


Capital Asset Realignment for Enhanced Services (CARES)

Montrose/Castle Point

Local Advisory Panel Public
Meeting

April 17, 2007





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

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

Local Advisory Panel (LAP) Meeting Objectives

- Communicate Contractor Stage I recommended Business Plan Options and rationale
- Communicate the Secretary's Decision and rationale
- Communicate the Stage II study process
- Obtain feedback from the LAP and stakeholders regarding each option selected by the Secretary for further study

What Is Being Studied at Montrose/Castle Point

- Capital Planning Study

Develop options for facilities that will accommodate modern healthcare delivery

- Reuse/Redevelopment

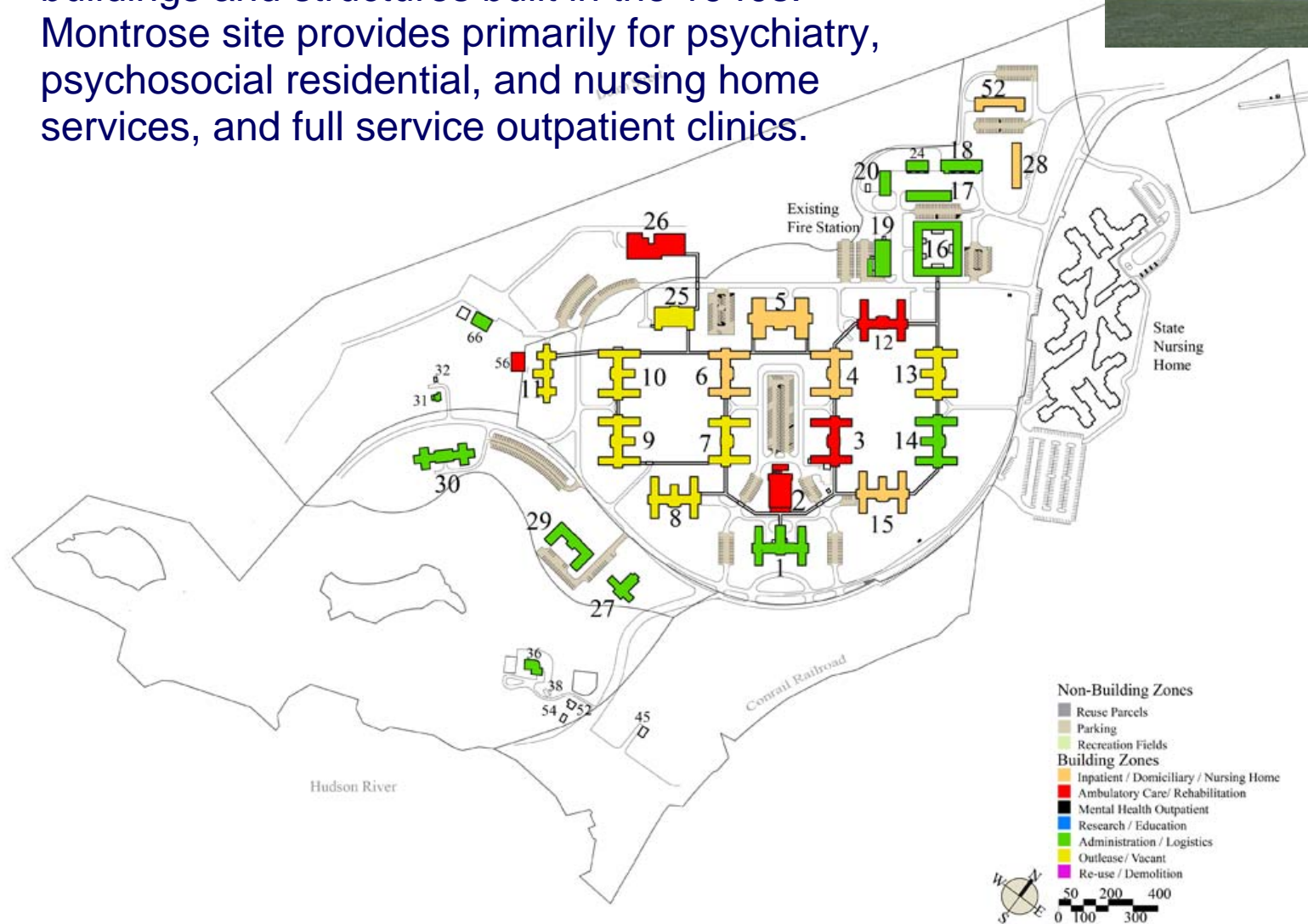
Collect market data to build a high-level real estate analysis of potential uses and revenues for each of the selected options on property that is not needed for VA or VA-related services

Background -- 2004 Secretary's Decision Document

- The Secretary's May 2004 decision specified that:
 - VA will implement a consolidation of services between the Montrose and Castle Point campuses that will enhance patient care and make more effective use of VA health care resources
 - The consolidation will transfer acute psychiatric, long-term psychiatric and nursing home beds from the Montrose to the Castle Point campus
 - To accomplish this consolidation, VA will augment the mission at the Castle Point campus with new construction and reduce the footprint on the Montrose campus which will allow for reuse opportunities
 - By consolidating these services at Castle Point, VA can build one new state-of-the-art and appropriately sized nursing home designed to provide high quality nursing home care services
 - VA will continue to provide outpatient, domiciliary (also referred to as residential rehabilitation) services at the Montrose campus

Montrose Current Site Plan

- Montrose site is a 189-acre site which includes 54 buildings and structures built in the 1940s. Montrose site provides primarily for psychiatry, psychosocial residential, and nursing home services, and full service outpatient clinics.



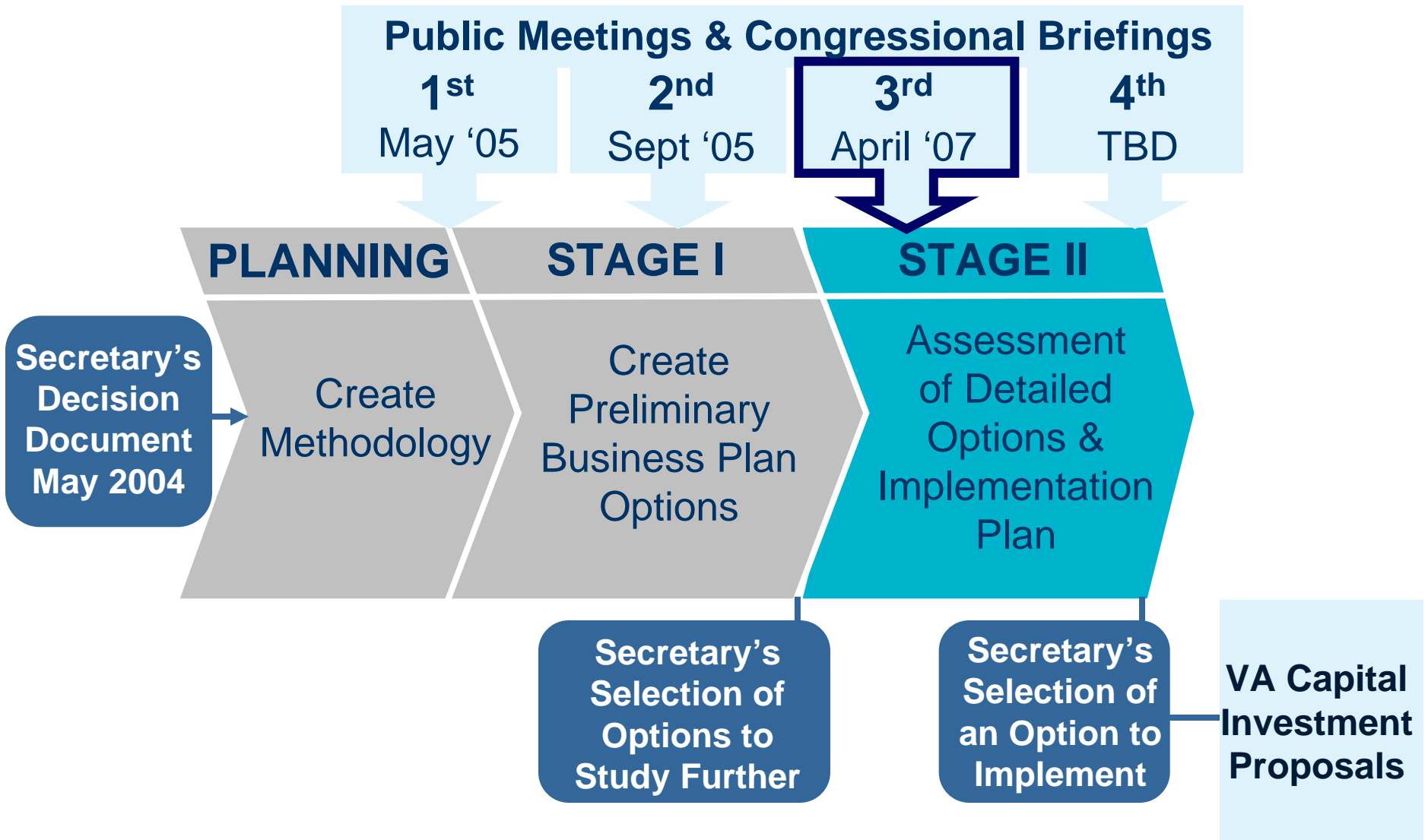
Castle Point Current Site Plan



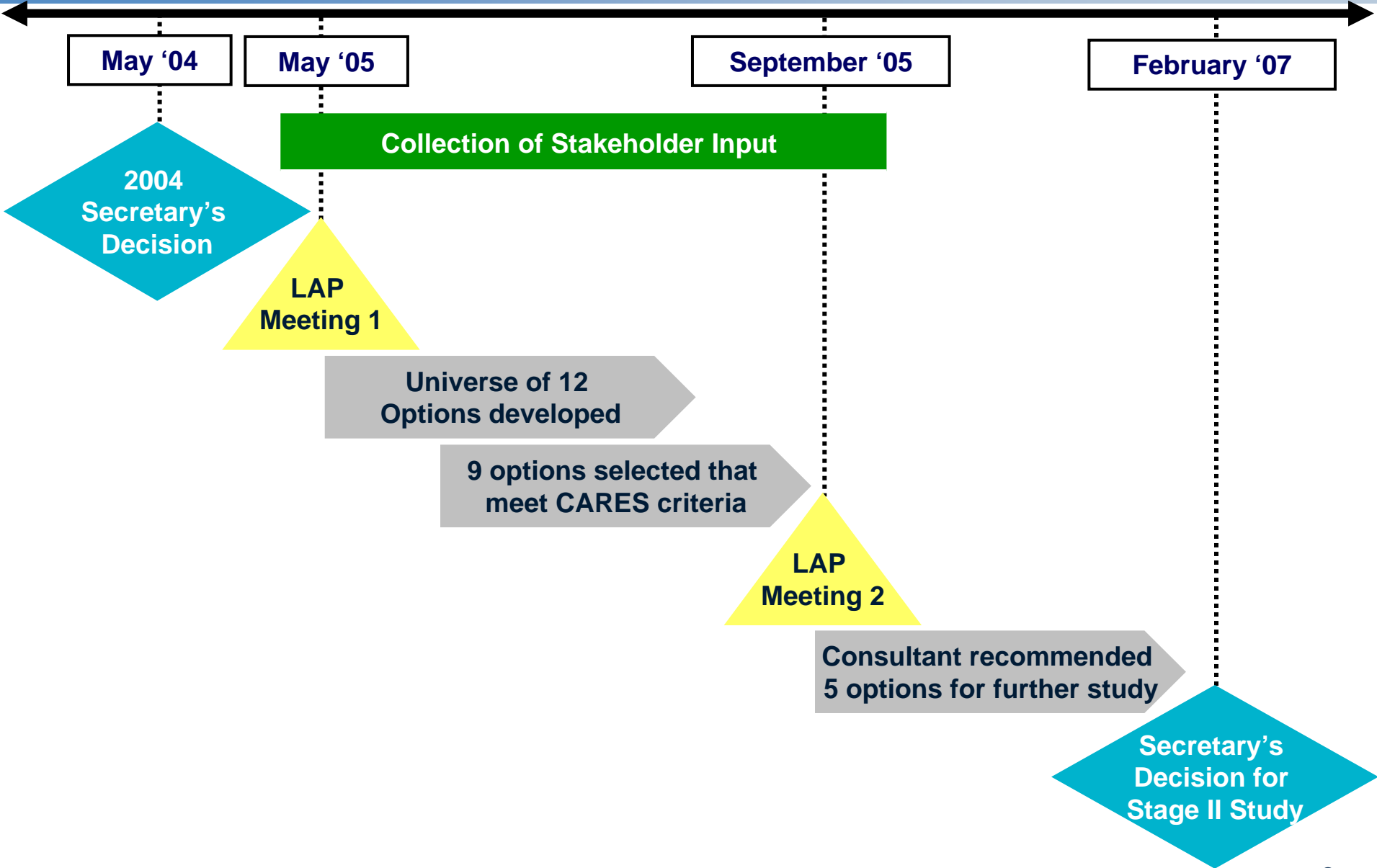
- Castle Point site is a 115-acre site with 45 buildings and structures in linear groups built in the early 1920s. Services provided include acute care, ambulatory services, mental health and nursing home services.



CARES Project Overview



Stage I – Developed a Set of Potential Options



The Following Factors Were Considered in Developing and Assessing Each Option

- Substantial renovation or new construction is needed at both campuses to meet modern health care standards.
- Half of the Montrose campus is vacant or underutilized, but the VA still incurs costs to maintain the facilities.

The Consultant Recommended Five Options, plus Baseline, for Further Study

Option 1	Baseline (Assumes a Shift in Psychiatry and Nursing Home Services to Castle Point Mandated by the Secretary's Decision)
Option 2	At Montrose, Construct New Domiciliary and Ambulatory Care Facility West of Fire Station (North Campus)
Option 7	At Castle Point, Construct All New Facilities West of Existing Buildings
Option 8	At Castle Point, Construct All New Facilities South of Existing Buildings
Option 9	At Castle Point, Construct All New Facilities on Western Campus Adjacent to River Road South
Option 11	At Montrose, Construct New Outpatient Building, Transfer Domiciliary to Castle Point, and Close Fire Station

Stakeholder Input

- Stakeholder input was used in Stage I to assist in the development of potential options as well as to evaluate the degree of support or concern regarding the potential option
- Stakeholders expressed concern about the proposed options and VA's obligation to provide healthcare to current and future veterans
- Stakeholders were concerned about the impacts of the options on patient access
- Others testified that the consolidation of all inpatient care at Castle Point was outside the bounds of the Secretary's Decision, but felt the potential operating efficiencies merited further study

LAP Input

- The LAP shared the concerns of the public with regards to maintaining services and addressing veterans' access and travel-time issues
- The LAP agreed with the public that Montrose and Castle Point campuses should be preserved if possible
- The LAP considered other issues such as keeping the domiciliary and the outpatient components of the campus near each other
- The LAP proposed one additional option, option 11

Review of Secretary's Decision and Approved BPOs for Further Study in Stage II

Jay Halpern
Special Assistant to the
Secretary



CARES January 2007 Study Decisions

- The decision announced in January 2007 narrows the options to be studied to 4 options, including Baseline, for the Montrose campus and 4 options for the Castle Point campus
- VA will also examine a full range of potential reuses for underutilized land and vacant buildings on both campuses that will provide benefits to veterans

CARES January 2007 Study Decisions – Cont'd

- The VA will continue to work with the State of New York on the Greenway project that seeks a right of way on the VA campus and will study its relationship to the reuse of portions of the VA campus
- A fourth LAP meeting will be held when the study is completed in order to receive public input on the results of the study

Options Selected for Further Study by the Secretary for Stage II

Option 1	Baseline Montrose & Castle Point (Assumes a Shift in Psychiatry and Nursing Home Services to Castle Point Mandated by the Secretary's Decision)
Option 2 (Revised)	Montrose, Construct New Residential Treatment Programs and Ambulatory Care Facility East of Fire Station (North Campus)
Option 4 (Revised)	Montrose, Construct New Residential Treatment Programs and Ambulatory Care Facility South of Fire Station
Option 7	Castle Point, Construct All New Facilities West of Existing Buildings
Option 10	Castle Point, Build New Nursing Home and Renovate Existing Facility
Option 11A	<p>Montrose: Relocate Residential Treatment Program to Castle Point and Construct New Ambulatory Care Building East of Former Fire Station Location</p> <p>Castle Point: Construct All New Facilities (Similar to BPO 7)</p>
Option 11B	<p>Montrose: Relocate Residential Treatment Programs to Castle Point and Construct New Ambulatory Care Building East of Former Fire Station Location</p> <p>Castle Point: Renovate Existing Facilities and Build New Nursing Home and Domiciliary Facilities (similar to BPO 10)</p>

Review of Stage II BPOs and Methodology for Further Study

Team
PricewaterhouseCoopers



BPO 1: *Baseline Montrose*

- Current workload projected to 2023 without any changes to facilities or programs except for nursing home and psychiatry (which under the Secretary's decision relocate to Castle Point). Outpatient Mental Health, medical clinics, and residential treatment programs (domiciliary) services remain at Montrose.
- Capital investments will be made to renovate and maintain existing buildings and infrastructure in order to meet modern, safe and secure standards.
- While there may be reuse potential of underutilized land and vacant buildings, reuse was not studied under this BPO.

BPO 1: *Baseline Castle Point*

- Renovate existing buildings containing inpatient and outpatient services in phased renovations. Construct new space to accommodate inpatient psychiatry and nursing home services relocated from Montrose to Castle Point.
- Capital investments will be made to renovate and maintain existing buildings and infrastructure in order to meet modern, safe and secure standards.
 - Retain existing support buildings, fire station, and sewage treatment plant
 - Buildings 12 and 34 will be demolished
- While there may be reuse potential of underutilized land and vacant buildings, reuse was not studied under this BPO.

BPO 1 Site Plan

Castle Point



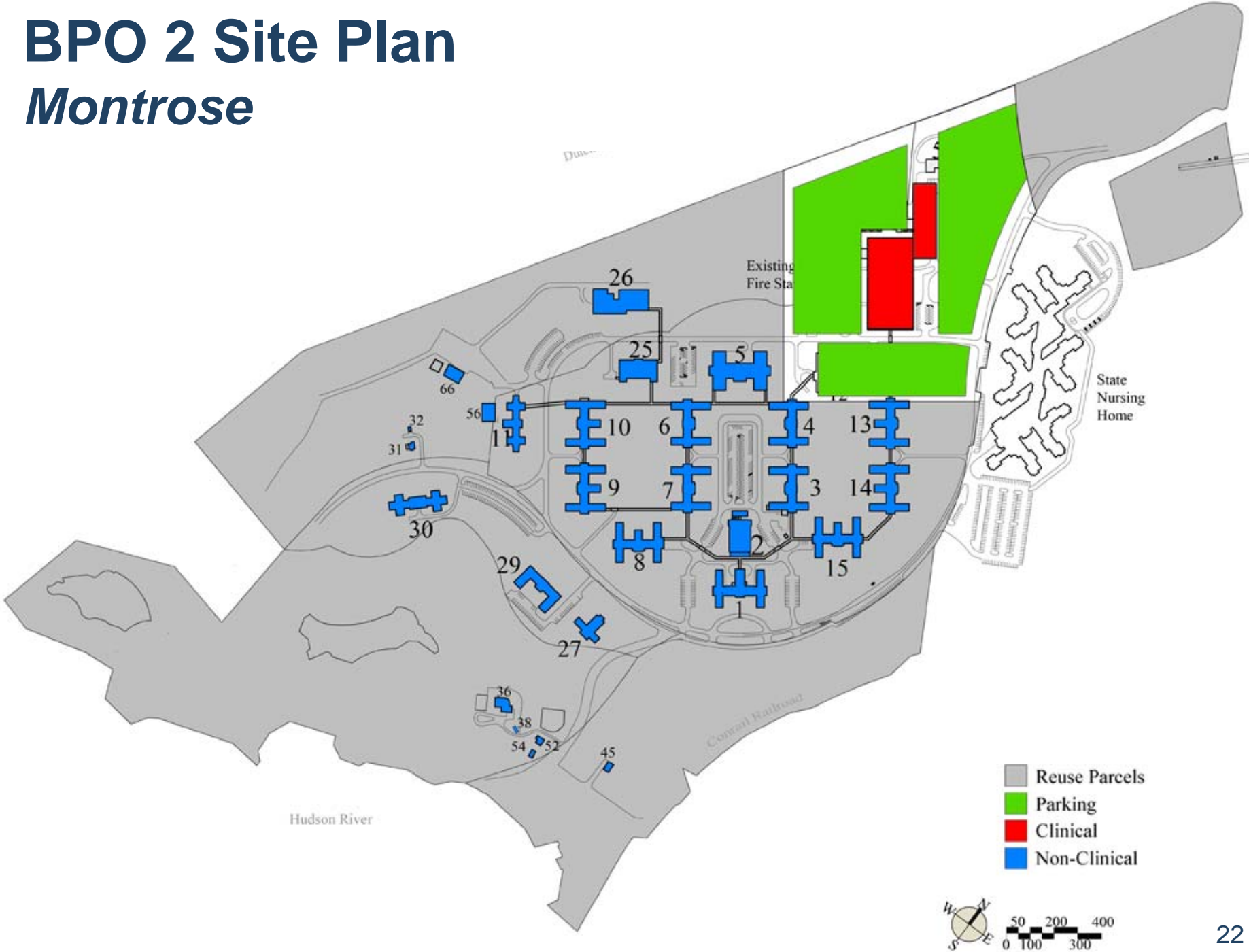
BPO 2 (Revised): Montrose

Construct New Residential Treatment Programs and Ambulatory Care Facility East of Fire Station (North Campus)

- This BPO would place Outpatient Mental Health, medical clinics, and residential treatment programs in new construction east of the fire station on the northeastern part of the campus.
- Most other existing buildings and infrastructure (including the water distribution system and waste water treatment plant) would be available for reuse opportunities.
- Parcels 1, 2, 3, 5, 6, & 7 and portions of parcel 4 are available for reuse.

BPO 2 Site Plan

Montrose



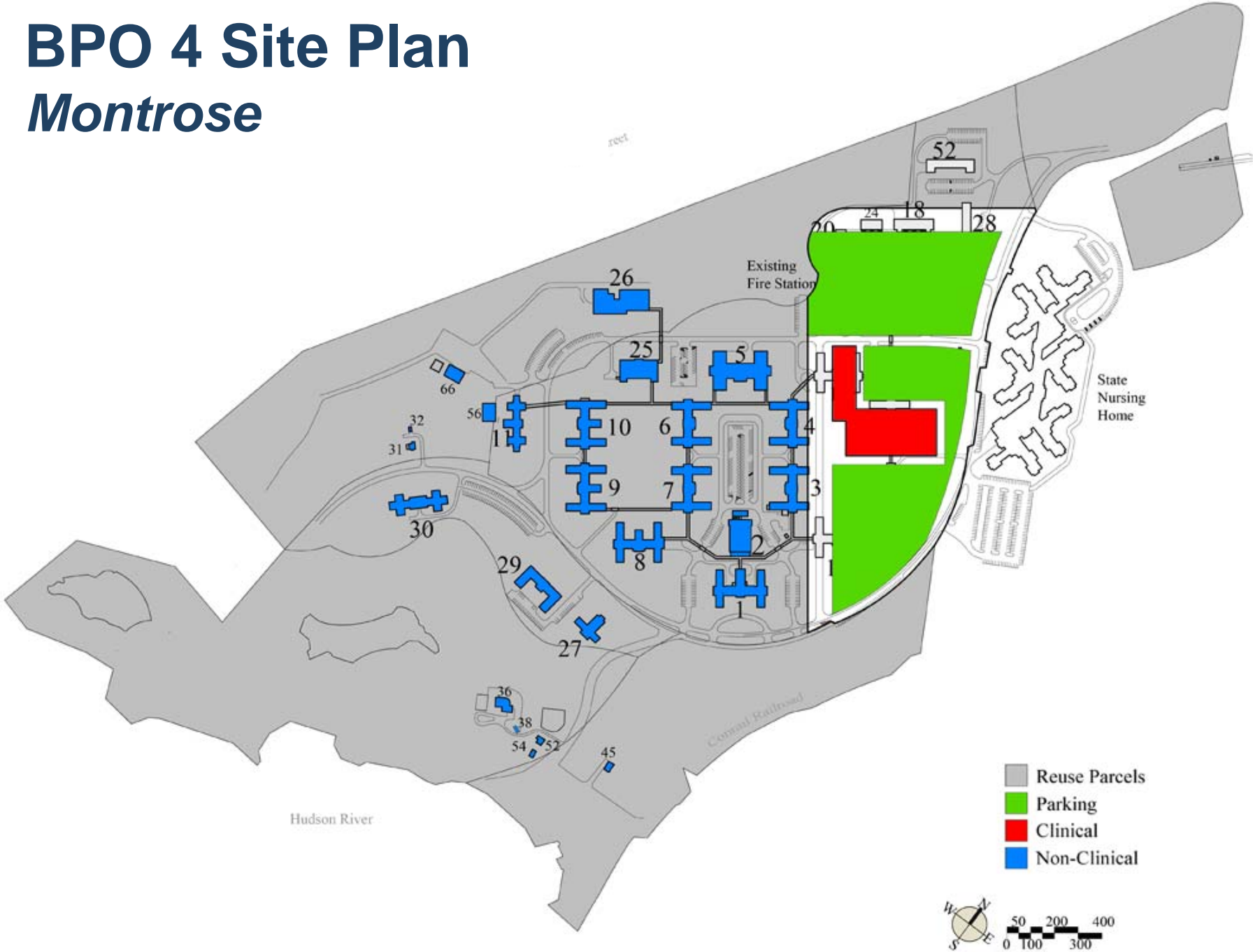
BPO 4: Montrose

Construct New Residential Treatment Programs and Ambulatory Care Facility South of Fire Station (Site of Buildings 13 and 14)

- Place Outpatient Mental Health, medical clinics, and residential treatment programs in new construction south of the fire station on the site of Buildings 13 and 14. Buildings 12, 13, 14 and 15 will be demolished to provide the necessary space for the new facilities.
- All other existing buildings and infrastructure (including the water distribution system and waste water treatment plant) would be available for reuse opportunities.
- Parcels 1, 2, 4, 5, 6, & 7 and portions of parcel 3 are available for reuse.

BPO 4 Site Plan

Montrose



BPO 7: *Castle Point*

Construct All New Facilities West of Existing Buildings

- Construct a replacement facility on vacant land west of the existing buildings. Accommodate all inpatient, ambulatory care, and nursing home services including services relocated from Montrose (inpatient psychiatry and nursing home).
- Inpatient Spinal Cord Injury services are relocated to Bronx VAMC and outpatient Spinal Cord Injury services remain on campus.
- Expand and improve parking. Maintain water and sewage treatment capacity, and fire station capability. All other buildings on the campus will be vacated.
- Reuse was not studied in Stage I. Reuse opportunities for available land and buildings will be studied in Stage II.

BPO 7 Site Plan

Castle Point



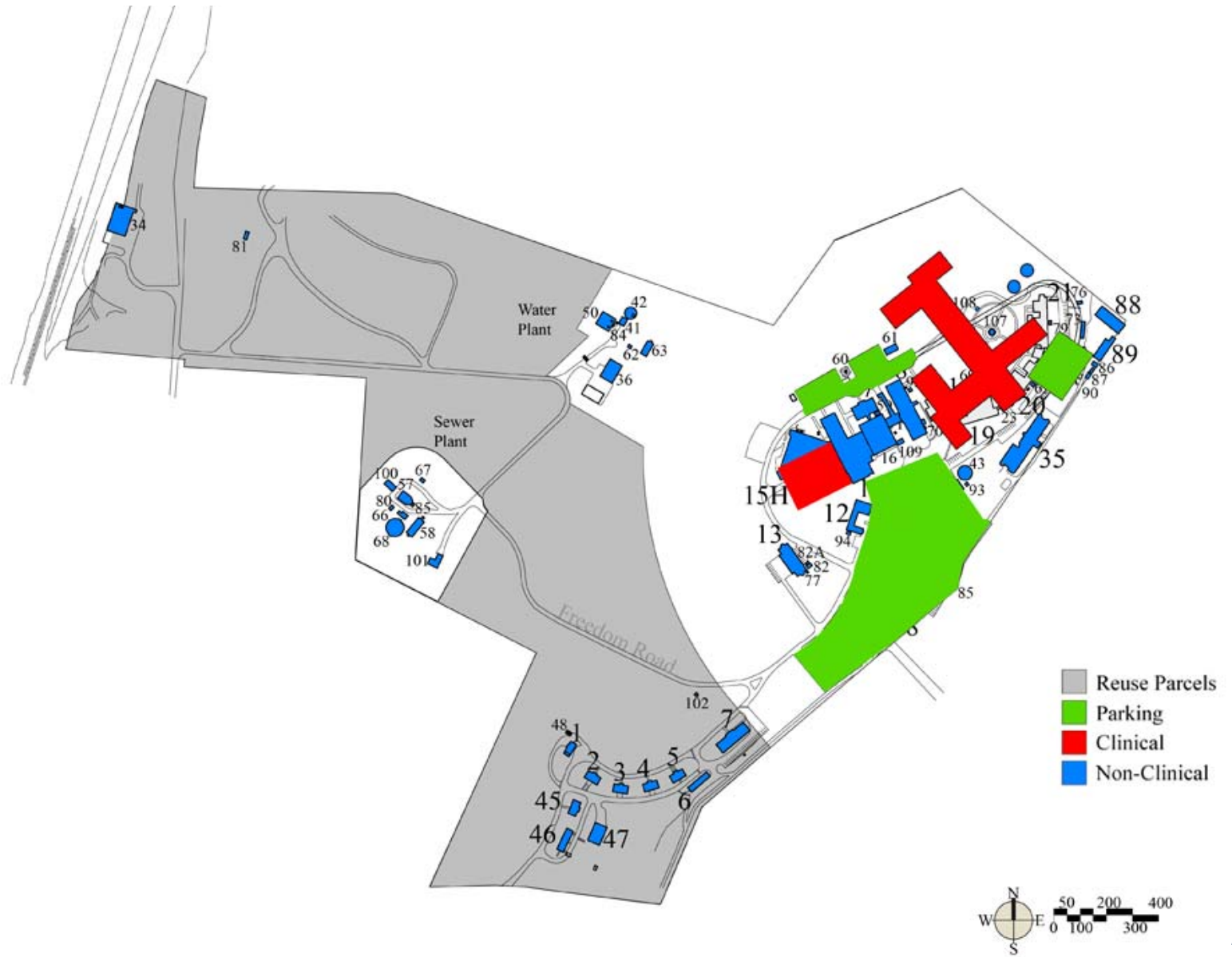
BPO 10: *Castle Point*

Build New Nursing Home and Renovate Existing Facility

- All current services at Castle Point will remain on campus with the exception of Inpatient Spinal Cord Injury services (which are relocated to Bronx VAMC). Outpatient Spinal Cord Injury services remain on campus.
- Build replacement nursing home to accommodate existing Castle Point services and those nursing home beds relocated from Montrose.
- Renovate buildings to accommodate existing Castle Point inpatient and ambulatory care services and inpatient psychiatry transferred from Montrose. Expand and improve parking.
- Reuse was not studied in Stage I. Reuse opportunities for available land and buildings will be studied in Stage II.

BPO 10 Site Plan

Castle Point



BPO 11A

***Montrose:** Relocate Residential Treatment Program to Castle Point and Construct New Ambulatory Care Building East of Former Fire Station
Location*

***Castle Point:** Construct Replacement Facility (Similar to BPO 7)*

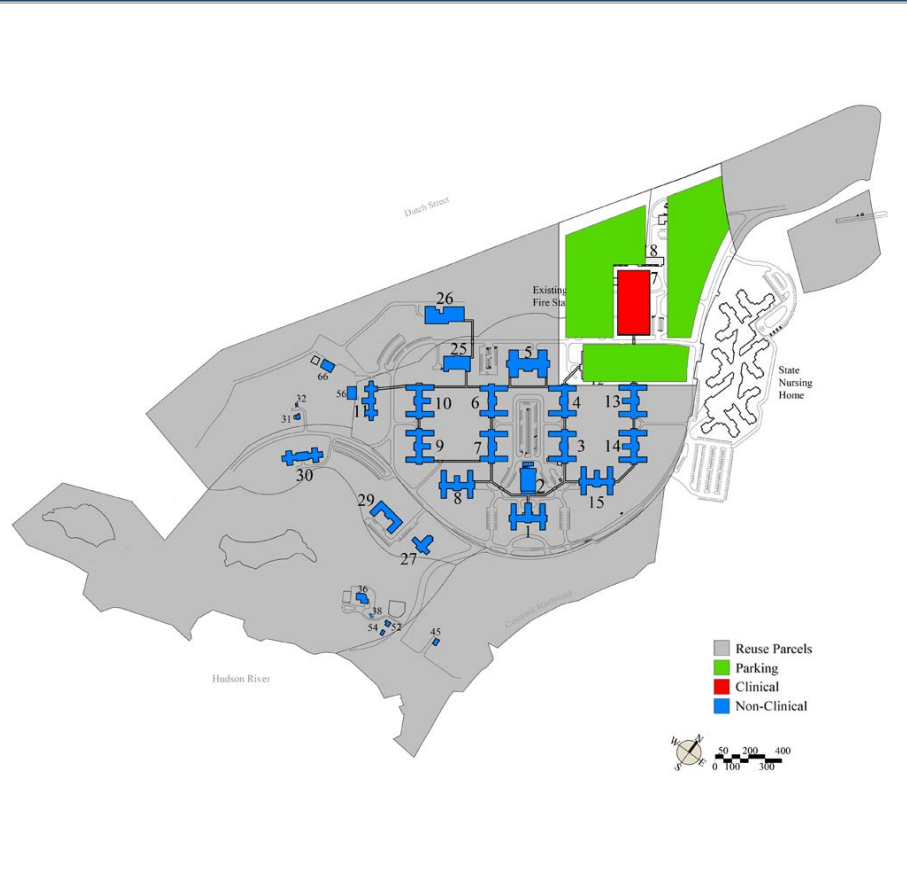
- At Montrose, construct a new building for ambulatory care services east of former fire station. All other services (inpatient psychiatry, nursing home and residential treatment programs) are relocated to Castle Point. Expand and improve parking.
- At Castle Point (similar to BPO 7), construct a replacement facility on vacant land west of the existing buildings. Accommodate all inpatient, ambulatory care, and nursing home services including services relocated from Montrose (inpatient psychiatry, nursing home and residential treatment programs). Inpatient Spinal Cord Injury services are relocated to Bronx VAMC and Outpatient Spinal Cord Injury services remain on campus.
- Reuse was not studied in Stage I at Castle Point. Reuse opportunities for available land and buildings at both campuses will be studied in Stage II.

BPO 11A Summary

Montrose & Castle Point

Montrose

Relocate residential treatment program to Castle Point and construct new outpatient building



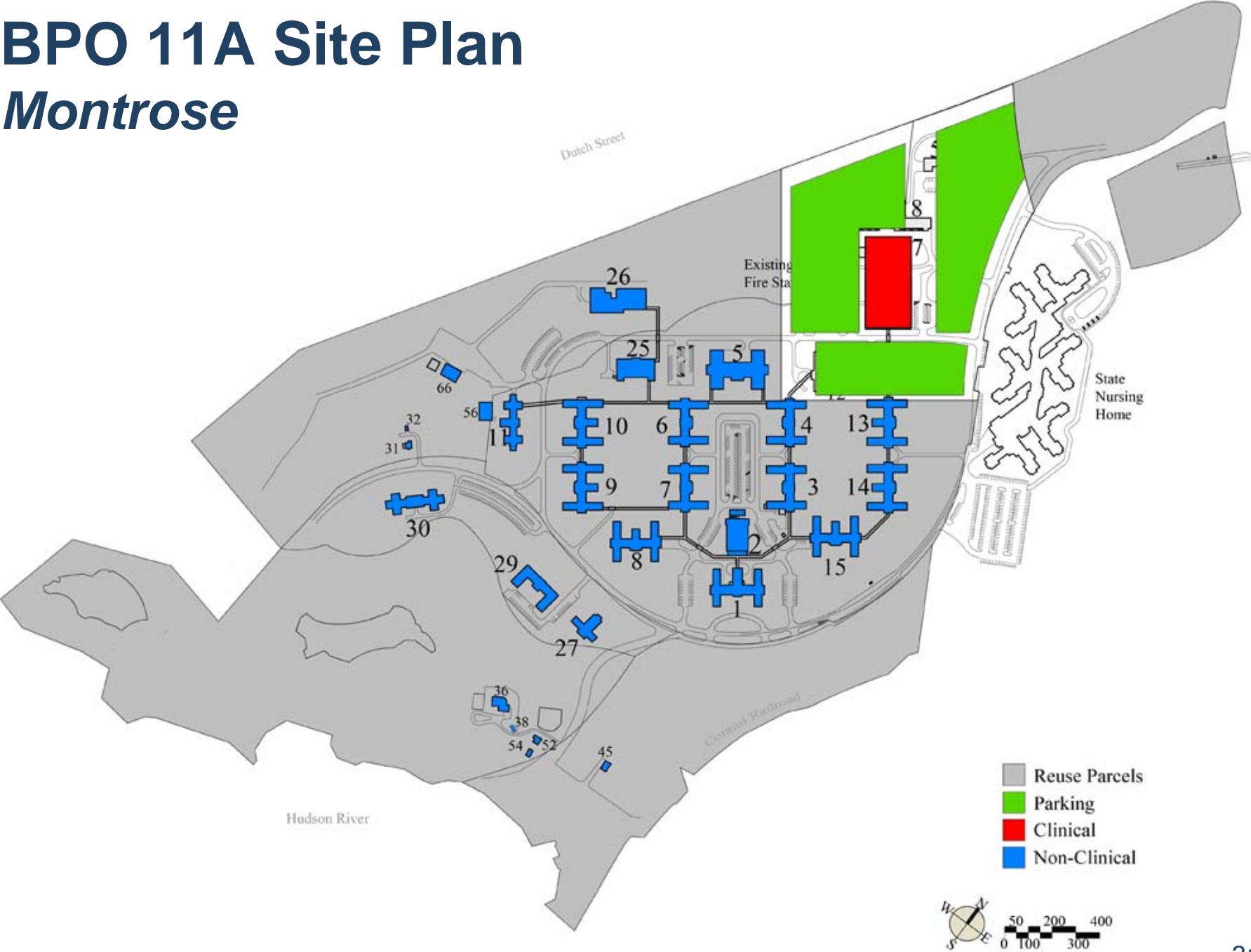
Castle Point

Construct all new facilities (similar to BPO 7)



BPO 11A Site Plan

Montrose



BPO 11A Site Plan

Castle Point



BPO 11B

Montrose: Relocate Residential Treatment Programs to Castle Point and Construct New Ambulatory Care Building East of Former Fire Station Location

Castle Point: Renovate Existing Facilities and Build New Nursing Home and Domiciliary Facilities (similar to BPO 10)

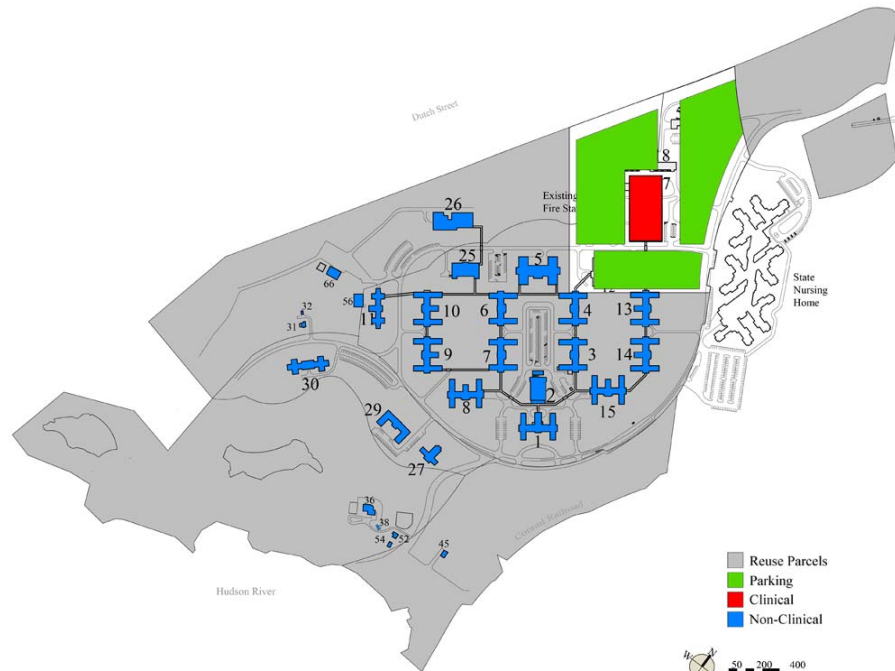
- At Montrose, construct a new building for ambulatory care services east of former fire station. All other services (inpatient psychiatry, nursing home and residential treatment programs) are relocated to Castle Point. Expand and improve parking.
- All current services at Castle Point will remain on campus with the exception of Inpatient Spinal Cord Injury services (which are relocated to Bronx VAMC). Outpatient Spinal Cord Injury services remain on campus.
- Build replacement nursing home to accommodate existing Castle Point services and those nursing home beds relocated from Montrose.
- Renovate buildings to accommodate existing Castle Point inpatient and ambulatory care services and inpatient psychiatry. Accommodate residential treatment programs transferred from Montrose.
- Reuse was not studied in Stage I at Castle Point. Reuse opportunities for available land and buildings at both campuses will be studied in Stage II.

BPO 11B Summary

Montrose & Castle Point

Montrose

Relocate residential treatment program to Castle Point and construct New Outpatient Building



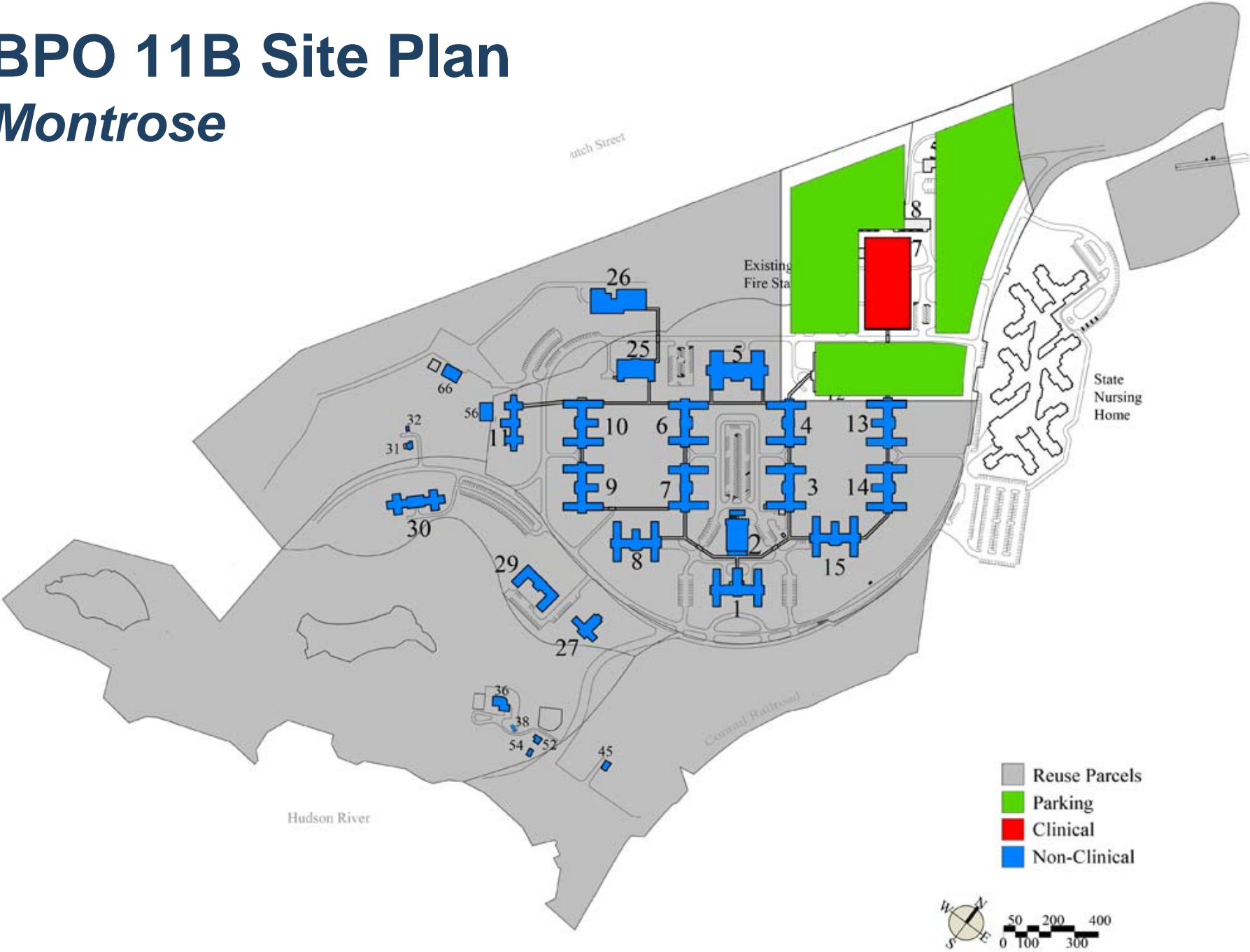
Castle Point

Renovate existing facilities and build New Nursing Home and Domiciliary Facilities (similar to BPO 10)



BPO 11B Site Plan

Montrose

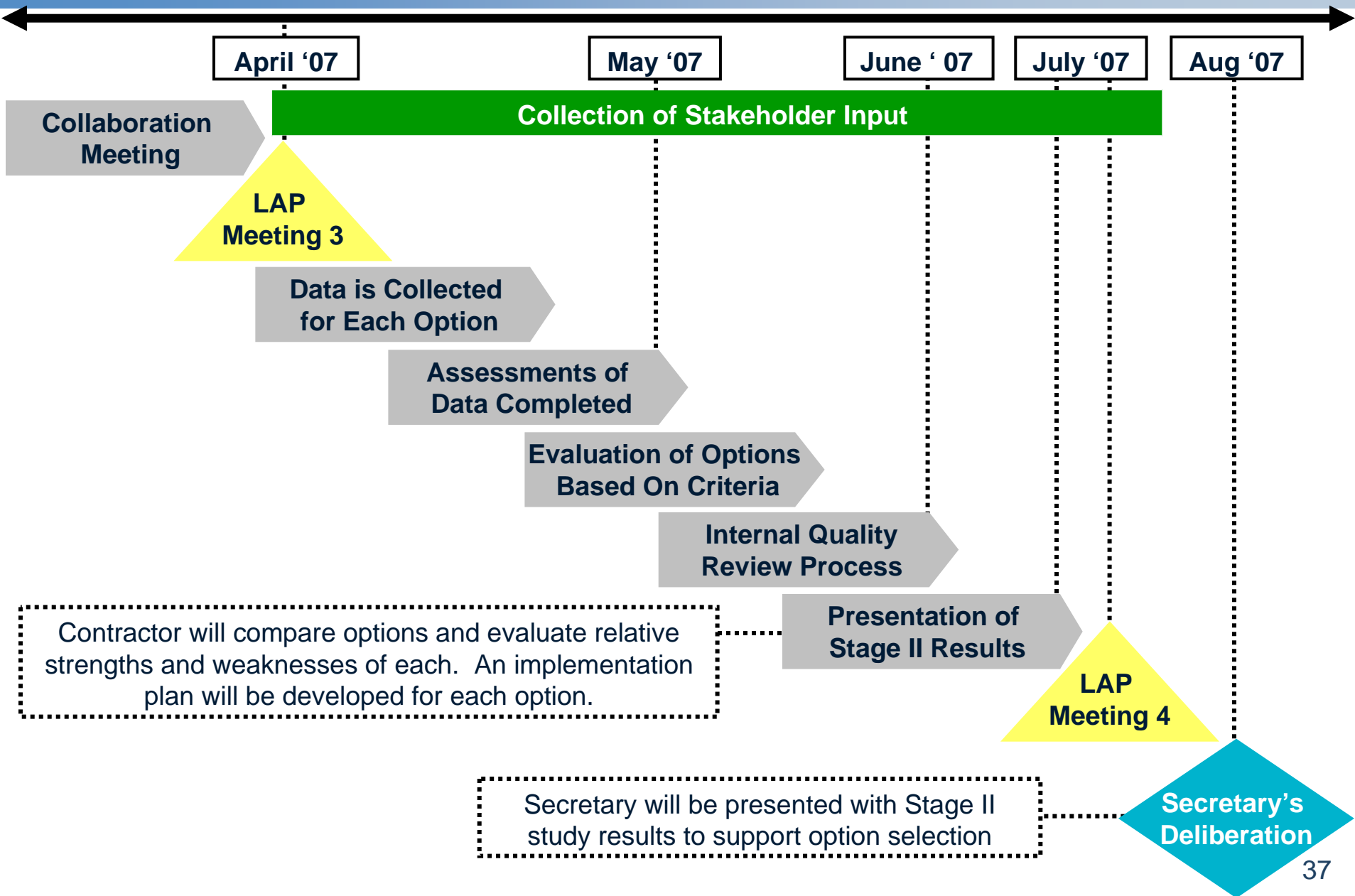


BPO 11B Site Plan

Castle Point



Stage II Study Process



Stage II Evaluation Criteria

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

CARES & The Enhanced-Use Leasing Program

Karen Williams, Office of Asset &
Enterprise Management

Marc Waddill, Reuse Contractor



What is the Enhanced-Use Leasing Program?

The EUL Program is a category of Reuse and refers to legislative authority that allows VA to:

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

Goals of the Enhanced-Use Leasing Program

EUL Program looks to ensure that reuse opportunities under consideration:

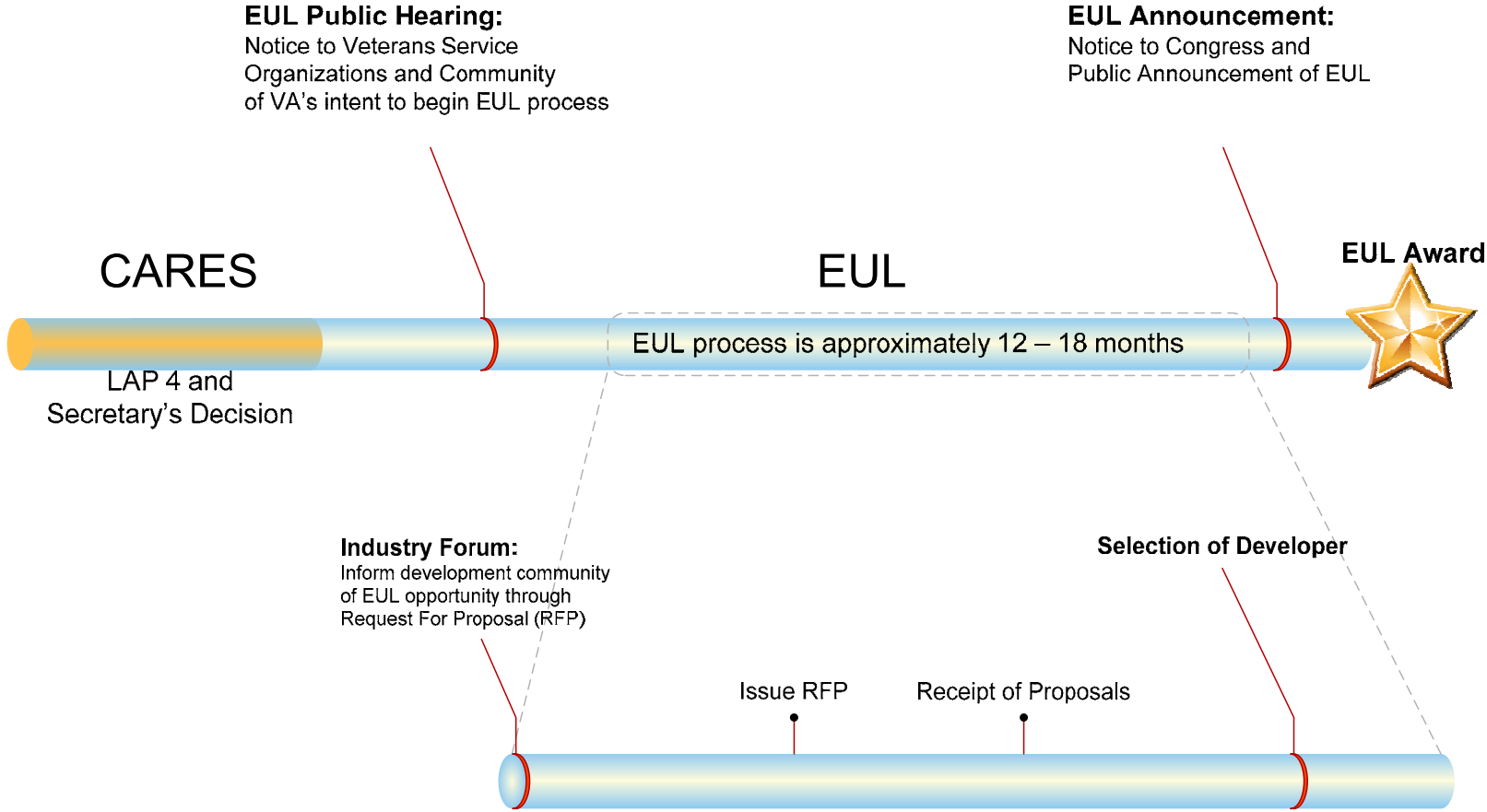
- Enhance the Department's mission;
- Are compatible with fabric of existing neighborhoods;
- Maintain historical, aesthetic and cultural values of the site;
- Preserve existing buildings, wherever feasible; and
- Successful EULs benefiting veterans: child care, assisted living, transitional housing, homeless or SRO, parking.

CARES and the Enhanced-Use Leasing Program

CARES Stage 2 will study the business plan options selected by the Secretary considering:

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

Milestones within Enhanced-Use Leasing Program



Veterans Benefits and Enhanced-Use Leasing Program

Revenues

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

In-Kind Consideration

- VA receives benefits in the form of renovation or new construction of the medical facilities, i.e. nursing home, domiciliary, outpatient clinic, etc.

Specific example of Veterans Benefits:

- Priority placement for housing
- Reduced rents for veterans
- Additional amenities: child care, parking, community center, recreational facilities

Reuse Considerations for Montrose & Castle Point

Secretary's final decision will provide guidance on the remaining land or buildings available for Reuse

Reuse reports completed in phases:	Montrose	Castle Point
Real Property and Environmental Baseline	Complete	Partially Complete
Initial Feasibility for Reuse	Complete	Partially Complete
Detailed Reuse / Redevelopment Analysis	In Progress	In Progress

Reuse opportunities consider such factors:

- VA mission enhancement or complementary services to veterans
- Environmental, historic, and topography constraints
- Compatibility with local governance & community support
- Availability and capacity of existing infrastructure (i.e. sewer & water)
- Compatibility with adjacent land use
- Local market dynamics

Reuse Study for Montrose Campus

Phase 3 Detailed Reuse/Redevelopment Analysis Report will examine the feasibility of a number of potential uses.

Potential uses that will be analyzed and presented in detail at LAP 4 include:

- Residential (complements surrounding uses, local market)
- Research & Development (highly speculative)
- Office / Higher Education (adaptive reuse only, tenant dependent)
- Retail (smaller establishment types to service new development on site)
- Note: Water distribution system and waste water treatment plant will be available for reuse in conjunction with reuse opportunities

Reuse Study for Castle Point Campus

Phase 3 Detailed Reuse/Redevelopment Analysis Report will examine the feasibility of a number of potential uses.

Potential uses that will be analyzed and presented in detail at LAP 4 include:

- Residential (complements surrounding uses, local market)
- Research & Development (potential synergies with existing VA facilities)
- Office / Higher Education (adaptive reuse only, tenant dependent)
- Note: Water distribution system and waste water treatment plant will continue to support VA operations and will not be available for reuse

Input Needed from LAP and Public for Stage II

What is important to you in the Contractor's consideration of these Options in Stage II analyses?

- Topics to consider:
 - Adequate facilities (modern facility meeting healthcare demands)
 - Timeliness (length of time to complete BPO)
 - Availability of care (construction disruptions)
 - Use of facilities (good use of existing land/facilities)
 - Campus environment (disrupt historic quality/natural setting)

Next Steps

- Input about the options will be collected for **14 days** following the LAP meeting – through May 1.
- The consultant will compare options and evaluate relative strengths and weaknesses of each option. An implementation plan will be developed for each option.
- The consultant will present findings and recommendations at the 4th LAP meeting.

How Can You Provide Input?

Local Advisory Panel Meeting

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

CARES Project Website

www.va.gov/CARES

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

CARES Central Mailstop

Montrose/Castle Point Study

VA CARES Studies

PO Box 1427

Washington Grove, MD 20880-1427