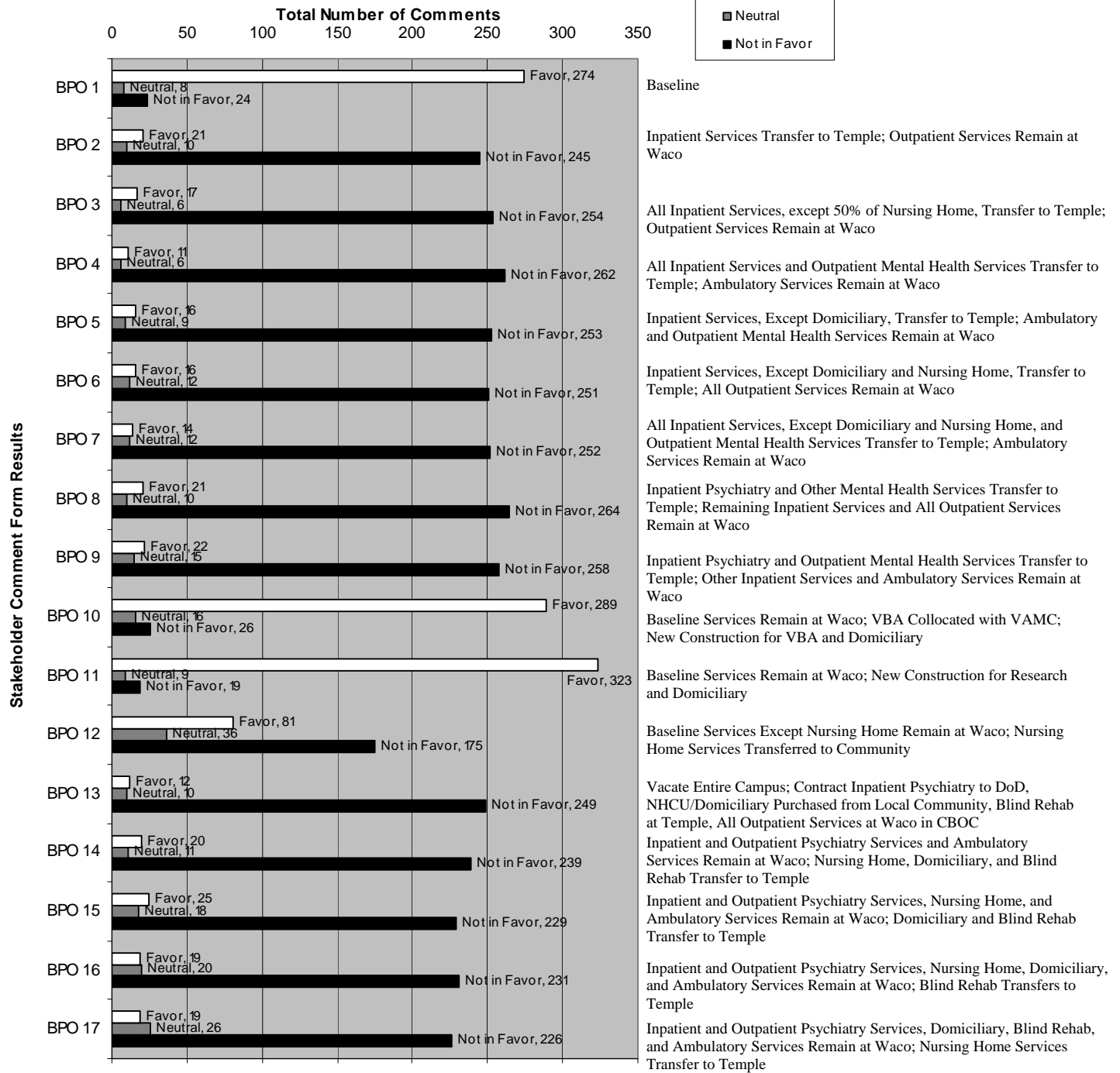
In addition to raising specific concerns, stakeholders were provided with the opportunity to provide feedback regarding the specific BPOs presented at the second LAP meeting. Through the VA CARES website and comment forms distributed at the public meeting, stakeholders were able to indicate if they “favor”, are “neutral”, or are “not in favor” of each of the BPOs. The results of this written and electronic feedback are provided in Figure 56. Stakeholders showed overwhelming support for the BPOs that keep all services on the Waco site, which were BPOs 1, 10, and 11. They showed the most support for BPO 11, which keeps existing services on the Waco site, and adds the CTSDRCC as well as a new domiciliary facility.

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<sup>51</sup> New BPO proposed by the LAP.

Figure 56: Stakeholder Feedback on BPOs<sup>52</sup>

**Business Plan Option (BPO) Feedback**



<sup>52</sup> Stakeholder feedback is reflected in this chart only for the BPOs which were presented by Team PwC at the LAP meeting (BPOs 1-17), and not the one proposed by the LAP at the second public LAP meeting. Any stakeholder feedback regarding additional options was captured in the open text boxes on the comment forms.



## **BPO Recommendations for Assessment in Stage II**

Team PwC’s recommendation of BPOs to be further assessed in Stage II was determined based on several factors. Team PwC considered the pros and cons of each option, together with the results of assessments against discriminating criteria to determine the overall attractiveness of each BPO. Views and opinions of the LAP and oral and written testimony received from veterans and other interested groups were also considered. All of these inputs contributed to the selection of the BPOs to be recommended for further study in Stage II, which are summarized in Table 45 with pros and cons identified for each option.

One of the BPOs recommended for further study moves all of inpatient services to Temple, while another moves all inpatient services except for domiciliary and nursing home services which remain at Waco. This BPO allows for the current gero-psychiatry nursing home facilities at Waco to be utilized and mitigates the risk associated with developing a stand-alone nursing home facility at Temple. Two other BPOs recommended for further study maintain baseline services, while including construction for domiciliary services and VBA and research space, respectively. These BPOs leverage the existing facilities and property, which have limited re-use potential given their historic designation and condition of the Waco real estate market, while supporting wider VA programs and research initiatives.

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Table 45: BPO Recommendations

BPO	Pros	Cons	Rationale
<b>BPOs Recommended by Team PwC for Further Study</b>			
BPO 1: Baseline	<ul style="list-style-type: none"> <li>Enhances quality by improving modern, safe, and secure standards of facilities through renovations</li> </ul>	<ul style="list-style-type: none"> <li>Implementation risk related to continuity of care and compliance with historic covenants</li> </ul>	<ul style="list-style-type: none"> <li>The baseline is the BPO against which all other BPOs are assessed</li> </ul>
BPO 2: Inpatient Services Transfer to Temple; Outpatient Services Remain at Waco	<ul style="list-style-type: none"> <li>Consolidation of services makes property and buildings available for re-use</li> <li>Expected to improve recruitment and retention since services are transferred to Temple which is closer to Austin and provides a greater service mix</li> </ul>	<ul style="list-style-type: none"> <li>Vacates land and buildings to be made available for re-use, however, the conditions of the real estate market and historical designation of the property limits re-use potential</li> <li>Higher implementation risk due to continuity of care, organization and change, and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Expected improvement for recruitment and retention</li> <li>Transfer of services transforms Waco into an outpatient campus which may yield efficiencies. However, it should be noted that the Stage I analysis does not provide conclusive evidence of cost impact related to transfer of services to Temple. Thus, further refinement of the financial analysis as proscribed by Stage II will provide detail necessary to fully model operational costs.</li> </ul>
BPO 6: Inpatient Services, except Domiciliary and Nursing Home, Transfer to Temple; All Outpatient Services Remain at Waco	<ul style="list-style-type: none"> <li>Consolidation of services makes property and buildings available for re-use</li> <li>Makes use of current nursing home facilities which have been remodeled to accommodate the gero-psychiatry nursing home population</li> <li>Expected to improve recruitment and retention since services are transferred to Temple which is closer to Austin and provides a greater service mix</li> </ul>	<ul style="list-style-type: none"> <li>Vacates land and buildings to be made available for re-use, however, the conditions of the real estate market and historical designation of the property limits re-use potential</li> <li>Higher implementation risk with regards to continuity of care and organization and change</li> </ul>	<ul style="list-style-type: none"> <li>Of the BPOs that study moving inpatient services to Temple, this BPO is the only one that continues to make use of current gero-psychiatry facilities on the Waco campus and mitigates the implementation risk associated with constructing a new gero-psychiatry facility at Temple</li> <li>Expected improvement for recruitment and retention</li> </ul>
BPO 10: Baseline Services Remain at Waco; VBA Collocated with VAMC; New Construction for VBA and Domiciliary	<ul style="list-style-type: none"> <li>Improves One-VA Integration by collocating regional VBA office with Waco VAMC</li> <li>Optimizes use of VA property and buildings which are in relatively good condition and would not yield material re-use proceeds</li> </ul>	<ul style="list-style-type: none"> <li>Construction required since vacant space will be fully occupied given projected increases in utilization</li> <li>Additional capital expenditure required</li> <li>Higher implementation risk related to compliance with historic covenants</li> </ul>	<ul style="list-style-type: none"> <li>Collocates VBA and healthcare services for veterans on Waco campus while maintaining baseline cost effectiveness</li> <li>Optimizes use of VA property and buildings which are in relatively good condition and would not yield material re-use proceeds</li> </ul>
BPO 11: Baseline Services Remain at Waco; New Construction for Research and Domiciliary	<ul style="list-style-type: none"> <li>Enhances research programs by providing new research space dedicated to CTSDRCC</li> <li>Optimizes use of VA property and buildings which are in relatively good condition and would not yield material re-use proceeds</li> </ul>	<ul style="list-style-type: none"> <li>Construction required since vacant space will be fully occupied given projected increases in utilization</li> <li>Higher implementation risk related to compliance with historic covenants</li> </ul>	<ul style="list-style-type: none"> <li>Enhances research programs by providing modern research space dedicated to the CTSDRCC</li> <li>Optimizes use of VA property and buildings which are in relatively good condition and would not yield material re-use proceeds</li> </ul>

<b>BPOs Not Recommended by Team PwC for Further Study</b>			
<p>BPO 3-5, 7-9 : All or a Portion of Inpatient Services at Temple; All or a Portion of Outpatient Services at Waco; New Construction at Temple</p>	<ul style="list-style-type: none"> <li>• Expected to improve recruitment and retention since services are transferred to Temple which is closer to Austin and provides a greater service mix</li> <li>• BPO 3 is more cost effective than the baseline</li> </ul>	<ul style="list-style-type: none"> <li>• Vacates land and buildings to be made available for re-use, however, the conditions of the real estate market and historical designation of the property limits re-use potential</li> <li>• Higher implementation risk due to continuity of care, organization and change, and infrastructure</li> <li>• Due to high occupancy rates of local providers and the unique needs of the gero-psychiatry population, the community may not be able to accommodate projected utilization for this service in BPO 3</li> </ul>	<ul style="list-style-type: none"> <li>• Although property is available for re-use, potential is limited given historic designation of buildings and conditions of real estate market</li> <li>• BPOs 3, 4, 5, 8, and 9 have higher implementation risk for infrastructure, especially regarding the ability to adequately construct a gero-psychiatry facility on the Temple according to VA and industry practice</li> <li>• BPO 3 may not be able to ensure forecasted healthcare need could be appropriately met for the gero-psychiatry population in the community</li> <li>• BPOs 4, 7, and 9 are not aligned with the Secretary’s Decision to maintain outpatient services at Waco</li> </ul>
<p>BPO 12: Baseline Services Except Nursing Home Remain at Waco; Nursing Home Services Transferred to Community</p>	<ul style="list-style-type: none"> <li>• Requires less capital expenditure</li> </ul>	<ul style="list-style-type: none"> <li>• Due to high occupancy rates of local providers and the unique needs of the gero-psychiatry population, the community may not be able to accommodate projected utilization for this service</li> <li>• Higher implementation risk related to continuity of care</li> </ul>	<ul style="list-style-type: none"> <li>• BPO cannot ensure the forecasted healthcare need is appropriately met, specifically for the gero-psychiatry nursing home population to be contracted for from the local community</li> <li>• BPO has greater implementation risk as compared to the baseline</li> </ul>
<p>BPO 13: Vacate Entire Campus; Contract Inpatient Psychiatry to DoD; NHCU/Domiciliary Purchased from Local Community; Blind Rehab at Temple; All Outpatient Services at Waco in CBOC</p>	<ul style="list-style-type: none"> <li>• Achieves greater operating efficiencies and requires less capital expenditure</li> <li>• Improves One-VA Integration by expanding service sharing arrangements with DoD (Darnall Army Hospital at Fort Hood)</li> </ul>	<ul style="list-style-type: none"> <li>• Fragmentation of services between CTVHCS, DoD, and the community may negatively impact the ability to recruit and retain staff</li> <li>• The mental health Center of Excellence and mental health related education programs, specifically for inpatient psychiatry, may be impacted if these services are transferred outside of CTVHCS to DoD</li> <li>• Due to high occupancy rates of local providers, nursing home care purchased from the community may be limited and cannot accommodate projected utilization</li> <li>• Higher implementation risk due continuity of care</li> </ul>	<ul style="list-style-type: none"> <li>• BPO cannot ensure the forecasted healthcare need is appropriately met, specifically for the gero-psychiatry nursing home population</li> <li>• Recruitment, retention, as well as research and education programs may be negatively impacted due to the fragmentation of services</li> <li>• Darnall Army Hospital has communicated its limited resources and interest to accommodate inpatient psychiatry patients currently served by the Waco VAMC</li> <li>• BPO has greater implementation risk as compared to the baseline</li> </ul>

<p>BPO 14-17: Inpatient and Outpatient Psychiatry Services at Waco, Combination of NHCU, Domiciliary, Blind Rehab at Waco and/or Temple; New Construction at Temple</p>	<ul style="list-style-type: none"> <li>• Consolidation of services makes property and buildings available for re-use</li> <li>• BPO 15 and 16 makes use of current nursing home facilities which have been remodelled to accommodate the geropsychiatry nursing home population</li> </ul>	<ul style="list-style-type: none"> <li>• Vacates land and buildings to be made available for re-use, however, the conditions of the real estate market and historical designation of the property limits re-use potential</li> <li>• All but one BPO has higher implementation risk due to continuity of care, and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Although property is available for re-use, potential is limited given historic designation of buildings and conditions of real estate market</li> <li>• Higher implementation risk relative to baseline, particularly with regards to infrastructure for BPOs 14 and 17 and the ability to adequately construct a geropsychiatry facility on the Temple campus according to VA and industry practice</li> </ul>
<p>BPO 18: City Task Force Proposal - Enhance Blind Rehab, PTSD Clinical Research, Acute Psychiatry, and Domiciliary at Waco</p>	<ul style="list-style-type: none"> <li>• Increases opportunity to collaborate with DoD for research initiatives through the CTSDRCC</li> </ul>	<ul style="list-style-type: none"> <li>• Higher implementation risk due to continuity of care and compliance</li> <li>• Expected higher capital expenditure and operating costs</li> </ul>	<ul style="list-style-type: none"> <li>• Expected to be less cost effective than the baseline</li> <li>• Surplus blind rehab utilization expected to be accommodated through the establishment of additional blind rehab centers, thereby addressing the need for expanded blind rehab at Waco</li> </ul>

## Appendix - Glossary

### Acronyms

AFB	Air Force Base
AMB	Ambulatory
BPO	Business Plan Option
CAI	Capital Asset Inventory
CAP	College of American Pathologists
CARES	Capital Asset Realignment for Enhanced Services
CBOC	Community Based Outpatient Clinic
CIC	CARES Implementation Category
DoD	Department of Defense
FTEE	Full Time Employee Equivalent
GFI	Government Furnished Information
HEDIS	Health Plan Employer Data and Information Set
ICU	Intensive Care Unit
IP	Inpatient
JCAHO	Joint Commission on Accreditation of Healthcare Organizations
OP	Outpatient
MH	Mental Health
MOU	Memorandum of Understanding
N/A	Not Applicable
NFPA	National Fire Protection Association
PTSD	Post Traumatic Stress Disorder
SOW	Statement of Work

VA	Department of Veterans Affairs
VACO	VA Central Office
VAMC	Veterans Affairs Medical Center
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

## **Definitions**

Access	Access is the determination of the numbers of actual enrollees who are within defined travel time parameters for primary care, acute hospital care, and tertiary care after adjusting for differences in population and density and types of road.
Alternative Business Plan Options	Business Plan Options generated as alternatives to the baseline Business Plan Option providing other ways VA could meet the requirements of veterans at the Study Site.
Ambulatory Services	Services to veterans in a clinic setting that may or not be on the same station as a hospital, for example, a Cardiology Clinic. The grouping as defined by VA also includes several diagnostic and treatment services, such as Radiology.
Baseline Business Plan Option	The Business Plan Option for VA which does not change any element of the way service is provided in the study area. “Baseline” describes the current state projected out to 2013 and 2023 without any changes to facilities or programs or locations and assumes no new capital expenditure (greater than \$1 million). Baseline state accounts for projected utilization changes, and assumes same or better quality, and necessary maintenance for a safe, secure, and modern healthcare environment.
Business Plan Option (BPO)	The options developed and assessed by Team PwC as part of the Stage I and Stage II Option Development Process. A business plan option consists of a credible healthcare plan describing the types of services, and where and how they can be provided and a related capital plan, and an associated re-use plan.
Capital Asset Inventory	The CAI includes the location and planning information

(CAI)	on owned buildings and land, leases, and agreements, such as enhanced-use leases, enhanced sharing agreements, outleases, donations, permits, licenses, inter- and intra-agency agreements, and ESPC (energy saving performance contracts) in the VHA capital inventory.
CARES Implementation Category (CIC)	One of 25 categories under which workload is aggregated in VA demand models. ( <i>See Workload</i> )
Clinic Stop	A visit to a clinic or service rendered to a patient.
Clinical Inventory	The listing of clinical services offered at a given station.
Code	Compliance with auditing/reviewing bodies such as JCAHO, NFPA Life Safety Code or CAP.
Community Based Outpatient Clinic (CBOC)	An outpatient facility typically housing clinic services and associated testing. A CBOC is VA operated, contracted, or leased and is geographically distinct or separate from the parent medical facility.
Cost Effectiveness	A program is cost-effective if, on the basis of life-cycle cost analysis of competing alternatives, it is determined to have the lowest costs expressed in present value terms for a given amount of benefits.
Domiciliary	A VA facility that provides care on an ambulatory self-care basis for veterans disabled by age or disease who are not in need of acute hospitalization and who do not need the skilled nursing services provided in a nursing home.
Enhanced Use Lease	A lease of real property to non-government entities, under the control and/or jurisdiction of the Secretary of Veterans Affairs, in which monetary or “in-kind” consideration (i.e., the provision of goods, facilities, construction, or services of the benefit to the Department) is received. Unlike traditional federal leasing authorities in which generated proceeds must be deposited into a general treasury account, the enhanced-use leasing authority provides that all proceeds (less any costs than can be reimbursed) are returned to medical care appropriations.
Good Medical Continuity	A determination that veterans being cared for a given condition will have access to the appropriate array of primary, secondary, and tertiary care services required to treat that condition.
Initial Screening Criteria	A series of criteria used as the basis of the assessment of



	whether or not a particular Business Plan Option has the potential to meet or exceed the CARES objectives.
Inpatient Services	Services provided to veterans in the hospital or an inpatient unit, such as a Surgical Unit or Spinal Cord Injury Unit.
Market Area	Geographic areas or boundaries (by county or zip code) served by that Network's medical facilities. A Market Area is of a sufficient size and veteran population to benefit from coordinated planning and to support the full continuum of healthcare services. ( <i>See Sector</i> )
Mental Health Indicators	See the end of this document.
Multispecialty Clinic	A VA medical facility providing a wide range of ambulatory services such as primary care, specialty care, and ancillary services usually located within a parent VA facility.
Nursing Home	The term "nursing home care" means the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care, but who require nursing care and related medical services, if such nursing care and medical services are prescribed by, or are performed under the general direction of, persons duly licensed to provide such care. Such term includes services furnished in skilled nursing care facilities, in intermediate care facilities, and in combined facilities. It does not include domiciliary care.
Primary Care	Healthcare provided by a medical professional with whom a patient has initial contact and by whom the patient may be referred to a specialist for further treatment. ( <i>See Secondary Care and Tertiary Care</i> )
Re-use	An alternative use for underutilized or vacant facility space or VA owned land.
Risk	Any barrier to the success of a Business Planning Option's transition and implementation plan or uncertainty about the cost or impact of the plan.
Secondary care	Medical care provided by a specialist or facility upon referral by a primary care physician that requires more specialized knowledge, skill, or equipment than the primary care physician has. ( <i>See Primary Care and Tertiary Care</i> )

Sector	Within each Market Area are a number of sectors. A sector is one or more contiguous counties. ( <i>See Market Area</i> )
Stakeholder	A person or group who has a relationship with VA facility being examined or an interest in what VA decides about future activities at the facility.
Tertiary care	High specialized medical care usually over an extended period of time that involves advanced and complex procedures and treatments performed by medical specialists. ( <i>See Primary Care and Secondary Care</i> )
Workload	The amount of CIC units by category determined for each market and facility by the Demand Forecast.

### Mental Health Indicators

Indicator	Description
New Dx Dep - F/U X3 (mdd6n)	Percentage of patients with a new diagnosis of depression who have at least three clinical follow-up visits in the 12 acute periods after diagnosis (current PM)
New Dx Dep - Meds (mdd7n)	Percentage of patients with a new diagnosis of depression who have medication for at least 84 days in the acute treatment period (current PM)
Homeless Dchg Indep (fnct2n)	Percentage of veterans discharged from a domiciliary care for homeless veterans (DCHV), grand and per diem program, or healthcare for homeless veterans community-based contract residential care program to independent living
Screen for Alcohol (sa3)	Percentage of patients screened for high risk alcohol use with the AUDIT-C instrument (past and current PM)
Screen for MHICM (mhc1)	Percentage of psychiatry patients with high utilization of inpatient psychiatry services who are screened for mental health intensive care case management (past and current PM)
Screen for PTSD (ptsd1)	Percentage of all veterans screened for post traumatic stress disorder (PTSD) in the previous 12 months (SI)
SUD Cont of Care (sa5)	Percentage of patients entering specialty substance abuse treatment who maintain continuity of care for at least 90 days (past and current PM)