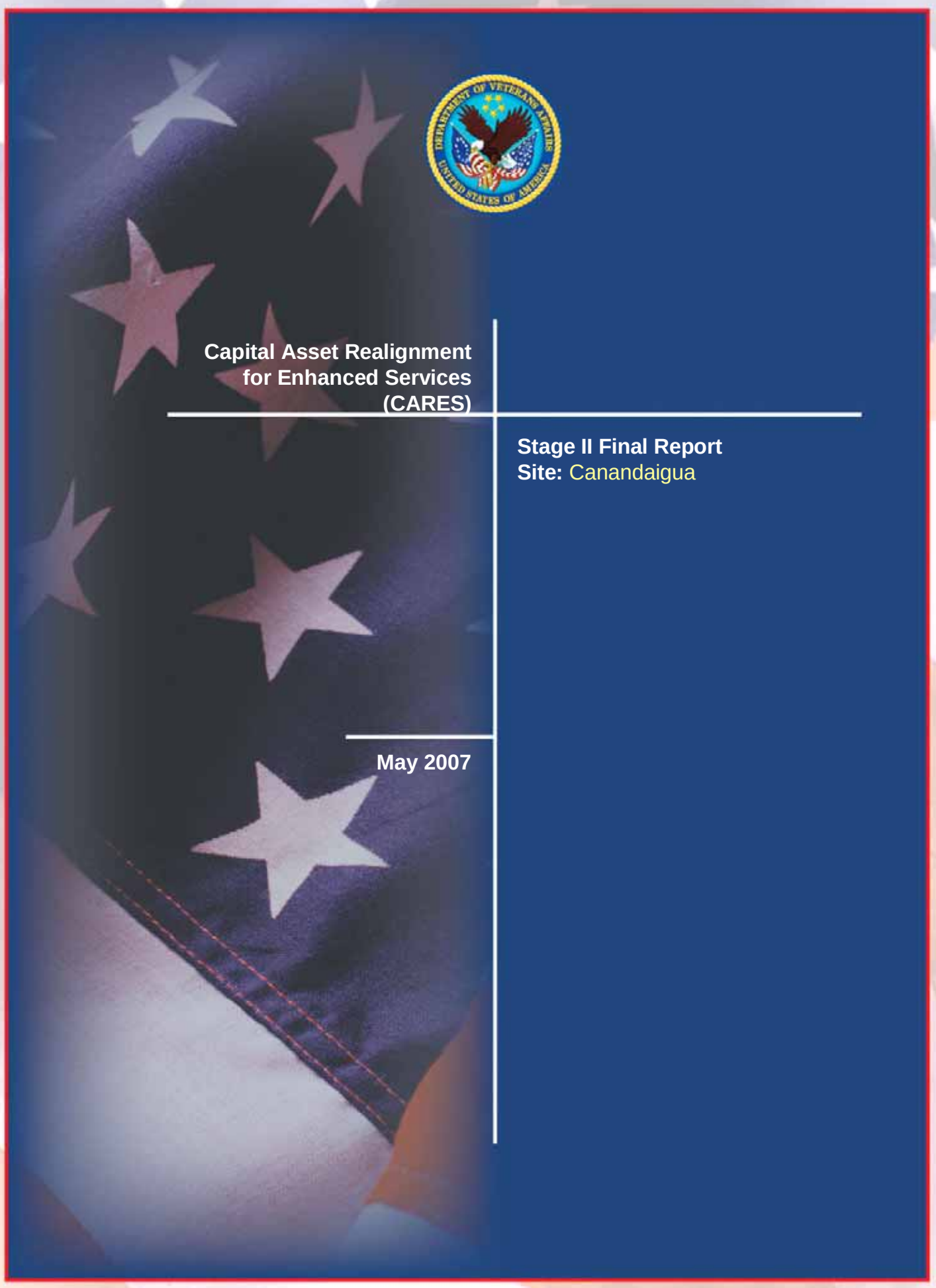

Capital Asset Realignment for Enhanced Services (CARES)

Stage II Final Report
Site: Canandaigua

May 2007

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

VA has also contracted with another government contractor, The Pruitt Group EUL LLC, to develop reuse and redevelopment options for this study site. The Pruitt Group issued its report, Enhanced Use Lease Property Reuse Redevelopment Plan: Phase Three Reuse Redevelopment Report, to VA's Office of Asset Enterprise Management. As directed by VA, PwC has included information from Pruitt Group's report in relevant parts of its analysis. PwC was not engaged to review and, therefore, makes no representation regarding the sufficiency of nor takes any responsibility for any of the information provided by The Pruitt Group.

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.

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1.0 Executive Summary

CARES is 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 reuse of all or portions of the current real property inventory owned by VA. While most VA Medical Centers (VAMCs) have received approval to proceed with plans consistent with the CARES objectives, the Secretary of Veterans Affairs' May 2004 CARES Decision determined that additional study was necessary for the Canandaigua New York, VAMC.

The purpose of this preliminary report is to present the results of Stage II of the CARES study process for Canandaigua. In Stage II, Team PwC and Pruitt Group (independent contractor to VA on reuse) conducted a detailed assessment of a reduced list of Business Plan Options (BPOs) selected by the Secretary in order to provide VA decision makers with an evaluation of each BPO and its relative strengths and weaknesses. A separate implementation plan featuring risk mitigation strategies will be developed for each BPO.

A number of key drivers were considered in the development and evaluation of BPOs: The number of enrolled veterans in the Canandaigua market is expected to decrease over the next 20 years; Overall, demand for healthcare services at Canandaigua declines over the projected study period (2003-2023); The historic Canandaigua VAMC is more than 70 years old and was built for more than six times as many beds as it currently operates; consequently, it has significant vacant and underutilized space which is expensive to maintain and operate; The original design and layout of the Canandaigua facilities do not enable VA to provide healthcare services in an operationally efficient manner; Recurring maintenance costs for underutilized buildings place an additional burden on VA; The Canandaigua VAMC requires significant capital expenditure over the next 20 years to upgrade facilities to modern, safe, and secure standards; A majority of the campus land and buildings have reuse potential which may provide potential offset to the capital investment needed for the site.

The Secretary of VA approved the following reduced list of BPOs for detailed study in Stage II: Baseline Option (BPO 1); Replace nursing home, domiciliary and outpatient services in new facilities on the eastern portion of golf course parcel (BPO 2); Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1 (BPO 6); Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel (BPO 7); Replace nursing home and domiciliary services in new facilities in Courtyard 2 and locate outpatient services in renovated buildings in Courtyard 1 (BPO 9).

The BPOs were compared against the Baseline option using five categories of evaluation criteria: Capital Planning, Use of VA Resources, Reuse, Ease of Implementation, and Support for Other VA Programs. Parallel to the evaluation, Team PwC solicited input from a Local Advisory Panel and other interested stakeholders regarding their comments and concerns for each BPO.

Each of these options has relative merits and varying levels of stakeholder support. The baseline option (BPO 1) accommodates the projected healthcare demand by renovating existing buildings

to meet modern, safe and secure standards, where conditions allow. Some stakeholders prefer this option because it preserves the historic buildings and scenic quality of the current campus. However, the LAP highlighted that this option does not take advantage of the numerous benefits to patients and staff of new, state-of-the-art clinical facilities.

The renovations in the baseline achieve a more modern, safe and secure healthcare environment than is currently provided. However, the baseline capital project is more expensive, more complex to implement, and takes 18 months longer than the new construction options (BPOs 2 and 7). Moreover, the baseline results in the highest operating and net present costs and the most vacant and underutilized space of any option.

Options 2 and 7 construct new nursing home, domiciliary and outpatient facilities on the eastern portion of the golf course or northern (Academy) parcels of the campus. These options have several comparative advantages over the other options. These options have the shortest duration and the lowest capital cost. They also involve less complex implementation and minimal disruption to patients. Moreover, they achieve the lowest operating and net present costs and the least vacant and underutilized space compared to the other options. In the eyes of stakeholders and the LAP, the weakness of these options is that change the feel of the campus by locating new facilities away from the "historic core" of the campus, potentially leaving the current campus buildings vacant for extended periods of time. The LAP did show support for BPO 2 at the fourth LAP meeting as it provides new state-of-the-art inpatient and domiciliary facilities.

Option 6 replaces the nursing home, domiciliary and outpatient services in new and renovated facilities in the area of Courtyard 1. At the fourth LAP meeting stakeholders and the LAP did not show support for Option 6. It has the advantages of slightly lower capital investment costs, as well as moderate reductions in vacant and underutilized space. On the other hand, it takes longer to implement than options 2 and 7 and involves more complex implementation. The implementation is made more complex by the need for temporary relocation of programs and historic building considerations.

Option 9 replaces nursing home and domiciliary services in new facilities in Courtyard 2 and renovates outpatient facilities in Courtyard 1. This option received overwhelming support from the stakeholders and the LAP since it provides new clinical facilities while continuing to utilize the historic front of the campus. This option does have several weaknesses. It has comparatively high capital costs and longer implementation duration than BPOs 2 and 7. Moreover, it requires a complex implementation effort, with temporary relocation of programs and historic building considerations. It achieves only a moderate reduction in vacant and underutilized space and has the highest operating cost of all the options.

2.0 Introduction and Background

Purpose of Report

The Capital Asset Realignment for Enhanced Services (CARES) study process consists of a planning phase and two study phases, Stage I and Stage II. In Stage I, Team PricewaterhouseCoopers (Team PwC) developed and assessed a broad range of potentially viable business plan options (BPOs) that met the forecast healthcare needs for the study sites. Several of the studies involved a reuse analysis prepared by The Pruitt Group, and Other Government Contractors (OGCs). Based upon an initial assessment of these BPOs, Team PwC recommended up to six BPOs to be taken forward for further development and assessment in Stage II, and the Department of Veterans Affairs (VA) reviewed this recommendation and selected the specific BPOs to be studied further. In Stage II, Team PwC and The Pruitt Group conducted a more detailed assessment of the short-listed BPOs in order to provide VA decision makers with an evaluation of each BPO and its relative strengths and weaknesses. This preliminary report together with the separate report on reuse for the Canandaigua study site. (Enhanced Use Lease Property Reuse Redevelopment Plan: Phase Three Reuse Redevelopment Report) summarizes the work done by Team PwC and the Pruitt Group in Stage II. A separate implementation plan featuring risk mitigation strategies will be developed for each BPO.

Project Overview

CARES is 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 reuse of all or portions of the current real property inventory owned by VA. While most VA Medical Centers (VAMCs) have received approval to proceed with plans consistent with the CARES objectives, the Secretary of Veterans Affairs' May 2004 CARES Decision determined that additional study was necessary for the Canandaigua New York, VAMC.

The Secretary's Decision Document of May 2004 makes the following decisions for Canandaigua:

- The Master Plan will include construction of a new multi-specialty outpatient clinic and nursing home complex to replace the patient care facilities currently located on the Canandaigua campus
- The new nursing home complex will accommodate nursing home, domiciliary and residential rehabilitation patients and will provide geropsychiatric services and hospice care
- The plan incorporates the transfer of acute inpatient psychiatric patients from Canandaigua to Buffalo and Syracuse

Canandaigua VA Medical Center

- All other patient care services currently in place at the Canandaigua VAMC will be accommodated in the new facilities with the potential for enhanced services to include new clinics as needed.

Following a period of data gathering and analysis conducted under VA-approved methodologies, Team PwC presented its Stage I report to VA. A summary of this report is available online at http://www.va.gov/cares. The report describes a total of nine options consistent with the mandates of the Secretary's May 2004 decision for the Canandaigua study site. BPO 9 was proposed by the Local Advisory Panel (LAP) at the second LAP Public Meeting on August 30, 2005 and also met initial screening criteria. After examining the BPOs presented in the Stage I report, the Secretary determined that five BPOs (1, 2, 6, 7 and 9) be further analyzed in Stage II. These are further summarized in a section below.

In Stage II, the BPOs were compared against the Baseline option using a set of agreed-upon evaluation criteria that are described in the following methodology summary section as well as in the detailed Stage II methodology (Appendix B). The Baseline is the BPO under which there would not be a 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, where existing conditions permit, are factored into the current state assessment.

Team PwC and The Pruitt Group conducted a preliminary evaluation of each BPO. In order to obtain further input into the tradeoff evaluation of the options, Team PwC convened an Independent Review Panel (IRP) to provide an in-process review of the Stage II analysis, which included a balanced review of the tradeoffs considered in developing the evaluation of each BPO. The IRP challenged and validated the assessment findings and evaluation of each BPO, with consideration of stakeholder input. The BPOs were first assessed against the evaluation criteria using a quantitative scale in order to numerically discriminate between each BPO. The evaluation results were then used by site teams and the IRP to discuss the relative strengths and weaknesses of each BPO and in turn to develop the implementation plans. This report contains the evaluation results for each BPO and a tradeoff discussion of their relative merits. The Stage II results will be presented to the Secretary to make a final decision on a set of capital and reuse proposals for Canandaigua VAMC.

Study Drivers

Over the course of Stage I, several key factors affecting planning for the Canandaigua study site were identified. These factors must be balanced in the development and evaluation of Business Plan Options (BPOs) for the Canandaigua study site. They are:

- The number of enrolled veterans in the Canandaigua market is expected to decrease over the next 20 years
- Overall, demand for healthcare services at Canandaigua declines over the projected study period (2003-2023)
- The historic Canandaigua VAMC is more than 70 years old and was built for more than

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

These key factors are described in further detail below.

Healthcare Demand - Overall demand for inpatient services declines 11% over the forecast period (2023), except for nursing home care, which is held constant by VA. Overall demand for outpatient services experiences a similar (10%) decline over the forecast period. Exceptions to this trend are projected increases in demand for ambulatory medical/surgical services (i.e., cardiology, eye clinic, urology, non surgical specialties, surgical and related specialties) and a slight increase in services to the homeless.

Current Status of the Canandaigua VAMC – A nominee to the National Register of Historic Places, Canandaigua VAMC was built in the 1930s and 1940s and sized for a much larger number of beds than it currently operates. Today, one quarter of the campus is vacant or underutilized. The medical center facilities are in good condition for their age, although they pose significant challenges for renovation to achieve modern, safe and secure standards of healthcare.

Use of VA Resources – The physical layout and unit sizes of the original buildings increase the total number of staff, supplies, heating, and power, etc., needed to operate the campus. While renovation and consolidation of existing campus buildings would be expected to yield some operating efficiencies, VA would still not achieve the same operating efficiencies as more modern healthcare facilities.

Level of Capital Expenditure Anticipated – The Canandaigua VAMC requires significant capital expenditure to upgrade to modern, safe, and secure standards. $13 million in capital improvements have been identified by the facility as part of its five-year capital plan. This amount will not achieve all the changes needed to meet current healthcare codes. Additional significant investment beyond this amount would be needed to bring existing facilities to VA standards for a modern, safe, and secure facility.

Reuse Potential – Reuse of underutilized buildings and land creates the potential for VA to enhance existing programs and services to veterans (obtaining facilities, space, services and/or money) in return for making property available to private or other public entities. The reuse potential for the Canandaigua VAMC is good from the standpoint of its physical attributes. However, the real estate market in Canandaigua limits the potential proceeds for this site. Therefore, the value of reuse is of limited influence to the development and evaluation of the BPOs, making off-site facility placement more costly than using existing land.

Summary of Stage I BPOs

BPOs Recommended for Further Study

The BPOs recommended for further study are similar in key areas. All of them would:

- Maintain continuity of inpatient and outpatient services on the Canandaigua VAMC;
- Right-size the campus for future demand;
- Achieve modern, safe and secure facilities through renovation, consolidation or new construction;
- Permit reuse and redevelopment of a majority of the campus; and
- Have the support of the Local Advisory Panel (LAP).

BPO 1:
Baseline - No significant changes in either the location or type of services provided in the study site. Capital improvements to meet modern, safe and secure standards; where existing conditions allow.

BPO 2:
Replacement Facilities – Golf Course East - Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel.

BPO 6:
Replacement/Renovated Facilities – Courtyard 1 - Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1.

BPO 7:
Replacement Facilities – Canandaigua Academy Parcel - Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus.

BPO 9:
Replacement/Renovated Facilities in Courtyard 1 and 2 - Replace nursing home and domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1.

BPOs Not Recommended for Further Study

The BPOs which Team PwC eliminated from further consideration involved moving all or a subset of services to new facilities off campus and redeveloping a majority of the campus. The LAP and veterans strongly opposed this approach.

Secretary's Decision for Stage I

The following is the text of the October 2006 press release of the Secretary's decision for Canandaigua.

WASHINGTON - Veterans in the Canandaigua area will continue to receive worldclass care for both inpatient and outpatient services in modernized, state-of-the-art facilities operated by the Department of Veterans Affairs (VA) at the current Canandaigua VA Medical Center, the Honorable R. James Nicholson, Secretary of Veterans Affairs, announced today.

"VA is staying at Canandaigua, with the full range of inpatient and outpatient services," Nicholson said. "With new, world-class health care facilities, Canandaigua veterans will continue to have the best medical care in the United States well into the 21st century. By placing these services closer to where veterans actually live, we're ensuring they have easier access to the care they have earned."

Nicholson also announced that VA will conduct studies on the best way to provide those inpatient and outpatient services. The options under consideration would preserve the historic core of the campus through a combination of partial renovation and new construction. Most of the buildings at VA's Canandaigua campus were built between 1932 and 1937, although many patient care buildings were renovated in the 1980s and 1990s.

The Secretary's decision was based on the recommendations of a local advisory panel, which suggested VA should examine a combination of new construction and renovation in the current historic courtyards, or new construction at either the Golf Course or Chapel Street parts of the facility.

"I want to thank the many people and organizations in Canandaigua and New York State who advised me on this decision, especially the local advisory panel and its chairman, Amo Houghton, along with the New York congressional delegation, veterans groups, city and state leaders, other stakeholders and VA employees," Nicholson said.

Plans for the Canandaigua VA Medical Center will be integrated into the Secretary's nationwide capital plan so that a timetable and budget can be established, followed by Congressional consideration for authorization and funding. As VA develops plans for the future of the facility, the Department will examine the potential use of portions of the 171-acre campus to assist in the delivery of other complementary services for veterans. Nicholson said he looks forward to receiving additional input from the Local Advisory Panel as VA finalizes its plans for the Canandaigua campus. That study is expected to be completed by the spring of 2007.

Full Description of Stage II BPOs

Following the Secretary's Stage I decision announcement, Team PwC met with local VA representatives to review each BPO selected by the Secretary for further study. The purpose of these meetings was to:

- Understand the Secretary's recent decisions
- Clarify the Secretary's decision regarding changes to healthcare service delivery, facilities and availability of land/buildings for reuse
- Refine the BPO descriptions and site maps to take into account any information concerning the facility or the application of Stage II study assumptions
- Clarify the BPO descriptions for ease of understanding and consistency

The refined BPOs descriptions for the options being considered for Canandaigua in Stage II are the following:

Table 1: Stage II BPO Descriptions

BPO 1: Current State projected out to 2013 and 2023 without any changes to the program except as indicated in the Secretary's Decision. Renovation and maintenance of existing buildings will occur to provide for a modern, safe, and secure healthcare environment, where conditions allow. ▪ Buildings 1, 2, and 4 will be renovated to accommodate outpatient workload. Buildings 3, 6, 7, and 8 will be renovated to house inpatient functions. ▪ Buildings around Courtyard 2 on the Main Campus will be vacated and are available for reuse or demolition. ▪ New surface parking with be constructed closer to the access points in order to accommodate the increased demand for parking. ▪ While there may be reuse potential of underutilized land and vacant buildings, reuse was not studied under this BPO.

BPO 2:

Replacement Facilities – Golf Course East - Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel

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

BPO 6:

Replacement/Renovated Facilities – Courtyard 1 - Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1.

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

BPO 7:

Replacement Facilities – Canandaigua Academy Parcel - Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus.

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

BPO 9:

Replacement/Renovated Facilities in Courtyard 1 and 2 - Replace nursing home and domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1.

- Construct new nursing home and new domiciliary (including psychiatric residential rehabilitation) facilities in Courtyard 2.
- New clinical care facilities will have several benefits for patients and staff: larger, more private patient rooms with own bathrooms; state of the art treatment, therapy and support spaces; improved patient entries, walkways, hallways, and parking; and clinical support functions located close to patient care areas.
- New nursing home care facilities will have several benefits for patients and staff: individual private bedrooms and bathrooms; plan configurations with groupings of "residential neighborhoods" rather than "long corridors of rooms"; increased area for support facilities for supplies and equipment; comfortable and attractive social meeting and activity areas; and convenient physical access to amenities.
- Provide outpatient services and administrative space in renovated historic "front door" buildings in Courtyard 1 (specifically Buildings 1, 2, 3, 4 and 9). Provide a good-faith effort to maintain the historic feel of the campus and minimize demolition.
- Potential reuse of Building 14, Bushwood, Canandaigua Academy, and Golf Course parcels and portions of the Chapel Street and Main Campus parcels.

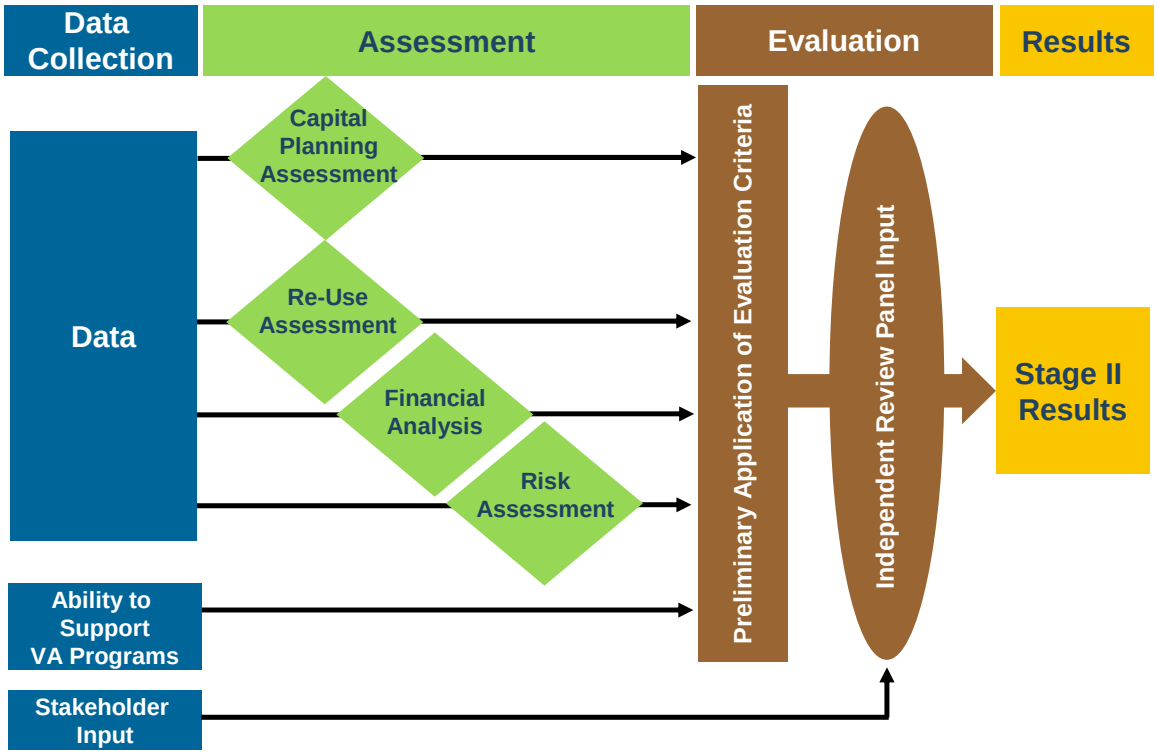
3.0 Summary of Stage II Methodology

Overview

This section provides an overview of the methodology employed by Team PwC in Stage II of the CARES study. The detailed Stage II Study Methodology is included in Appendix B of the report. In Stage II, Team PwC and Pruitt Group conducted a more detailed assessment of the BPOs selected by the Secretary for further study. Team PwC and Pruitt Group collected additional data on a set of evaluation criteria and conducted additional capital planning, reuse, and financial analysis for each BPO. The results are used to assess each BPO and to evaluate the relative strengths and weaknesses of each BPO.

The Stage II study process consists of four primary steps, Data Collection, Assessment, Evaluation, and Stage II Results, as depicted in Figure 1.

Figure 1: A diagram of the Overview of Stage II Methodology



The data collection process was used to augment study data gathered in Stage I. This data provided the inputs to the BPO assessment. Parallel to the data gathering activities, Team PwC solicited input from stakeholders on their comments and concerns for each BPO.

The Assessment step involved conducting more detailed analyses of the short-listed BPOs across each evaluation category.

During the Evaluation step the BPOs were compared against the Baseline option using five categories of evaluation criteria:

- Capital Planning
- Use of VA Resources
- Ability to Support Other VA Programs
- Reuse
- Ease of Implementation

The following table lists the criteria used to measure each evaluation criteria together with the indicators.

Table 2: Stage II Evaluation Criteria and Indicators

Evaluation Criteria	Indicator
Capital Planning	
Timeliness of completion	Total duration (Years to complete)
Timeliness of urgent corrections	Duration (Years to correct code deficiencies, focusing on seismic deficiencies as identified in the CAI)
Consolidation of underutilized space	% Underutilized space
Consolidation of vacant space	% Vacant space
Reuse	
Market potential for reuse	Market potential for reuse
Financial feasibility	Financial feasibility
VA mission enhancement	VA mission enhancement
Execution risk	Execution risk
Use of VA Resources	
Total operating costs	Total operating costs ($)
Total capital investment costs	Total capital investment costs ($)
Net present cost	Net present cost ($)
Total considerations	Total considerations (reuse revenues, in-kind, etc.) ($)
Total annual savings	Total annual savings ($)
Ease of Implementation	
Reuse considerations	Community support
	Legal / regulatory
Capital planning considerations	Size and complexity of capital plan
	Number and frequency of patient moves (quantity of clinical buildings altered)
	Number of historic buildings altered (total historic buildings altered)
Ability to Support Other VA Programs	
DoD sharing	MOUs impacted by BPO
One VA integration	VBA and NCA impacted by BPO
Specialized VA programs	Specialized Care/COE impacted by BPO
Enhancement of services to veterans	Services in kind

Team PwC and Pruitt Group site teams conducted a preliminary evaluation of each BPO. To obtain greater input into the tradeoff evaluation of the options, Team PwC convened an independent review panel (IRP) to provide an in-process review of the Stage II analysis, including a review of the strengths and weaknesses that were identified for each business plan option. The IRP challenged and validated the assessment findings and evaluation of each BPO. The BPOs were evaluated against the evaluation criteria using a quantitative scale in order to

discriminate between the BPOs. The evaluation results were used by site teams to discuss the relative strengths and weaknesses of each BPO.

Implementation plans will be developed for all Stage II BPOs. The purpose of each plan will be to provide a roadmap for the local site teams for implementing the BPO, noting critical transition and implementation activities. The plan will highlight key milestones associated with implementation functions such as budgeting and funding, procurement, contracting for care, construction, human resource transition, as well as building activation and occupancy. The plan will help to appropriately sequence the implementation activities accounting for dependencies among the various functions.

This report contains the evaluation results for each BPO and a tradeoff discussion of the strengths and weaknesses of each BPO. The Stage II results will be presented to the Secretary to make a final decision on a set of capital and reuse proposals.

4.0 Capital Planning Analysis

Current State

Size

The existing campus is approximately 163 contiguous acres[1] and has 42 buildings arranged primarily around two enclosed courtyards. The total area of buildings is nearly 1,000,000 square feet.

Age

The buildings in Courtyard 1 were built in the 1930s; while the buildings in Courtyard 2 were constructed in the 1940s. The buildings around both courtyards are soundly constructed with the exception of Building 33. Some buildings on the site (a farmhouse and related buildings) were constructed in the late 1800s and early 1900s. A portion of these older buildings are currently leased to the high school that lies to the north of the site.

Construction type

The majority of existing buildings are three story brick structures with slate roofs. Corridors at the basement level connect the buildings. The main building (Building 1) is five floors and visible at a distance since it is in line with the approach road.

Original Use

The facility was originally designed as an acute care psychiatric hospital with an operating suite for lobotomies and large nursing wards containing many beds. Since the patients were mobile, there was also a central dining room that is largely unused at this time.

Current Configuration, use and capacity

The former large acute psychiatric wards have been subdivided into smaller nursing home and domiciliary bedrooms, but there are still some rooms with more than two occupants. There are few bathrooms accessible from the bedrooms and most bathing facilities are centralized. Most patients are not very mobile and, therefore, food is now served in the nursing units rather than in the original, central dining room. The site currently has a capacity of 245 beds, with an average daily census of 166.

[1] There is an additional piece of land (not contiguous) of approximately eight acres which lies to the south of the facility and is the location of the sewage treatment plant making the existing campus total 171 acres. This piece of land is not counted in the contiguous acres but is shown in the site plans that follow.

Future Use

While all buildings on campus are well maintained, the useful life of these buildings for providing clinical services has been exceeded. VA's Capital Asset Inventory (CAI) database assesses each building's condition on a 1-5 scale, relative to layout, adjacency, code, accessibility, and privacy. The average building score is 3. Relatively low floor-to-floor heights, small floor plates, and narrow buildings, severely restrict the possibility of renovating these buildings to achieve the modern, safe, and secure definitions as defined in this study.

Data on Size and Dates of Construction and Renovation

The table below shows date of construction, renovation, number of floors, and total gross area (gross square feet or GSF) of each building on the site:

Table 3: Existing Buildings Table

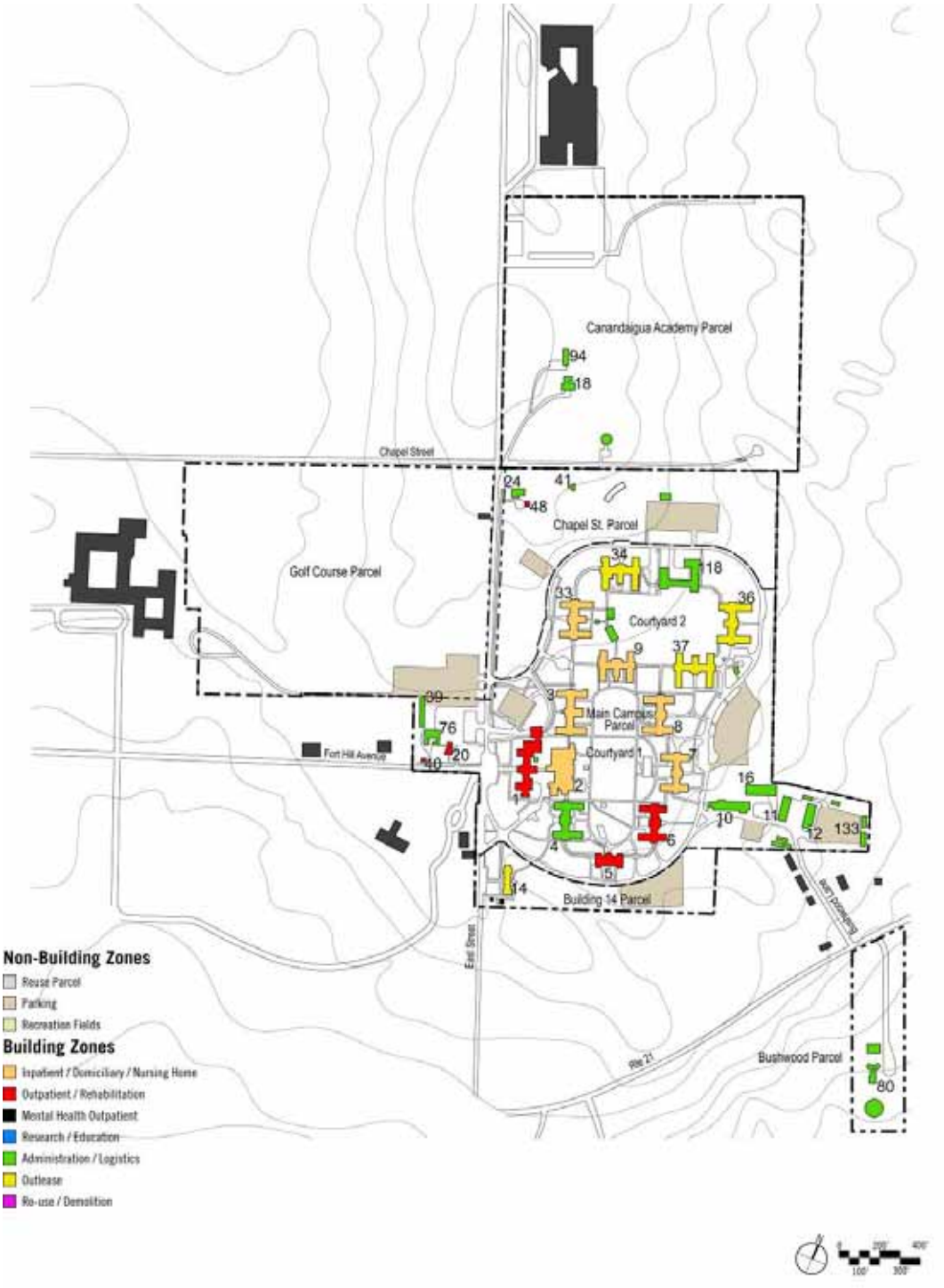
Building Number	Building Name/Function	Year Built	Year Renovated	Total Floors	Building Total GSF
1	Main Medical Center Building	1932		5	81,971
2	Dietetic/Dining Building	1932		2	41,947
3	Inpatient Psychiatry	1932	2003	3	70,582
4	Canteen/Education	1932		3	59,651
5	Recreation Building	1932		3	25,817
6	SubsAbuse Clinic	1937	1980	3	60,595
7	Nursing Home	1937	1993	3	60,156
8	Nursing Home	1937	1993	3	64,067
9	PRRTP Beds	1937	2003	3	69,244
10	Laundry	1932	1988	1	12,665
11	Warehouse	1932		1	5,816
12	Boiler Plant	1932		2	8,844
13	Boiler Plant Emergency Generator	1978		1	1,282
14	Day Treatment	1932		3	22,545
16	Fire House/Grounds/Transportation	1932		1	4,872
18	Halfway House	1890		2	7,190
20	Single Quarters	1890		3	4,784
24	Housekeeping Quarters	1890		2	3,099
33	Nursing Home	1943	1980	3	71,443
34	SPD, AMMS, & Storage	1944	1980	3	71,660
36	MHC/Vacant Ward	1944	1980	3	72,552
37	IRM/Vacant Wards	1944	1980	3	72,553
39	Garage/Storage	1938		1	3,027
40	Gate House	1936		1	308
41	Outdoor Fireplace				
48	Garage/Storage	1931		1	264
70	Storage	1880		1	300
73	Single Quarters	1910		2	1,541
75	Oil House	1936		1	224
76	Storage	1890		1	4,350
77	Storage	1900		1	3,151
80	Sewage Control House	1944	1990	1	1,426
94	Personnel Garage	1947		1	3,216
111	Electrical Vault for Building 1	1959		1	374
115	Recreation Storage	1962		1	231

Building Number	Building Name/Function	Year Built	Year Renovated	Total Floors	Building Total GSF
118	Engineering Building	1979		1	16,172
120	Pump House	1976		1	585
121	Switchgear Building	1978		1	231
130	Backflow Preventor Building	1988		1	189
131	Flammable Storage Building	1989		1	246
133	Engineering Storage Building	1990		1	1,316
134	VAVS Pavilion	1990		1	2,066
135	Regulated Medical Waste Storage	1992		1	282
137	B7/8 Chiller Plant Building	1995		1	1,173
138	A&MM Network Storage	1998		1	3,200
CC	Connecting Corridors	1931	1944	1	19,366
T28	Quonset Hut - Storage	1959		1	960
T29	Quonset Hut - Storage	1959		1	2,240

Site Plan

The current site plan (Figure 1) shows the present campus configuration and locations of buildings. The building color indicates the departmental group (zone) of the primary occupants of each building based on descriptions provided in the CAI. The buildings color is assigned to departmental groups (Building Zones) from the "Department to Zones Table" in the assumptions as indicated by the color key.

Figure 2: A Diagram of the Existing Current State Site Plan



FOOTNOTE: Site plan indicates current state at the start of the study. Subsequent renovations and patient moves may have changed the departmental group (zone) of the primary occupants of each building.

- Functional Distribution on the site: Of the occupied buildings, outpatient services and administration are primarily located near the site entrance (the "front" of the site on the west or left of the site plan) in Building 1. There were some outpatient services in Building 6 for a Mental Health outpatient clinic located near the rear of the site which was moved back to Building 1 once renovations were completed. The nursing home and domiciliary are toward the "center" of the site in Buildings 7, 8, 9, and 33. The logistics areas are at the "rear" and periphery of the site. The site also includes a sewage treatment facility to the south.

- Topography: The existing site is at the top of a gentle hill. Portions of the site to the north, west, and south (the sewage treatment plant) have a lower elevation than the current site.

- Landscaping: The site is well planted with mature trees and bushes. Vehicular circulation is by a network of paved roads that encircle the main campus. Main site access to the campus is along Fort Hill Avenue. Pedestrian circulation paths transverse the site at various locations. The site utilities will require considerable maintenance updates in the near future. Based on the proposed configurations and phasing of the BPOs, consideration should be given in the design phase to optimize the locations and extent of relocations that best serve the BPO intent and minimize conflicts with reuse buildings and parcels. Similarly, where utilities may not be relocated without undo hardship, agreements with reuse occupants should be included in the negotiations. The proposed area for construction in BPO 2 as well as BPO 7 for a new proposed new facility has wide lawn areas with scattered mature trees and bushes.

- Historic Buildings: There are 29 existing buildings designated in the CAI as historic structures. In addition to these 29 buildings, several others are of an age and character to be considered as eligible for historic significance and should be considered during implementation of the selected campus plan. These may require anywhere from four to ten years to allow for approval to demolish or substantially alter their structural character. Where schedules are affected, tables are provided to outline the affects of the approval process for both the four-year and ten-year assumptions. Of the 29 historic buildings, three are designated for demolition in BPO 6 (Bldg 2, 5, and 6) and one is designated for demolition in BPO 9 (Bldg 33) and several are designated for substantial renovation in the Baseline and BPOs 6 and 9.

- Reuse of Historic Buildings: All of the BPOs propose the reuse of historic buildings. BPOs 2 and 7 propose reuse of the entire historic complex. BPO 1 (baseline) and BPOs 6 and 9 propose re-using certain historic buildings. Several historic buildings are now, or have in the past, been out-leased.

- Vacant Space: There is approximately 123,955 BGSF of vacant space in ten buildings on the campus (approximately 13% of the campus).

CAI Scores and optimal use of the buildings

- Existing scores: According to VA's Capital Asset Inventory (CAI) database, the average condition assessment scores of existing buildings are 3 (The total range available is 1 to 5). Note that the CAI scores for buildings at Canandaigua are incomplete. (The scores are by building, not by floor). Therefore, for this project the average building score of 3 was assumed except for Buildings 1, 2, 3, 4, 5, 6, 7, 8, 9, and 118 where CAI scores were provided. (By visual inspection this is fairly accurate). In general, the lower the average building score the greater the amount of area required for renovation. Floor plates that are too narrow and floor to floor heights that are inadequate for current needs (central Heating, Ventilating, and Air Conditioning systems) contribute to the low ratings for these buildings In addition the existing functions have been compressed into inadequate space and more floor area is necessary to achieve the code complaint, modern, safe and secure environment that is envisioned. To take this a step further, as the average score reduces, the likelihood of achieving the optimum relationships required is diminished. The extent of renovation of existing buildings varies by BPO.

- Low scores require more space: All buildings that are proposed for renovation will require a high level of renovation to achieve the modern, safe and secure status as defined for this project. The extent of proposed renovation efficiency for an existing building is based on the average condition assessment scores and other factors as described in the Stage II Assumptions. As a result, new construction will be more likely to achieve optimal projected areas because the floor width, structural enclosure, engineering systems and egress paths may be designed to the present standard of care rather than to a previous delivery model (that required less area). Clinical areas have the greatest demands for control of the environment, therefore, new construction or buildings with scores greater than 4.0 are recommended for these types of spaces. Administrative and support functions are a less demanding environment, and as such existing buildings with average scores greater then 3.0 are targeted for these functions.

- Scores cover Life Safety Codes only: Upgrades to comply with current VA standards and applicable building codes will be necessary even on the buildings that rate relatively high on the score since the rating covers only Life Safety code issues and not current nationwide and VA standards for health care facilities such as modifications to accommodate single bed rooms, private bathrooms accessible from within a patient room, and other quality of health care environment issues.

- Specific additional issues at Canandaigua: On this campus, the age of the majority of existing buildings, structural bay size, small and narrow floor plates, low floor to floor heights, lack of bathrooms accessible from bedrooms, and lack of single bedrooms, will require more area for projected functions than the same functions in a new facility.

- Asbestos: All buildings containing asbestos will require abatement and disposal during major renovations. Where buildings containing hazardous materials are identified for demolition, similar appropriate abatement and disposal practices are required. All buildings on the Main Campus contain asbestos.

- Seismic: There are no identified seismic deficiencies that require correction during the master plan implementation period for this campus.

- Complexity of Renovations: Renovations of the existing buildings will be complex due to the extent of upgrades required and the age of the buildings. Renovations will be faster and less disruptive if an entire building can be renovated at once. This will be possible for the Nursing Home and Domiciliary functions since there is spare bed capacity. It may not be possible for the out-patient clinic areas and administration areas. Detailed phasing plans are beyond the scope for this study. However, every effort has been made to reduce disruption to patient and staff functions where possible in the proposed implementation.

Projected space requirements

- Space requirements derived from projected workload: The workload values projected to 2023 form the basis for the projected space requirements. The Projected Departmental Area Need in DGSF indicates existing departmental area, projected workload volumes and associated projected area need for the campus. (Factors used in generating the projected area need are indicated in the Stage II Assumptions). Projected area totals less than 1,000 BGSF are not considered significant. Note that the workload does not include any figures for Dental or Prosthetics. On this site those departments both exist but are small compared to the total space required. The projections identify the need for a total of 120 nursing home beds and 50 domiciliary beds in addition to outpatient behavioral health and ambulatory care functions.

- Secretary's Decision to relocate Acute Psychiatric patients: The Secretary's Decision to relocate Acute Psychiatric patients to the Buffalo and Syracuse VAMCs reduces this specific requirement.

- Projected areas organized by Departmental Group: Projected areas are distributed to building Departmental Groups (Zone) and converted to BGSF as indicated in The Area Distribution by Departmental Group (Zone).

BPO 1 - Baseline

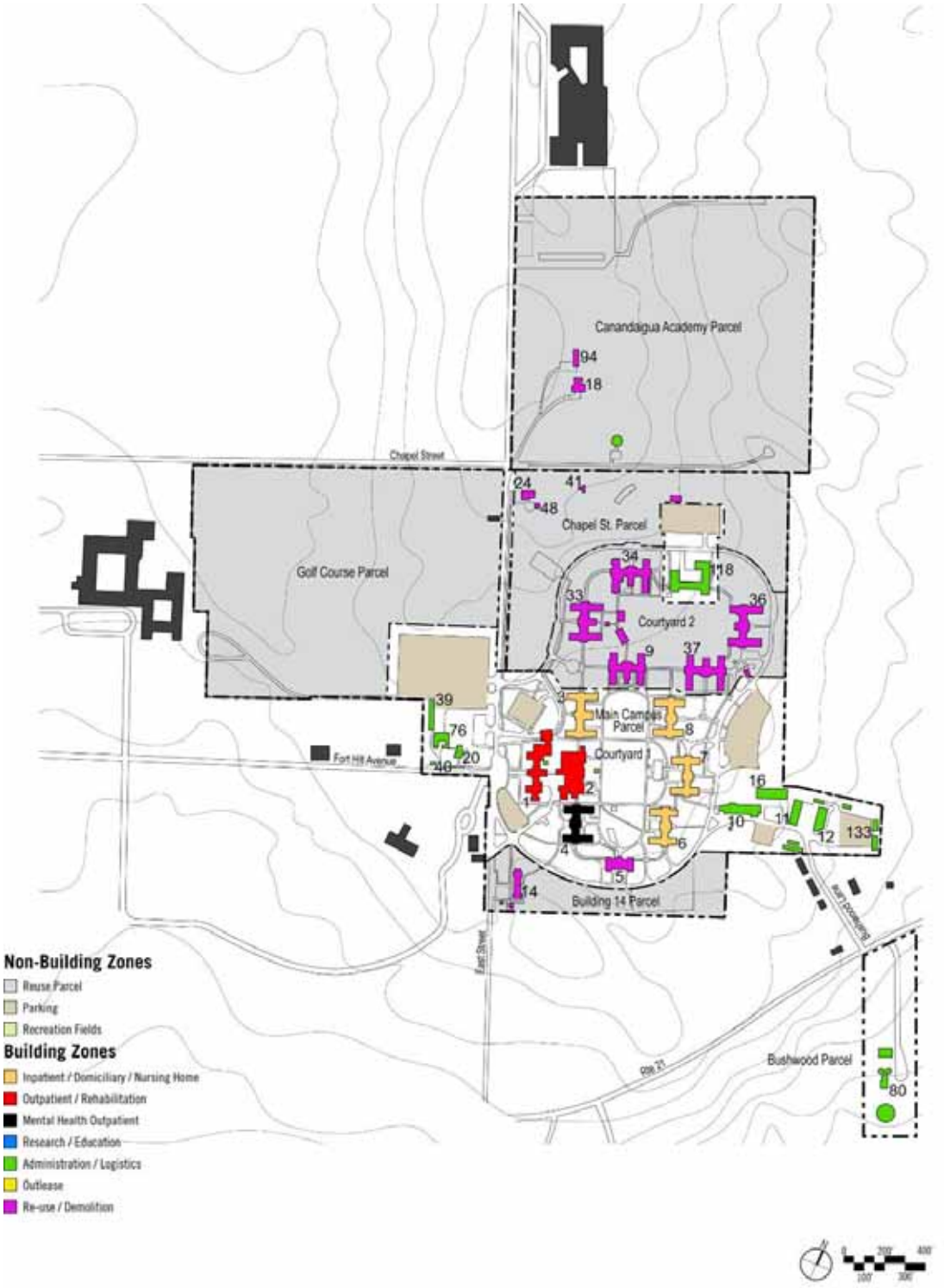
Baseline - No significant changes in either the location or type of services provided in the study site. The Secretary's Decision and healthcare demand forecasted for 2023 are applied to the current healthcare provision solution for the study site. Capital improvements to meet modern, safe and secure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

- Relocate nursing home, domiciliary (including psychiatric residential rehabilitation programs), and all outpatient services in phased renovations to buildings in Courtyard 1 consistent with the demand forecast and VA policy.
- Vacate all Courtyard 2 buildings except engineering and also keep the water tower, fire station, and boiler.
- Allow for necessary parking to support Building 118 on the Chapel Street parcel.
- Allow for reuse of Building 14, Canandaigua Academy, Chapel Street and Golf Course parcels.
- While there may be reuse potential of underutilized land and vacant buildings, reuse was not studied under this BPO.

Analysis of Capital Planning Outputs

- Site Plan: The Projected Baseline Site Plan (Figure 2) illustrates the proposed Baseline campus configuration and locations of buildings.

Figure 3: A Diagram of the Projected BPO 1 (Baseline) Site Plan



- Building Color Code: Similar to the Existing Current Stage Site Plan, the building color indicates the Departmental Group (Zone) of the primary occupants for each building. Matching the building color key used for the Existing Current State Site Plan, the proposed building color indicates the predominant occupancy of the building. Refer to the Legend regarding the Departmental Group (Zone) contained therein.

- Site Impact during Construction: Site area calculations for cost estimating purposes are identified in the table below. New surface parking and repaving of existing parking areas demand the greatest area and associated costs. Maintenance of the existing recreation fields is assumed.

- Campus Area and uses: The BPO1 (Baseline) campus configuration as indicated on the site plan is summarized in the tables below. The area totals for primary activities on the portions of the site to be retained exclusively for VA-related functions are indicated in the Campus Area Total below.

Table 4: Campus Area Total Acreage – BPO 1 (Baseline)

Campus Area	Acres
Buildings and Landscaping	~38.4
Recreation	~0
Parking	~6
BPO Total	~44.4
Existing Campus Total	~171

- Land Parcels Available for Reuse: Reuse was not studied under the baseline option. Nevertheless, the baseline option vacates about 127 acres or 74% of the campus over the forecast period. As these buildings and land become vacant over time, VA may consider potential reuse and redevelopment. For example, portions of the Main Campus around Courtyard 2 along with the Golf Course, Canandaigua Academy, Chapel Street, and Building 14 parcels may be considered for future reuse.

Table 5: Land Parcels Designated for Reuse – BPO 1 (Baseline)

Reuse Parcels	Acres
Total	126.5

- Buildings Available for Reuse: The Baseline does not identify specific buildings for reuse. Where buildings are not required to accommodate the projected area need, they are marked for reuse or demolition and may be considered for reuse prior to the targeted demolition date.

- Relocation of Functions: In the Baseline the functions have been relocated so that all occupied clinical spaces (not including a few logistics buildings) are aggregated around Courtyard 1 thus leaving Courtyard 2 mostly vacant. In addition, clinical spaces for outpatients are brought to the front of the site, so as to limit traffic into the central portion of the site. Specifically Buildings 1 and 2 will be renovated to house outpatient functions as neither building can contain all the outpatient area once renovated. Building 1 can be renovated in place by using swing space to relocate clinical space into newly renovated

spaces. Renovation of Building 2 may cause some disruption to support spaces, particularly to food service as it will need to be coordinated with the renovations for outpatient functions. Buildings 6, 7, and 8 will be renovated to house the nursing home beds. Buildings 7 and 8 currently house nursing home beds and are under utilized so the buildings may be renovated without relocating patients based on using unoccupied space. Building 6 will be converted to nursing home beds now that ambulatory functions have been relocated back to the newly renovated Building 1. Building 3 will be renovated from nursing home beds to domiciliary beds. Building 4 will be renovated from administrative functions to behavioral health as the administrative functions on the campus will be distributed amongst the newly renovated buildings around Courtyard 1. Logistical buildings will be renovated and updated as necessary (see Figure 2).

Table 6: Functional Distribution – BPO 1 (Baseline)

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
1	Main Medical Center Building	Acute Care	5,037	5,256
1	Main Medical Center Building	Administration	15,569	7,965
1	Main Medical Center Building	Ambulatory Services	30,380	68,750
1	Main Medical Center Building	Behavioral Health	13,270	0
1	Main Medical Center Building	Domiciliary	2,403	0
1	Main Medical Center Building	Logistics	12,013	0
1	Main Medical Center Building	Nursing Home	2,403	0
1	Main Medical Center Building	Out Lease	891	0
2	Dietetic/Dining Building	Acute Care	17,962	5,255
2	Dietetic/Dining Building	Administration	5,346	7,584
2	Dietetic/Dining Building	Ambulatory Services	5,031	29,109
2	Dietetic/Dining Building	Behavioral Health	1,204	0
2	Dietetic/Dining Building	Domiciliary	1,204	0
2	Dietetic/Dining Building	Logistics	6,209	0
2	Dietetic/Dining Building	Nursing Home	4,990	0
3	Inpatient Psychiatry		0	9,654
3	Inpatient Psychiatry	Acute Care	24,401	11,364
3	Inpatient Psychiatry	Administration	1,835	0
3	Inpatient Psychiatry	Ambulatory Services	14,017	0
3	Inpatient Psychiatry	Behavioral Health	1,201	0
3	Inpatient Psychiatry	Domiciliary	745	49,565
3	Inpatient Psychiatry	Logistics	3,981	0
3	Inpatient Psychiatry	Nursing Home	24,401	0
4	Canteen/Education		0	14,423
4	Canteen/Education	Acute Care	1,583	10,921
4	Canteen/Education	Administration	27,543	15,964
4	Canteen/Education	Ambulatory Services	13,973	0
4	Canteen/Education	Behavioral Health	1,583	18,343
4	Canteen/Education	Domiciliary	1,583	0
4	Canteen/Education	Logistics	8,734	0
4	Canteen/Education	Nursing Home	1,583	0
4	Canteen/Education	Out Lease	3,067	0
5	Recreation Building		0	25,816
5	Recreation Building	Acute Care	760	0
5	Recreation Building	Administration	7,628	0
5	Recreation Building	Ambulatory Services	11,343	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
5	Recreation Building	Behavioral Health	760	0
5	Recreation Building	Domiciliary	760	0
5	Recreation Building	Logistics	3,802	0
5	Recreation Building	Nursing Home	760	0
6	SubsAbuse Clinic		0	11,179
6	SubsAbuse Clinic	Acute Care	4,034	0
6	SubsAbuse Clinic	Administration	393	12,195
6	SubsAbuse Clinic	Ambulatory Services	14,063	0
6	SubsAbuse Clinic	Behavioral Health	13,035	0
6	SubsAbuse Clinic	Domiciliary	2,498	0
6	SubsAbuse Clinic	Logistics	15,087	0
6	SubsAbuse Clinic	Nursing Home	4,034	37,221
6	SubsAbuse Clinic	Out Lease	7,313	0
6	SubsAbuse Clinic	Research	134	0
7	Nursing Home	Acute Care	658	21,023
7	Nursing Home	Administration	10,941	0
7	Nursing Home	Ambulatory Services	3,010	0
7	Nursing Home	Behavioral Health	504	0
7	Nursing Home	Domiciliary	504	0
7	Nursing Home	Logistics	2,827	0
7	Nursing Home	Nursing Home	40,762	39,134
7	Nursing Home	Out Lease	949	0
8	Nursing Home		0	13,416
8	Nursing Home	Acute Care	1,083	0
8	Nursing Home	Administration	2,840	12,500
8	Nursing Home	Ambulatory Services	8,020	0
8	Nursing Home	Behavioral Health	1,366	0
8	Nursing Home	Domiciliary	1,083	0
8	Nursing Home	Logistics	12,964	0
8	Nursing Home	Nursing Home	34,466	38,151
8	Nursing Home	Out Lease	2,245	0
9	PRRTP Beds		0	69,244
9	PRRTP Beds	Acute Care	578	0
9	PRRTP Beds	Administration	12,214	0
9	PRRTP Beds	Ambulatory Services	6,188	0
9	PRRTP Beds	Behavioral Health	474	0
9	PRRTP Beds	Domiciliary	46,636	0
9	PRRTP Beds	Logistics	2,576	0
9	PRRTP Beds	Nursing Home	578	0
10	Laundry	Acute Care	2,819	0
10	Laundry	Ambulatory Services	231	0
10	Laundry	Behavioral Health	231	0
10	Laundry	Domiciliary	231	0
10	Laundry	Logistics	6,332	12,665
10	Laundry	Nursing Home	2,819	0
11	Warehouse	Logistics	5,816	5,816
12	Boiler Plant	Logistics	0	8,844
13	Boiler Plant Emergency Generator	Logistics	0	1,282
14	Day Treatment		0	22,545
14	Day Treatment	Out Lease	22,545	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
16	Fire House/Grounds/Transportation	Logistics	4,872	4,872
20	Single Quarters	Acute Care	129	0
20	Single Quarters	Administration	698	0
20	Single Quarters	Ambulatory Services	2,923	0
20	Single Quarters	Behavioral Health	129	0
20	Single Quarters	Domiciliary	129	0
20	Single Quarters	Logistics	646	4,784
20	Single Quarters	Nursing Home	129	0
33	Nursing Home		0	71,443
33	Nursing Home	Acute Care	6,248	0
33	Nursing Home	Administration	2,385	0
33	Nursing Home	Ambulatory Services	15,435	0
33	Nursing Home	Behavioral Health	1,024	0
33	Nursing Home	Domiciliary	1,024	0
33	Nursing Home	Logistics	10,301	0
33	Nursing Home	Nursing Home	24,951	0
33	Nursing Home	Out Lease	9,979	0
33	Nursing Home	Research	95	0
34	SPD, AMMS, & Storage		0	71,660
34	SPD, AMMS, & Storage	Acute Care	8,524	0
34	SPD, AMMS, & Storage	Administration	14,794	0
34	SPD, AMMS, & Storage	Ambulatory Services	12,816	0
34	SPD, AMMS, & Storage	Behavioral Health	993	0
34	SPD, AMMS, & Storage	Domiciliary	993	0
34	SPD, AMMS, & Storage	Logistics	14,815	0
34	SPD, AMMS, & Storage	Nursing Home	993	0
34	SPD, AMMS, & Storage	Out Lease	17,731	0
36	MHC/Vacant Ward		0	72,552
36	MHC/Vacant Ward	Acute Care	543	0
36	MHC/Vacant Ward	Administration	9,067	0
36	MHC/Vacant Ward	Ambulatory Services	9,652	0
36	MHC/Vacant Ward	Behavioral Health	17,065	0
36	MHC/Vacant Ward	Domiciliary	543	0
36	MHC/Vacant Ward	Logistics	2,875	0
36	MHC/Vacant Ward	Nursing Home	543	0
36	MHC/Vacant Ward	Out Lease	32,251	0
36	MHC/Vacant Ward	Research	6	0
37	IRM/Vacant Wards		0	72,553
37	IRM/Vacant Wards	Acute Care	677	0
37	IRM/Vacant Wards	Administration	2,470	0
37	IRM/Vacant Wards	Ambulatory Services	3,851	0
37	IRM/Vacant Wards	Behavioral Health	677	0
37	IRM/Vacant Wards	Domiciliary	677	0
37	IRM/Vacant Wards	Logistics	11,568	0
37	IRM/Vacant Wards	Nursing Home	677	0
37	IRM/Vacant Wards	Out Lease	51,956	0
39	Garage/Storage	Logistics	3,027	3,027
40	Gate House	Administration	62	0
40	Gate House	Ambulatory Services	246	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
40	Gate House	Logistics	0	308
48	Garage/Storage		0	264
48	Garage/Storage	Administration	88	0
48	Garage/Storage	Ambulatory Services	88	0
48	Garage/Storage	Out Lease	88	0
70	Storage		0	300
70	Storage	Logistics	300	0
75	Oil House		0	224
76	Storage		0	4,350
76	Storage	Logistics	4,350	0
77	Storage		0	3,151
77	Storage	Logistics	3,151	0
80	Sewage Control House		0	1,426
111	Electrical Vault for Building 1	Logistics	0	374
115	Recreation Storage		0	231
115	Recreation Storage	Ambulatory Services	231	0
118	Engineering Building		0	16,172
118	Engineering Building	Acute Care	584	0
118	Engineering Building	Administration	566	0
118	Engineering Building	Ambulatory Services	584	0
118	Engineering Building	Behavioral Health	584	0
118	Engineering Building	Domiciliary	584	0
118	Engineering Building	Logistics	12,040	0
118	Engineering Building	Nursing Home	584	0
118	Engineering Building	Out Lease	647	0
120	Pump House	Logistics	0	585
121	Switchgear Building	Logistics	0	231
130	Backflow Preventor Building	Logistics	0	189
131	Flammable Storage Building	Logistics	246	246
133	Engineering Storage Building	Logistics	1,316	1,316
134	VAVS Pavilion	Administration	2,066	0
135	Regulated Medical Waste Storage		0	282
135	Regulated Medical Waste Storage	Logistics	282	0
137	B7/8 Chiller Plant Building	Logistics	0	1,173
138	A&MM Network Storage		0	3,200
138	A&MM Network Storage	Logistics	3,200	0
CC	Connecting Corridors		0	16,969
CC	Connecting Corridors	Logistics	0	2,397
T28	Quonset Hut - Storage		0	960
T28	Quonset Hut - Storage	Administration	320	0
T28	Quonset Hut - Storage	Ambulatory Services	320	0
T28	Quonset Hut - Storage	Out Lease	320	0
T29	Quonset Hut - Storage		0	2,240
T29	Quonset Hut - Storage	Administration	746	0
T29	Quonset Hut - Storage	Ambulatory Services	746	0
T29	Quonset Hut - Storage	Out Lease	746	0

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Optimal Use of Existing Buildings: The existing buildings were designed more than 70 years ago and are not compatible with modern standards of design for nursing home and outpatient functions. The floor plates are too small (resulting in poor functional adjacencies); the floor to floor heights are too low (resulting in mechanical systems with insufficient air volume); with a few exceptions, the bedrooms do not have toilets accessible from within the rooms; some bedrooms have more than 2 occupants; and food service is not optimal.

- Projected Workload Volumes for 2023: The projected areas as derived from workload volumes (See Stage II Assumptions) indicate that the desired functions can be accommodated in less space than is currently available on the campus. (see the table below). This is primarily due to the abundance of vacant space on the campus. This is an advantage for phasing of renovation to minimize disruption of campus activities.

  Parking: Portions of the existing surface parking will be repaved and expanded to provide parking in the most convenient locations adjacent to building entries. Where existing parking is not required, it will be removed and new landscape will be provided. Distribution of parking by departmental group is indicated in the table below. There is sufficient land available to meet the parking need. Therefore structured parking is not required for this campus.

Table 7: BPO 1 (Baseline)

Parking Area	Total Surface Spaces	Total Structured Spaces	Surface Area (SF)	Structured Area (SF)	Location
Acute Care	81	0	32,400	0	Northeast of Building 7
Nursing Home	107	0	42,800	0	Northeast of Building 7
Domiciliary	43	0	17,200	0	West of Building 3
Behavioral Health	17	0	6,800	0	Southwest of Building 1
Ambulatory Services	302	0	120,800	0	Southwest of Building 1 North of Building 39
Research	1	0	400	0	North of Building 39
Administration	69	0	27,600	0	North of Building 39
Logistics	15	0	6,000	0	West of Building 133
Total	635	0	254,000	0	

Note: There is no research space provided on the Canandaigua campus. However, the projected single parking space resulting from mathematical rounding of projected areas has been included in the parking area on the site plan.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Conclusion from the Space Analyses: The projected area need for the campus is approximately 350,000 BGSF (not including out lease space). Because BPO 1 (Baseline) involves renovation of existing space, the space required is approximately 487,000 BGSF, a 36% increase in BGSF over an ideal campus.

- Construction Phasing: Since there is an Average Daily Census of 166 beds but the site has a capacity of 245 beds it should be possible (by consolidating residents into one location) to phase construction of the Nursing Unit and Domiciliary areas two buildings at a time. However, phasing of the renovation of the outpatient clinics will be more difficult since they will have to be renovated while the buildings are occupied by utilizing swing space.

- Construction Schedule: Schedules for construction activities are intended to identify relative duration of new construction or renovated work in order to calculate occupancy date for utilization of space and escalation costs. The construction schedule provides a brief description of the individual building construction projects and indicates the construction sequence and duration for this option. It provides a base on which the implementation plan activities will be incorporated. The construction schedule and implementation plan are described in a separate report.

- Existing Building Maintenance Costs: Existing unaltered buildings retained on the campus for the Baseline require ongoing and periodic maintenance costs including buildings that are scheduled for demolition to the point where demolition begins.

- Capital Cost Estimate: An estimate of projected new construction and renovation costs is indicated in The BPO Capital Cost Estimate (See Chapter 5: Use of VA Resources). The Capital costs are based on campus-wide area projections by Departmental Group (Zone)

as indicated in the Projected BPO areas by Departmental Group (Zone).

- Construction Cost depends on Function: Construction costs are derived from projected area requirements by Building and non-Building Departmental Groups (Zones).

- Soft Costs Standardized: Approved factors as stated in the assumptions for soft costs (such as professional fees, furnishings, and equipment) are based on consultant experience and VA standards.

Evaluation of Baseline using Capital Criteria:

- Consolidation of Vacated Space: The area totals for BPO 1 (Baseline) indicate nearly a 69% decrease in vacant space in VA occupied buildings across the renovated campus. When comparing the value of the variance total, it is a comparison of existing vacant space on the VA campus to the vacant space in the newly renovated and occupied buildings not including buildings that will be demolished or made available for reuse.

Table 8: Percentage of Vacant Space – BPO 1 (Baseline)

Title	Vacant BGSF
Existing Vacant	123,955
Vacant BPO	38,150
Variance	-85,805
Variance Percent	-69.22%

- Consolidation of Underutilized Space: Based upon a comparison of occupied space (see the table below) BPO 1 (Baseline) produces about a 37% increase in underutilization of space over the projected ideal area across the campus at completion of the implementation period. Because there is a substantial amount of renovation for this BPO, additional area is required to achieve a modern, safe, and secure environment. The result is about 37% overall increase in area need above projected "ideal" BGSF.

Table 9: Percentage of Underutilized Space – BPO 1 (Baseline)

Title	Total
Projected Ideal BGSF Based on In-House Workload	356,402
Proposed BPO BGSF	487,088
Underutilized Space	130,686
Variance by Percentage	36.67%

- Timeliness of Completion: The total time required for the multi-phased construction project from initiation until completion to implement improvements to the physical environment is outlined in the tables below. The first table assumes that a 10-year process is required for historical approval creating a twelve and one half year (150 month) period of construction starting with project inception in January 2009 and completion of construction in July 2021. The second table assumes that a 4-year process is required for historical approval generating a seven and one half year (90 month) period of construction starting in January 2009 and completion in July 2016.

Table 10a: Total Construction Duration – BPO 1 (Baseline) (10-year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	07/01/2021	150

Table 10b: Total Construction Duration – BPO 1 (Baseline) (4-year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	07/01/2016	90

- Timeliness of Urgent Seismic Corrections: No buildings on the Canandaigua site are classified as "Seismic Non-exempt. Therefore, the evaluation criteria "Timeliness of Urgent Corrections" is not assessed for the Canandaigua BPOs.

- Size and Complexity of Capital Plan: Projected areas (BGSF) based upon 2023 workload volumes indicates a change to the Canandaigua campus as shown in the table below. Of particular interest is to note how there is a decrease in BGSF in all areas existing to projected.

Table 11: Campus Area Change – BPO 1 (Baseline)

Distributions	Acute	Nursing Home	Dom	Behav. Health	Amb Services	Research	Admin	Logistics	Out Lease	Total
Existing (BGSF)	75,626	144,682	61,604	54,108	153,159	236	117,579	153,335	150,732	911,061
Projected (BGSF)	53,820	114,507	49,565	18,343	97,859	0	56,209	96,785	0	487,088
Variance (BGSF)	-21,806	-30,175	-12,039	-35,765	-55,300	-236	-61,370	-56,550	-150,732	-423,973
Variance (Percent)	-28.83	-20.86	-19.54	-66.10	-36.11	-100.00	-52.19	-36.88	-100.00	-46.54

Note: There is no research space provided on the Canandaigua campus. However, the area indicated resulting from mathematical rounding of projected areas has been included in the behavioral health space for distribution on the campus.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Patient Moves: In BPO 1 (Baseline), of the 42 buildings on campus, 7 buildings with clinical functions will be renovated. The key buildings currently accommodating patients are generally limited to 7 existing buildings (Buildings 1, 3, 6, 7, 8, 9, and 33). However with current under utilization it is possible to renovate Buildings 3, 7, and 8 with minimal disruption. In most cases for this BPO, renovations can take place in an unoccupied building and relocation of patient care areas may be accomplished in an expedient manner. An exception will be Building 1 were renovations will have to be addressed by floor to facilitate various clinic moves. However with renovating Building 2 to contain some outpatient functions, the renovations to Building 1 may be streamlined.

- Historic Buildings Altered: There are 26 historic or historically eligible buildings on the site. For this BPO, all 26 historic buildings will be renovated or demolished, unless selected for reuse (see the table below). The National Historic Preservation Act requires that a federal agency must assume responsibility for historic properties as it plans a

project and to consult with Advisory Council on Historic Preservation. The approval process for renovation can take more than a year and will need to be considered in the implementation planning efforts.

Table 12: Historic Buildings Altered – BPO 1 (Baseline)

	Quantity
Total Historic Buildings	26
Altered Historic Buildings	26

Note: Historically eligible buildings are classified as any building that is more then 50 years old.

BPO 2 - Replacement Facilities - Golf Course East

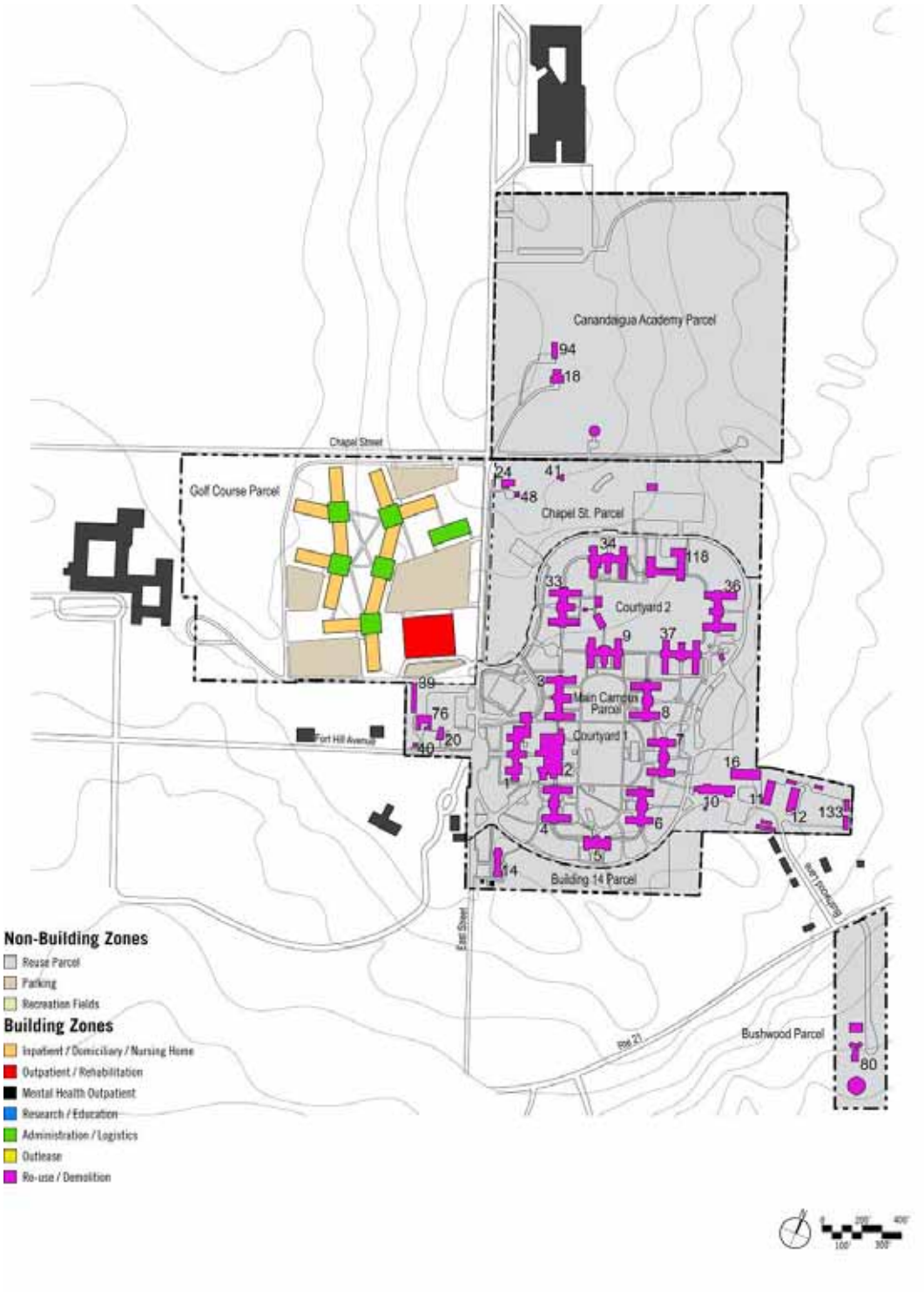
- Replace nursing home, domiciliary (including psychiatric residential rehabilitation programs), and all outpatient services in new modern state of the art facilities with a single floor design nursing home on golf course parcel.
- New clinical care facilities will have several benefits for patients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

Analysis of Capital Planning Outputs

- Site Plan: The Projected BPO 2 Site Plan (Figure 3) illustrates the proposed campus configuration and locations of buildings.

  Configuration for the new facilities is based upon providing outpatient functions and their associated parking with the most public face at the corner closest to the intersection of East Street and Fort Hill Avenue. Service access is located further along East Street away from the public face of the campus. The nursing home functions stretch behind the outpatient function aligning with the existing contours of the land (See Figure 3).

Figure 4: A Diagram of the Projected BPO2 Site Plan



- Building Color Code: Similar to the Existing Current Stage Site Plan, the building color indicates the Departmental Group (Zone) of the primary occupants for each building. Matching the building color key used for the Existing Current State Site Plan, the proposed building color indicates the predominant occupancy of the building. Refer to the Legend regarding the Departmental Group (Zone) contained therein.

- Site Impact during Construction: Site area calculations for cost estimating purposes are identified in the table below. New surface parking and repaving of existing parking areas demand the greatest area and associated costs.

- Campus Area and uses: The BPO2 campus configuration as indicated on the site plan is summarized in the tables below. There is no dedicated exterior recreation area defined. However, there is ample land available for recreational activities. The area totals for primary activities on the portions of the site to be retained exclusively for VA-related functions are indicated in the Campus Area Total below.

Table 13: Campus Area Total Acreage - BPO 2

Campus Area	Acres
Recreation	0
Parking	6
Buildings and Landscaping	~31.2
BPO Total	37.2
Existing Campus Total	~171

- Land Parcels Available for Reuse: BPO2 makes available approximately 134 acres in several land parcels which can be designated for reuse. The configuration of land parcels for reuse varies with BPO. The Campus and Reuse Area Totals (see the table below) indicate that for BPO2, 78% of the present campus is available for Reuse.

Table 14: Land Parcels Designated for Reuse – BPO 2

Reuse Parcels	Acres
Total	133.8

- Buildings Available for Reuse: The entire occupied campus is available for reuse in this option with the exception of any existing utility structures required for service to the proposed new construction. Identification of specific utilities required to be maintained or relocated to serve the new construction is beyond the scope of this study.

- Relocation of Functions: BPO 2 will provide for new construction to replace all projected functions on the eastern portion of the Golf Course parcel across East Street from the existing Main Campus. Construction of the new facility would be achieved in less time than renovating the existing facilities and disruption to patient care would be minimized. Occupancy would be phased at completion of the construction period so that services could transfer directly from their existing locations to the new facility with minimum time and effort. Projected area is based on the 2023 workloads with no vacant space. Occupancy for the new facilities is anticipated in July 2014 with buildings located on the main campus available for reuse thereafter. The earliest date for demolition of buildings,

if they are not to be reused, would be anticipated in January 2017 under the ten-year assumption to obtain historical approval and in January 2012 under the four-year assumption. The table below indicates the projected area need as assigned to each building on the campus. Departmental Group area totals are provided for each building. Where the Building Group name is omitted, a mathematical distribution of space was assigned to accommodate the de-optimization value of the building and provide an appropriate renovation value in BGSF.

Table 15: Functional Distribution - BPO 2

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
1	Main Medical Center Building		0	81,971
1	Main Medical Center Building	Acute Care	5,037	0
1	Main Medical Center Building	Administration	15,569	0
1	Main Medical Center Building	Ambulatory Services	30,380	0
1	Main Medical Center Building	Behavioral Health	13,270	0
1	Main Medical Center Building	Domiciliary	2,403	0
1	Main Medical Center Building	Logistics	12,013	0
1	Main Medical Center Building	Nursing Home	2,403	0
1	Main Medical Center Building	Out Lease	891	0
2	Dietetic/Dining Building		0	41,948
2	Dietetic/Dining Building	Acute Care	17,962	0
2	Dietetic/Dining Building	Administration	5,346	0
2	Dietetic/Dining Building	Ambulatory Services	5,031	0
2	Dietetic/Dining Building	Behavioral Health	1,204	0
2	Dietetic/Dining Building	Domiciliary	1,204	0
2	Dietetic/Dining Building	Logistics	6,209	0
2	Dietetic/Dining Building	Nursing Home	4,990	0
3	Inpatient Psychiatry		0	70,582
3	Inpatient Psychiatry	Acute Care	24,401	0
3	Inpatient Psychiatry	Administration	1,835	0
3	Inpatient Psychiatry	Ambulatory Services	14,017	0
3	Inpatient Psychiatry	Behavioral Health	1,201	0
3	Inpatient Psychiatry	Domiciliary	745	0
3	Inpatient Psychiatry	Logistics	3,981	0
3	Inpatient Psychiatry	Nursing Home	24,401	0
4	Canteen/Education		0	59,651
4	Canteen/Education	Acute Care	1,583	0
4	Canteen/Education	Administration	27,543	0
4	Canteen/Education	Ambulatory Services	13,973	0
4	Canteen/Education	Behavioral Health	1,583	0
4	Canteen/Education	Domiciliary	1,583	0
4	Canteen/Education	Logistics	8,734	0
4	Canteen/Education	Nursing Home	1,583	0
4	Canteen/Education	Out Lease	3,067	0
5	Recreation Building		0	25,816
5	Recreation Building	Acute Care	760	0
5	Recreation Building	Administration	7,628	0
5	Recreation Building	Ambulatory Services	11,343	0
5	Recreation Building	Behavioral Health	760	0
5	Recreation Building	Domiciliary	760	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
5	Recreation Building	Logistics	3,802	0
5	Recreation Building	Nursing Home	760	0
6	SubsAbuse Clinic		0	60,595
6	SubsAbuse Clinic	Acute Care	4,034	0
6	SubsAbuse Clinic	Administration	393	0
6	SubsAbuse Clinic	Ambulatory Services	14,063	0
6	SubsAbuse Clinic	Behavioral Health	13,035	0
6	SubsAbuse Clinic	Domiciliary	2,498	0
6	SubsAbuse Clinic	Logistics	15,087	0
6	SubsAbuse Clinic	Nursing Home	4,034	0
6	SubsAbuse Clinic	Out Lease	7,313	0
6	SubsAbuse Clinic	Research	134	0
7	Nursing Home		0	60,156
7	Nursing Home	Acute Care	658	0
7	Nursing Home	Administration	10,941	0
7	Nursing Home	Ambulatory Services	3,010	0
7	Nursing Home	Behavioral Health	504	0
7	Nursing Home	Domiciliary	504	0
7	Nursing Home	Logistics	2,827	0
7	Nursing Home	Nursing Home	40,762	0
7	Nursing Home	Out Lease	949	0
8	Nursing Home		0	64,068
8	Nursing Home	Acute Care	1,083	0
8	Nursing Home	Administration	2,840	0
8	Nursing Home	Ambulatory Services	8,020	0
8	Nursing Home	Behavioral Health	1,366	0
8	Nursing Home	Domiciliary	1,083	0
8	Nursing Home	Logistics	12,964	0
8	Nursing Home	Nursing Home	34,466	0
8	Nursing Home	Out Lease	2,245	0
9	PRRTP Beds		0	69,244
9	PRRTP Beds	Acute Care	578	0
9	PRRTP Beds	Administration	12,214	0
9	PRRTP Beds	Ambulatory Services	6,188	0
9	PRRTP Beds	Behavioral Health	474	0
9	PRRTP Beds	Domiciliary	46,636	0
9	PRRTP Beds	Logistics	2,576	0
9	PRRTP Beds	Nursing Home	578	0
10	Laundry		0	12,665
10	Laundry	Acute Care	2,819	0
10	Laundry	Ambulatory Services	231	0
10	Laundry	Behavioral Health	231	0
10	Laundry	Domiciliary	231	0
10	Laundry	Logistics	6,332	0
10	Laundry	Nursing Home	2,819	0
11	Warehouse		0	5,816
11	Warehouse	Logistics	5,816	0
12	Boiler Plant		0	8,844
13	Boiler Plant Emergency Generator		0	1,282
14	Day Treatment		0	22,545

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
14	Day Treatment	Out Lease	22,545	0
16	Fire House/Grounds/Transportation		0	4,872
16	Fire House/Grounds/Transportation	Logistics	4,872	0
20	Single Quarters		0	4,784
20	Single Quarters	Acute Care	129	0
20	Single Quarters	Administration	698	0
20	Single Quarters	Ambulatory Services	2,923	0
20	Single Quarters	Behavioral Health	129	0
20	Single Quarters	Domiciliary	129	0
20	Single Quarters	Logistics	646	0
20	Single Quarters	Nursing Home	129	0
33	Nursing Home		0	71,443
33	Nursing Home	Acute Care	6,248	0
33	Nursing Home	Administration	2,385	0
33	Nursing Home	Ambulatory Services	15,435	0
33	Nursing Home	Behavioral Health	1,024	0
33	Nursing Home	Domiciliary	1,024	0
33	Nursing Home	Logistics	10,301	0
33	Nursing Home	Nursing Home	24,951	0
33	Nursing Home	Out Lease	9,979	0
33	Nursing Home	Research	95	0
34	SPD, AMMS, & Storage		0	71,660
34	SPD, AMMS, & Storage	Acute Care	8,524	0
34	SPD, AMMS, & Storage	Administration	14,794	0
34	SPD, AMMS, & Storage	Ambulatory Services	12,816	0
34	SPD, AMMS, & Storage	Behavioral Health	993	0
34	SPD, AMMS, & Storage	Domiciliary	993	0
34	SPD, AMMS, & Storage	Logistics	14,815	0
34	SPD, AMMS, & Storage	Nursing Home	993	0
34	SPD, AMMS, & Storage	Out Lease	17,731	0
36	MHC/Vacant Ward		0	72,552
36	MHC/Vacant Ward	Acute Care	543	0
36	MHC/Vacant Ward	Administration	9,067	0
36	MHC/Vacant Ward	Ambulatory Services	9,652	0
36	MHC/Vacant Ward	Behavioral Health	17,065	0
36	MHC/Vacant Ward	Domiciliary	543	0
36	MHC/Vacant Ward	Logistics	2,875	0
36	MHC/Vacant Ward	Nursing Home	543	0
36	MHC/Vacant Ward	Out Lease	32,251	0
36	MHC/Vacant Ward	Research	6	0
37	IRM/Vacant Wards		0	72,553
37	IRM/Vacant Wards	Acute Care	677	0
37	IRM/Vacant Wards	Administration	2,470	0
37	IRM/Vacant Wards	Ambulatory Services	3,851	0
37	IRM/Vacant Wards	Behavioral Health	677	0
37	IRM/Vacant Wards	Domiciliary	677	0
37	IRM/Vacant Wards	Logistics	11,568	0
37	IRM/Vacant Wards	Nursing Home	677	0
37	IRM/Vacant Wards	Out Lease	51,956	0
39	Garage/Storage		0	3,027

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
39	Garage/Storage	Logistics	3,027	0
40	Gate House		0	308
40	Gate House	Administration	62	0
40	Gate House	Ambulatory Services	246	0
48	Garage/Storage		0	264
48	Garage/Storage	Administration	88	0
48	Garage/Storage	Ambulatory Services	88	0
48	Garage/Storage	Out Lease	88	0
70	Storage		0	300
70	Storage	Logistics	300	0
75	Oil House		0	224
76	Storage		0	4,350
76	Storage	Logistics	4,350	0
77	Storage		0	3,151
77	Storage	Logistics	3,151	0
80	Sewage Control House		0	1,426
111	Electrical Vault for Building 1		0	374
115	Recreation Storage		0	231
115	Recreation Storage	Ambulatory Services	231	0
118	Engineering Building		0	16,172
118	Engineering Building	Acute Care	584	0
118	Engineering Building	Administration	566	0
118	Engineering Building	Ambulatory Services	584	0
118	Engineering Building	Behavioral Health	584	0
118	Engineering Building	Domiciliary	584	0
118	Engineering Building	Logistics	12,040	0
118	Engineering Building	Nursing Home	584	0
118	Engineering Building	Out Lease	647	0
120	Pump House		0	585
121	Switchgear Building		0	231
130	Backflow Preventor Building		0	189
131	Flammable Storage Building		0	246
131	Flammable Storage Building	Logistics	246	0
133	Engineering Storage Building		0	1,316
133	Engineering Storage Building	Logistics	1,316	0
134	VAVS Pavilion	Administration	2,066	0
135	Regulated Medical Waste Storage		0	282
135	Regulated Medical Waste Storage	Logistics	282	0
137	B7/8 Chiller Plant Building		0	1,173
138	A&MM Network Storage		0	3,200
138	A&MM Network Storage	Logistics	3,200	0
CC	Connecting Corridors		0	19,366
T28	Quonset Hut - Storage		0	960
T28	Quonset Hut - Storage	Administration	320	0
T28	Quonset Hut - Storage	Ambulatory Services	320	0
T28	Quonset Hut - Storage	Out Lease	320	0
T29	Quonset Hut - Storage		0	2,240
T29	Quonset Hut - Storage	Administration	746	0
T29	Quonset Hut - Storage	Ambulatory Services	746	0
T29	Quonset Hut - Storage	Out Lease	746	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
Z-1A	Zone Acute Care	Acute Care	0	42,045
Z-1B	Zone Ambulatory Services	Ambulatory Services	0	78,287
Z-1C	Zone Administration	Administration	0	20,000
Z-1D	Zone Logistics	Logistics	0	8,000
Z-2A	Zone Nursing Home	Nursing Home	0	92,349
Z-2B	Zone Administration	Administration	0	5,000
Z-2C	Zone Logistics	Logistics	0	5,000
Z-3A	Zone Domiciliary	Domiciliary	0	36,678
Z-3B	Zone Behavioral Health	Behavioral Health	0	14,124
Z-3C	Zone Administration	Administration	0	19,731
Z-3D	Zone Logistics	Logistics	0	5,000
Z-4A	Zone Logistics	Logistics	0	30,109

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Projected Workload Volumes for 2023: The projected areas as derived from workload volumes (See Stage II Assumptions) indicate that the desired functions can be accommodated in less space than is currently available on the campus. (see the table below). This is primarily due to the fact that a new building designed expressly to accommodate the desired functions will be more economical of space than converting a building designed for some other use.

- Parking: All new surface parking would be provided for in this BPO. Distribution of parking by departmental group is indicated in the table below. There is sufficient land available to meet the parking need. Therefore structured parking is not required for this campus.

Table 16: Parking Distribution – BPO 2

Parking Area	Total Surface Spaces	Total Structured Spaces	Surface Area (SF)	Structured Area (SF)	Location
Acute Care	81	0	32,400	0	North of Inpatient East of Inpatient
Nursing Home	107	0	42,800	0	North of Inpatient East of Inpatient
Domiciliary	43	0	17,200	0	North of Inpatient East of Inpatient
Behavioral Health	17	0	6,800	0	West of Inpatient
Ambulatory Services	302	0	120,800	0	North of Inpatient South of Inpatient
Research	1	0	400	0	North of Inpatient
Administration	69	0	27,600	0	North of Inpatient
Logistics	15	0	6,000	0	South of Logistics

Note: There is no research space provided on the Canandaigua campus. However, the projected single parking space resulting from mathematical rounding of projected areas has been included in the parking area on the site plan.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Conclusion from the Space Analyses: BPO 2 proposes construction of the approximately 360,000 BGSF in several buildings comprising a multi-function facility with clinical focus on Nursing Home, Behavioral Health, Domiciliary, and Ambulatory Care based on the 2023 workload projections. The existing main campus would be available for reuse following occupancy of the new campus. Existing buildings could be made available for reuse or identified for demolition when they are vacated. Demolition of historic buildings would be delayed until all approvals are obtained (2017 under the ten year assumption and 2012 under the four year assumption). Non-historic buildings could be demolished as they are vacated. All buildings throughout the existing campus are identified for reuse or demolition as they become available to eliminate their ongoing maintenance and security costs.

- Construction Phasing: The entire new facility could be constructed in one phase and move-in would be in a matter of days.

- Construction Schedule: Schedules for construction of the new campus provides for occupancy of the facility by July 2014. Since there are existing historic buildings on the site adjacent to the proposed construction, these buildings are expected to remain in their present condition until such a time as the approval process and demolition activities may be completed (approximately 12 months after occupancy of the new facility if the buildings are not classified historical). While this in not an optimal image for the new campus, the location of these buildings will not impede access to the facility or operations therein.

- Implementation Schedules: Implementation schedules based on the construction activities are identified in a separate report. Agreements with reuse developers to maintain existing utilities as required to serve the new campus or relocation requirements will be critical to initial design and phasing schedules.

- Existing Building Maintenance Costs: If the existing campus is reused the maintenance costs will be covered by the reuse contractor, not the VA.

- Capital Cost Estimate: An estimate of projected new construction and renovation costs is indicated in The BPO Capital Cost Estimate (See Chapter 5: Use of VA Resources). The Capital costs are based on campus-wide area projections by Departmental Group (Zone) as indicated in the Projected BPO areas by Departmental Group (Zone).

- Construction Cost depends on Function: Construction costs are derived from projected area requirements by Building and non-Building Departmental Groups (Zones).

- Soft Costs Standardized: Approved factors as stated in the assumptions for soft costs (such as professional fees, furnishings, and equipment) are based on consultant experience and VA standards.

Evaluation of BPO 2 using Capital Criteria

- Consolidation of Vacated Space: The area total indicates that there will be no vacant space in 2023 for BPO 2 for VA occupied buildings since the new facilities will be constructed to meet the utilization requirements based on the 2023 workload projections and associated area need.

Table 17: Percentage of Vacant Space - BPO 2

	BGSF
Existing Campus Vacant Area	123,955
Projected BPO Vacant Area	0
Variance (by Area)	-123,955
Variance (by Percentage)	-100%

- Consolidation of Underutilized Space: Since BPO 2 involves the construction of all new facilities, this BPO will need approximately the same amount of space as an ideal campus (see the table below).

Table 18: Percentage of Underutilized Space - BPO 2

	BGSF
Projected Ideal Campus Area	356,402
Projected BPO Campus Area	356,323
Variance (by Area)	-79
Variance (by Percentage)	-.02%

- Timeliness of Completion: The total time required for the construction project from initiation until completion to implement improvements to the physical environment is

outlined in the tables below. The first table assumes that a 10-year process is required for historical approval creating an eight and one half year (102 month) period of construction starting in January 2009 and completion in July 2017. The second table assumes that a 4-year process is required for historical approval generating a six year (72 month) period of construction starting in January 2009 and completion in January 2015. Occupancy of the new campus is anticipated in July of 2014, however, demolition of existing buildings and associated site work extends the total construction duration as shown in the tables.

Table 19a: Total Construction Duration - BPO 2 (10 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	07/01/2017	102

Table 19b: Total Construction Duration – BPO 2 (4 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	01/01/2015	72

- Size and Complexity of Capital Plan: Projected area volumes indicate that the desired services can be accommodated in 64% less space in 2023 (see the table below). This is because the new facility constructed in this BPO is designed expressly to accommodate the desired services and, therefore, will provide a more economical use of space than converting a building designed for some other use.

Table 20: Campus Area Change - BPO 2

	Acute	Nursing Home	Dom	Behav. Health	Amb. Care	Research	Admin	Logistics	Out Lease	Total
Existing (BGSF)	75,626	144,682	61,604	54,108	153,159	236	117,579	153,335	150,732	911,061
Projected (BPO)	42,045	92,349	36,678	14,124	78,287	0	44,731	48,109	0	356,323
Variance (BGSF)	-33,581	-52,333	-24,926	-39,984	-74,872	-236	-72,848	-105,226	-150,732	-554,738
Variance (Percent)	-44.40	-36.17	-40.46	-73.90	-48.89	-100.00	-61.96	-68.62	-100.00	-60.

Note: There is no research space provided on the Canandaigua campus. However, the area indicated resulting from mathematical rounding of projected areas has been included in the behavioral health space for distribution on the campus.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Patient Moves: All of the 42 buildings on the campus, including the 21 buildings with clinical or clinical-related functions will be made available for reuse or demolished as the patients move from existing buildings into the newly constructed campus.

- Historic Buildings Altered: There are 26 buildings identified as historic or historically eligible in the CAI. For this BPO, all 26 will be made available for reuse or demolished.

Table 21: Historic Buildings Altered - BPO 2

	Quantity
Total Historic Buildings	26
Altered Historic Buildings	26

Note: Historically eligible buildings are classified as any building that is more then 50 years old.

BPO 6 - Replacement/Renovated Facilities – Courtyard 1

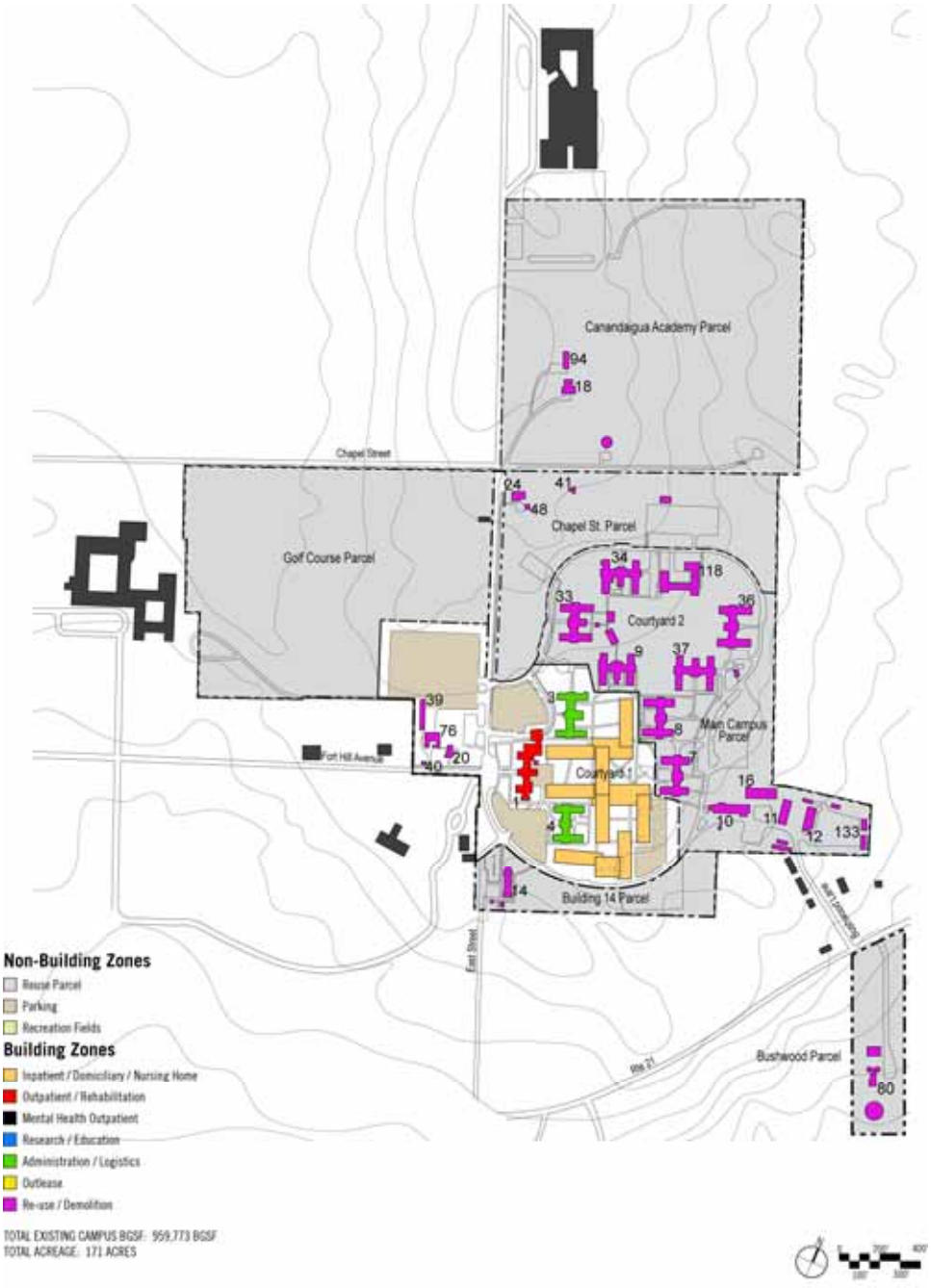
- Renovate buildings in Courtyard 1 for outpatient, administrative and logistic functions and build new nursing home, and domiciliary (including psychiatric residential rehabilitation programs) in Courtyard 1.
- New clinical care facilities will have several benefits for patients and staff: larger, more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

Analysis of Capital Planning Outputs

- Site Plan: The Projected BPO 6 Site Plan (Figure 4) illustrates the proposed campus configuration and locations of buildings.

  Configuration for the new facilities is based upon consolidating outpatient functions into existing buildings at the front of the campus maintaining a continuous public face to the campus. New construction behind the outpatient buildings will house inpatient functions in a new state of the art design. Service access will be located behind the public face of the renovated campus (See Figure 4).

Figure 5: A Diagram of the Projected BPO 6 Site Plan



- Building Color Code: Similar to the Existing Current Stage Site Plan, the building color indicates the Departmental Group (Zone) of the primary occupants for each building. Matching the building color key used for the Existing Current State Site Plan, the proposed building color indicates the predominant occupancy of the building. Refer to the Legend regarding the Departmental Group (Zone) contained therein.

- Site Impact during Construction: Site area calculations for cost estimating purposes are identified in the table below. New surface parking and repaving of existing parking areas demand the greatest area and associated costs.

- Campus Area and uses: The BPO6 campus configuration as indicated on the site plan is summarized in the tables below. There is no dedicated exterior recreation area defined. However, there is ample land available for recreational activities. The area totals for primary activities on the portions of the site to be retained exclusively for VA-related functions are indicated in the Campus Area Total below.

Table 22: Campus Area Total Acreage - BPO 6

Campus Area	Acres
Recreation	0
Parking	~6
Buildings and Landscaping	~20.2
BPO Total	~26.2
Existing Campus Total	~171

- Land Parcels Available for Reuse: BPO 6 makes available approximately 145 acres in several land parcels which can be designated for reuse. The configuration of land parcels for reuse varies with BPO. The Campus and Reuse Area Totals (see the table below) indicates that for BPO 6, 85% of the present campus is available for Reuse.

Table 23: Land Parcels Designated for Reuse – BPO 6

Reuse Parcels	Acres
Total	144.8

- Buildings Available for Reuse: Buildings around Courtyard 2 along with buildings along the eastern face of Courtyard 1 are available for reuse unless they are to be demolished in this option with the exception of any existing utility structures required for service to the proposed new construction. Identification of specific utilities required to be maintained or relocated to serve the new construction is beyond the scope of this study.
- Relocation of Functions: In BPO 6, inpatient services will be accommodated in new construction while outpatient and administrative functions will occupy renovated areas of existing buildings. Construction of the new inpatient buildings will occur in Courtyard 1 on the Main Campus on sites previously occupied by historic Buildings 2, 5, and 6. This new construction will be comprised of a one story nursing home that occupies Courtyard 1, and a two story structure on the site of Building 5, that will contain the Domiciliary and Behavioral Health clinic and outpatient functions. Outpatient functions will be housed in newly renovated Building 1 and a portion of the new construction on the site of

Building 5. Building 1 currently contains outpatient clinics which will move to new locations in Building 1 as space is renovated. Building 3 contains Nursing Home functions which can be temporarily relocated to allow for the building to be renovated to administrative and logistical functions. Building 4 will be renovated and continue to hold administrative functions. The new construction will be done in two phases. The first phase will be constructed adjacent to Building 2, allowing the existing food service to continue in operation. The first phase will contain a new food service facility. When the new food service facility is operational then building 2 will be demolished and the second phase of the new construction will occur. Building 5 and 6 will be demolished at the same time as Building 2 to allow for the construction of the 2 story building. The table below indicates the projected area need as assigned to each building on the campus. Departmental Group area totals are provided for each building. Where the Building Group name is omitted, a mathematical distribution of space was assigned to accommodate the de-optimization value of the building and provide an appropriate renovation value.

Table 24: Functional Distribution - BPO 6

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
1	Main Medical Center Building	Acute Care	5,037	6,250
1	Main Medical Center Building	Administration	15,569	0
1	Main Medical Center Building	Ambulatory Services	30,380	75,721
1	Main Medical Center Building	Behavioral Health	13,270	0
1	Main Medical Center Building	Domiciliary	2,403	0
1	Main Medical Center Building	Logistics	12,013	0
1	Main Medical Center Building	Nursing Home	2,403	0
1	Main Medical Center Building	Out Lease	891	0
2	Dietetic/Dining Building		0	41,948
2	Dietetic/Dining Building	Acute Care	17,962	0
2	Dietetic/Dining Building	Administration	5,346	0
2	Dietetic/Dining Building	Ambulatory Services	5,031	0
2	Dietetic/Dining Building	Behavioral Health	1,204	0
2	Dietetic/Dining Building	Domiciliary	1,204	0
2	Dietetic/Dining Building	Logistics	6,209	0
2	Dietetic/Dining Building	Nursing Home	4,990	0
3	Inpatient Psychiatry		0	16,528
3	Inpatient Psychiatry	Acute Care	24,401	0
3	Inpatient Psychiatry	Administration	1,835	33,784
3	Inpatient Psychiatry	Ambulatory Services	14,017	0
3	Inpatient Psychiatry	Behavioral Health	1,201	0
3	Inpatient Psychiatry	Domiciliary	745	0
3	Inpatient Psychiatry	Logistics	3,981	20,270
3	Inpatient Psychiatry	Nursing Home	24,401	0
4	Canteen/Education		0	7,703
4	Canteen/Education	Acute Care	1,583	0
4	Canteen/Education	Administration	27,543	19,481
4	Canteen/Education	Ambulatory Services	13,973	0
4	Canteen/Education	Behavioral Health	1,583	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
4	Canteen/Education	Domiciliary	1,583	0
4	Canteen/Education	Logistics	8,734	32,468
4	Canteen/Education	Nursing Home	1,583	0
4	Canteen/Education	Out Lease	3,067	0
5	Recreation Building		0	25,816
5	Recreation Building	Acute Care	760	0
5	Recreation Building	Administration	7,628	0
5	Recreation Building	Ambulatory Services	11,343	0
5	Recreation Building	Behavioral Health	760	0
5	Recreation Building	Domiciliary	760	0
5	Recreation Building	Logistics	3,802	0
5	Recreation Building	Nursing Home	760	0
6	SubsAbuse Clinic		0	60,595
6	SubsAbuse Clinic	Acute Care	4,034	0
6	SubsAbuse Clinic	Administration	393	0
6	SubsAbuse Clinic	Ambulatory Services	14,063	0
6	SubsAbuse Clinic	Behavioral Health	13,035	0
6	SubsAbuse Clinic	Domiciliary	2,498	0
6	SubsAbuse Clinic	Logistics	15,087	0
6	SubsAbuse Clinic	Nursing Home	4,034	0
6	SubsAbuse Clinic	Out Lease	7,313	0
6	SubsAbuse Clinic	Research	134	0
7	Nursing Home		0	60,156
7	Nursing Home	Acute Care	658	0
7	Nursing Home	Administration	10,941	0
7	Nursing Home	Ambulatory Services	3,010	0
7	Nursing Home	Behavioral Health	504	0
7	Nursing Home	Domiciliary	504	0
7	Nursing Home	Logistics	2,827	0
7	Nursing Home	Nursing Home	40,762	0
7	Nursing Home	Out Lease	949	0
8	Nursing Home		0	64,068
8	Nursing Home	Acute Care	1,083	0
8	Nursing Home	Administration	2,840	0
8	Nursing Home	Ambulatory Services	8,020	0
8	Nursing Home	Behavioral Health	1,366	0
8	Nursing Home	Domiciliary	1,083	0
8	Nursing Home	Logistics	12,964	0
8	Nursing Home	Nursing Home	34,466	0
8	Nursing Home	Out Lease	2,245	0
9	PRRTP Beds		0	69,244
9	PRRTP Beds	Acute Care	578	0
9	PRRTP Beds	Administration	12,214	0
9	PRRTP Beds	Ambulatory Services	6,188	0
9	PRRTP Beds	Behavioral Health	474	0
9	PRRTP Beds	Domiciliary	46,636	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
9	PRRTP Beds	Logistics	2,576	0
9	PRRTP Beds	Nursing Home	578	0
10	Laundry		0	12,665
10	Laundry	Acute Care	2,819	0
10	Laundry	Ambulatory Services	231	0
10	Laundry	Behavioral Health	231	0
10	Laundry	Domiciliary	231	0
10	Laundry	Logistics	6,332	0
10	Laundry	Nursing Home	2,819	0
11	Warehouse		0	5,816
11	Warehouse	Logistics	5,816	0
12	Boiler Plant		0	8,844
13	Boiler Plant Emergency Generator		0	1,282
14	Day Treatment		0	22,545
14	Day Treatment	Out Lease	22,545	0
16	Fire House/Grounds/Transportation		0	4,872
16	Fire House/Grounds/Transportation	Logistics	4,872	0
20	Single Quarters		0	4,784
20	Single Quarters	Acute Care	129	0
20	Single Quarters	Administration	698	0
20	Single Quarters	Ambulatory Services	2,923	0
20	Single Quarters	Behavioral Health	129	0
20	Single Quarters	Domiciliary	129	0
20	Single Quarters	Logistics	646	0
20	Single Quarters	Nursing Home	129	0
33	Nursing Home		0	71,443
33	Nursing Home	Acute Care	6,248	0
33	Nursing Home	Administration	2,385	0
33	Nursing Home	Ambulatory Services	15,435	0
33	Nursing Home	Behavioral Health	1,024	0
33	Nursing Home	Domiciliary	1,024	0
33	Nursing Home	Logistics	10,301	0
33	Nursing Home	Nursing Home	24,951	0
33	Nursing Home	Out Lease	9,979	0
33	Nursing Home	Research	95	0
34	SPD, AMMS, & Storage		0	71,660
34	SPD, AMMS, & Storage	Acute Care	8,524	0
34	SPD, AMMS, & Storage	Administration	14,794	0
34	SPD, AMMS, & Storage	Ambulatory Services	12,816	0
34	SPD, AMMS, & Storage	Behavioral Health	993	0
34	SPD, AMMS, & Storage	Domiciliary	993	0
34	SPD, AMMS, & Storage	Logistics	14,815	0
34	SPD, AMMS, & Storage	Nursing Home	993	0
34	SPD, AMMS, & Storage	Out Lease	17,731	0
36	MHC/Vacant Ward		0	72,552
36	MHC/Vacant Ward	Acute Care	543	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
36	MHC/Vacant Ward	Administration	9,067	0
36	MHC/Vacant Ward	Ambulatory Services	9,652	0
36	MHC/Vacant Ward	Behavioral Health	17,065	0
36	MHC/Vacant Ward	Domiciliary	543	0
36	MHC/Vacant Ward	Logistics	2,875	0
36	MHC/Vacant Ward	Nursing Home	543	0
36	MHC/Vacant Ward	Out Lease	32,251	0
36	MHC/Vacant Ward	Research	6	0
37	IRM/Vacant Wards		0	72,553
37	IRM/Vacant Wards	Acute Care	677	0
37	IRM/Vacant Wards	Administration	2,470	0
37	IRM/Vacant Wards	Ambulatory Services	3,851	0
37	IRM/Vacant Wards	Behavioral Health	677	0
37	IRM/Vacant Wards	Domiciliary	677	0
37	IRM/Vacant Wards	Logistics	11,568	0
37	IRM/Vacant Wards	Nursing Home	677	0
37	IRM/Vacant Wards	Out Lease	51,956	0
39	Garage/Storage		0	3,027
39	Garage/Storage	Logistics	3,027	0
40	Gate House		0	308
40	Gate House	Administration	62	0
40	Gate House	Ambulatory Services	246	0
48	Garage/Storage		0	264
48	Garage/Storage	Administration	88	0
48	Garage/Storage	Ambulatory Services	88	0
48	Garage/Storage	Out Lease	88	0
70	Storage		0	300
70	Storage	Logistics	300	0
75	Oil House		0	224
76	Storage		0	4,350
76	Storage	Logistics	4,350	0
77	Storage		0	3,151
77	Storage	Logistics	3,151	0
80	Sewage Control House		0	1,426
111	Electrical Vault for Building 1		0	374
115	Recreation Storage		0	231
115	Recreation Storage	Ambulatory Services	231	0
118	Engineering Building		0	16,172
118	Engineering Building	Acute Care	584	0
118	Engineering Building	Administration	566	0
118	Engineering Building	Ambulatory Services	584	0
118	Engineering Building	Behavioral Health	584	0
118	Engineering Building	Domiciliary	584	0
118	Engineering Building	Logistics	12,040	0
118	Engineering Building	Nursing Home	584	0
118	Engineering Building	Out Lease	647	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
120	Pump House		0	585
121	Switchgear Building		0	231
130	Backflow Preventor Building		0	189
131	Flammable Storage Building		0	246
131	Flammable Storage Building	Logistics	246	0
133	Engineering Storage Building		0	1,316
133	Engineering Storage Building	Logistics	1,316	0
134	VAVS Pavilion	Administration	2,066	0
135	Regulated Medical Waste Storage		0	282
135	Regulated Medical Waste Storage	Logistics	282	0
137	B7/8 Chiller Plant Building		0	1,173
138	A&MM Network Storage		0	3,200
138	A&MM Network Storage	Logistics	3,200	0
CC	Connecting Corridors		0	19,366
T28	Quonset Hut - Storage		0	960
T28	Quonset Hut - Storage	Administration	320	0
T28	Quonset Hut - Storage	Ambulatory Services	320	0
T28	Quonset Hut - Storage	Out Lease	320	0
T29	Quonset Hut - Storage		0	2,240
T29	Quonset Hut - Storage	Administration	746	0
T29	Quonset Hut - Storage	Ambulatory Services	746	0
T29	Quonset Hut - Storage	Out Lease	746	0
Z-10-11S	Surface Parking for Zone Logistics	Logistics	0	6,000
Z-1A	Zone Nursing Home	Nursing Home	0	92,349
Z-1B	Zone Acute Care	Acute Care	0	32,045
Z-1C	Zone Logistics	Logistics	0	4,000
Z-2-11S	Surface Parking for Zone Acute Care	Acute Care	0	32,400
Z-2A	Zone Acute Care	Acute Care	0	5,000
Z-2B	Zone Domiciliary	Domiciliary	0	36,678
Z-2C	Zone Behavioral Health	Behavioral Health	0	14,124
Z-2D	Zone Ambulatory	Ambulatory Services	0	17,710
Z-2E	Zone Logistics	Logistics	0	4,109
Z-2F	Zone Research	Research	0	35
Z-2G	Zone Administration	Administration	0	4,731
Z-3-11S	Surface Parking for Zone Nursing Home	Nursing Home	0	71,200
Z-4-11S	Surface Parking for Zone Domiciliary	Domiciliary	0	28,400
Z-6-11S	Surface Parking for Zone Behavioral Health	Behavioral Health	0	11,200
Z-7-11S	Surface Parking for Zone Ambulatory Services	Ambulatory Services	0	60,400
Z-8-11S	Surface Parking for Zone Research	Research	0	400
Z-9-11S	Surface Parking for Zone Administration	Administration	0	34,800
Z-SiteInfo	Site Information	Logistics	0	1,169,861

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Optimal Use of Existing Buildings: Since the existing buildings were designed more than 70 years ago, they are not compatible with modern standards of design for nursing home and outpatient functions. The floor plates are too small (resulting in poor functional adjacencies); the floor to floor heights are too low (resulting in mechanical systems with insufficient air volume); with a few exceptions, the bedrooms do not have toilets accessible from within the rooms; some bedrooms have more than 2 occupants; and food service is not optimal.

- Projected Workload Volumes for 2023: The projected areas as derived from workload volumes (See Stage II Assumptions) indicate that the desired functions can be accommodated in less space than is currently available on the campus. (see the table below). This is primarily due to the fact that a new building designed specifically to accommodate the desired functions will be more economical of space than converting a building designed for some other use.

- Parking: Portions of the existing surface parking will be expanded and repaved to provide parking in the most convenient locations adjacent to building entries. Where existing parking is not required it will be removed and new buildings or landscape will be provided. Distribution of parking by department group is indicated in the table below. There is sufficient land available to meet the parking need. Therefore structured parking is not required for this campus.

Table 25: Parking Distribution – BPO 6

Parking Area	Total Surface Spaces	Total Structured Spaces	Surface Area (SF)	Structured Area (SF)	Location
Acute Care	81	0	32,400	0	North of Building 1 North of Building 39
Nursing Home	107	0	42,800	0	North of Building 39 South of Building 7
Domiciliary	43	0	17,200	0	West of Building 4 South of Building 7
Behavioral Health	17	0	6,800	0	West of Building 4 South of Building 7
Ambulatory Services	302	0	120,800	0	North of Building 1 North of Building 39
Research	1	0	400	0	North of Building 39
Administration	69	0	27,600	0	North of Building 39
Logistics	15	0	6,000	0	North of Building 39

Note: There is no research space provided on the Canandaigua campus. However, the projected single parking space resulting from mathematical rounding of projected areas has been included in the parking area on the site plan.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Conclusion from the Space Analyses: Through the desire in BPO 6 to provide inpatient functions in new construction and maintain existing buildings with outpatient functions, there is considerable reduction in vacant space over BPO 1 (Baseline)

- Construction Phasing: Phasing of construction for the new Nursing Home building is possible, yet complex based on the desired site location in BPO 6. Roadways for this function can utilize a majority of the existing vehicular circulation system for implementation. Construction of the Nursing Home building will be multi-phased to allow for the construction of new food service functions which would allow for the demolition of the historic Building 2. Buildings 5 and 6 will be demolished at the same time as Building 2 to facilitate all new construction. After demolition, nursing home wings can be constructed on the former site of Building 2 and the Domiciliary and Behavioral Health building may be constructed. Buildings throughout the existing campus are identified for reuse or demolition as they become available to eliminate their ongoing maintenance and security costs. For instance, demolition of historic buildings will initiate in 2017 under the ten-year assumption to obtain historical approval and in 2012 for the four-year assumption. Non-historic buildings may be demolished as they come vacant or by negotiation with parties interested in their reuse.

- Construction Schedule: Schedules for construction activities will be multi-phased and complex to integrate the new building into the historic fabric and infrastructure of the campus. Disruption to existing service connections and in some cases engineering systems will create frequent but brief disruption to clinical services. These disruptions will be addressed through a variety of solutions. For example, vehicular transport can temporarily replace on-grade connectors when they are disrupted. The intent is to provide new construction for the nursing home while continually maintaining campus functions.

- Implementation Schedules: Implementation schedules based on the construction activities are identified in a separate report. Agreements with reuse developers to maintain existing utilities as required to serve the new campus or relocation requirements will be critical to initial design and phasing schedules.

- Existing Building Maintenance Costs: If the existing campus is reused the maintenance costs will be covered by the reuse contractor, not the VA.

- Capital Cost Estimate: An estimate of projected new construction and renovation costs is indicated in The BPO Capital Cost Estimate (See Chapter 5: Use of VA Resources). The Capital costs are based on campus-wide area projections by Departmental Group (Zone) as indicated in the Projected BPO areas by Departmental Group (Zone).

- Construction Cost depends on Function: Construction costs are derived from projected area requirements by Building and non-Building Departmental Groups (Zones).

- Soft Costs Standardized: Approved factors as stated in the assumptions for soft costs (such as professional fees, furnishings, and equipment) are based on consultant experience and VA standards.

Evaluation of BPO 6 using Capital Criteria

- Consolidation of Vacated Space: The area total indicates that there will be approximately an 85 percent decrease in vacant space in VA occupied buildings in 2023 for BPO 6 since the new facilities will be constructed and existing buildings will be maximized to meet the utilization requirements based on the 2023 workload projections and associated area need.

Table 26: Percentage of Vacant Space - BPO 6

	BGSF
Existing Campus Vacant Area	123,955
Projected BPO Vacant Area	18,162
Variance (by Area)	-105,793
Variance (by Percentage)	-85.35%

- Consolidation of Underutilized Space: Based on a comparison of occupied space, BPO 6 produces an 18% increase in underutilization of space over projected ideal area across the campus at the completion of the implementation period (see the table below). This is because there is a substantial amount of renovation required for this BPO, requiring additional area to achieve a modern, safe, and secure environment.

Table 27: Percentage of Underutilized Space - BPO 6

	BGSF
Projected Ideal Campus Area	356,402
Projected BPO Campus Area	422,989
Variance (by Area)	66,587
Variance (by Percentage)	18.68%

- Timeliness of Completion: The total time required for the multi-phased construction project from initiation until completion to implement improvements to the physical environment is outlined in the tables below. The first table assumes that a 10-year process is required for historical approval creating a thirteen year (156 month) period of construction starting in January 2009 and completion in January 2022. The second table assumes that a 4-year process is required for historical approval creating an 84-month period of construction starting in January 2009 and completion in January 2016. Renovations of outpatient services in Building 1 is anticipated to finish in January 2015, however the demolition of historic Buildings 2, 5 and 6 will delay the completion of the new construction to house the nursing home and domiciliary.

Table 28a: Total Construction Duration - BPO 6 (10 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	01/01/2022	156

Table 28b: Total Construction Duration – BPO 6 (4 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	01/01/2016	84

- Size and Complexity of Capital Plan: Projected area volumes indicate that the desired services can be accommodated in 56% less space in 2023 (see the table below). This is because existing buildings on campus which are under utilized will be consolidated allowing for more efficient use of square footage. During design phase of the project, consideration should be given to the location of food service functions (identified in the "acute care" totals below) which should be adjacent to or included with the nursing home functions. This proximity would have minimal impact to the overall campus configuration (except for the receiving dock location) but would increase the nursing home footprint.

Table 29: Campus Area Change - BPO 6

	Acute	Nursing Home	Dom	Behav. Health	Amb. Care	Research	Admin	Logistics	Out Lease	Total
Existing (BGSF)	75,626	144,682	61,604	54,108	153,159	236	117,579	153,335	150,732	911,061
Projected (BPO)	43,295	92,349	36,678	14,124	93,432	35	57,996	85,080	0	422,989
Variance (BGSF)	-32,331	-52,333	-24,926	-39,984	-59,727	-201	-59,583	-68,255	-150,732	-488,072
Variance (Percent)	-42.75	-36.17	-40.46	-73.90	-39.00	-85.17	-50.67	-44.51	-100.00	-53.57

Note: There is no research space provided on the Canandaigua campus. However, the area indicated resulting from mathematical rounding of projected areas has been included in the behavioral health space for distribution on the campus.
Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Patient Moves: All the 42 buildings on the campus, including the 21 buildings with clinical or clinical-related functions will be made available for reuse or demolished excluding Buildings 1, 3, and 4 which are to be renovated and Buildings 2, 5, and 6 which must be demolished to allow for new construction. Although all clinical buildings are considered altered, the patients from these buildings will be moving directly from their existing locations into the newly renovated or newly constructed buildings on the campus when the buildings are ready for occupancy.

- Historic Buildings Altered: There are 26 buildings identified as historic or historically eligible in the CAI. For this BPO, all 26 will be demolished or made available for reuse except for Buildings 1, 3, and 4 which are to be renovated and Buildings 2, 5, and 6 which must be demolished to allow for new construction.

Table 30: Historic Buildings Altered - BPO 6

	Quantity
Total Historic Buildings	26
Altered Historic Buildings	26

Note: Historically eligible buildings are classified as any building that is more then 50 years old

BPO 7 - Replacement Facilities – Canandaigua Academy Parcel

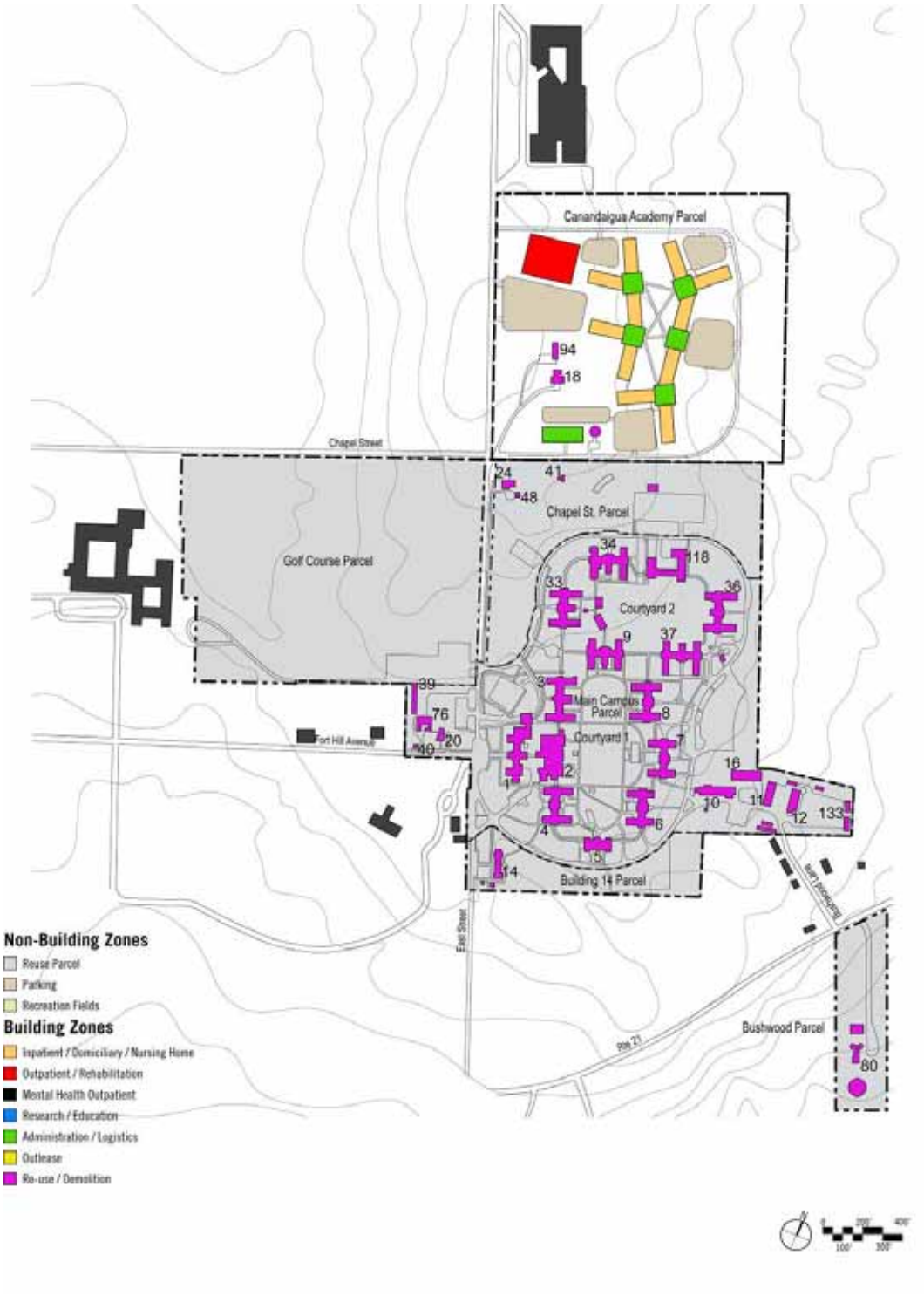
- Replace nursing home, domiciliary (including psychiatric residential rehabilitation programs), and all outpatient services in a modern state of the art facility with a single floor nursing home design on northern parcel of campus.
- New clinical care facilities will have several benefits for patients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

Analysis of Capital Planning Outputs

- Site Plan: The Projected BPO 7 Site Plan (Figure 5) illustrates the proposed campus configuration and locations of buildings.

  Configuration for the new facility is based upon providing outpatient functions and their associated parking with the most public face at the northwestern corner of the parcel where the main entrance is located to the site off of East Street. Service access is located off of Chapel Street away from the public face of the campus. The nursing home functions stretch north-south behind the outpatient function aligning with the existing contours of the land while not disturbing the existing structures and water town already on the parcel (See Figure 5).

Figure 6: A Diagram of the Projected BPO 7 Site Plan



- Building Color Code: Similar to the Existing Current Stage Site Plan, the building color indicates the Departmental Group (Zone) of the primary occupants for each building. Matching the building color key used for the Existing Current State Site Plan, the proposed building color indicates the predominant occupancy of the building. Refer to the Legend regarding the Departmental Group (Zone) contained therein.

- Site Impact during Construction: Site area calculations for cost estimating purposes are identified in the in the table below. This BPO requires approximately 38 acres of buildings and landscaping and 6 acres of new paving.

- Campus Area and uses: The BPO7 campus configuration as indicated on the site plan is summarized in the tables below. There is no dedicated exterior recreation area defined. However, there is ample land available for recreational activities. The area totals for primary activities on the portions of the site to be retained exclusively for VA-related functions are indicated in the Campus Area Total below.

Table 31: Campus Area Total Acreage - BPO 7

Campus Area	Acres
Recreation	0
Parking	~6
Buildings and Landscaping	~37.7
BPO Total	43.7
Existing Campus Total	~171

- Land Parcels Available for Reuse: BPO 7 makes available approximately 127 acres in several land parcels which can be designated for reuse. The configuration of land parcels for reuse varies with BPO. The Campus and Reuse Area Totals (see the table below) indicates that for BPO 7, 74% of the present campus is available for Reuse.

Table 32: Land Parcels Designated for Reuse – BPO 7

Reuse Parcels	Acres
Total	127.3

- Buildings Available for Reuse: The entire occupied campus is available for reuse in this option with the exception of any existing utility structures required for service to the proposed new construction. Identification of specific utilities required to be maintained or relocated to serve the new construction is beyond the scope of this study.
- Relocation of Functions: BPO 7 will provide for new construction to replace all projected functions on the Canandaigua Academy parcel across Chapel Street from the existing Chapel Street and Main Campus parcels. Construction of the new facility would be achieved in less time than renovating the existing facilities and disruption to patient care would be minimized. Occupancy would be phased at completion of the construction period so that services could transfer directly from their existing locations to the locations with minimum time and effort. Projected area is based on the 2023 workloads with no vacant space. Occupancy for the new facilities is anticipated in July 2014 with buildings located on the main campus available for reuse thereafter. The earliest date for demolition of buildings, if they are not to be reused, would be anticipated in January 2017 under the

ten-year assumption to obtain historical approval and in January 2012 under the four-year assumption. The table below indicates the projected area need as assigned to each building on the campus. Departmental Group area totals are provided for each building. Where the Building Group name is omitted, a mathematical distribution of space was assigned to accommodate the de-optimization value of the building and provide an appropriate renovation value in BGSF.

Table 33: Functional Distribution - BPO 7

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
1	Main Medical Center Building		0	81,971
1	Main Medical Center Building	Acute Care	5,037	0
1	Main Medical Center Building	Administration	15,569	0
1	Main Medical Center Building	Ambulatory Services	30,380	0
1	Main Medical Center Building	Behavioral Health	13,270	0
1	Main Medical Center Building	Domiciliary	2,403	0
1	Main Medical Center Building	Logistics	12,013	0
1	Main Medical Center Building	Nursing Home	2,403	0
1	Main Medical Center Building	Out Lease	891	0
2	Dietetic/Dining Building		0	41,948
2	Dietetic/Dining Building	Acute Care	17,962	0
2	Dietetic/Dining Building	Administration	5,346	0
2	Dietetic/Dining Building	Ambulatory Services	5,031	0
2	Dietetic/Dining Building	Behavioral Health	1,204	0
2	Dietetic/Dining Building	Domiciliary	1,204	0
2	Dietetic/Dining Building	Logistics	6,209	0
2	Dietetic/Dining Building	Nursing Home	4,990	0
3	Inpatient Psychiatry		0	70,582
3	Inpatient Psychiatry	Acute Care	24,401	0
3	Inpatient Psychiatry	Administration	1,835	0
3	Inpatient Psychiatry	Ambulatory Services	14,017	0
3	Inpatient Psychiatry	Behavioral Health	1,201	0
3	Inpatient Psychiatry	Domiciliary	745	0
3	Inpatient Psychiatry	Logistics	3,981	0
3	Inpatient Psychiatry	Nursing Home	24,401	0
4	Canteen/Education		0	59,651
4	Canteen/Education	Acute Care	1,583	0
4	Canteen/Education	Administration	27,543	0
4	Canteen/Education	Ambulatory Services	13,973	0
4	Canteen/Education	Behavioral Health	1,583	0
4	Canteen/Education	Domiciliary	1,583	0
4	Canteen/Education	Logistics	8,734	0
4	Canteen/Education	Nursing Home	1,583	0
4	Canteen/Education	Out Lease	3,067	0
5	Recreation Building		0	25,816
5	Recreation Building	Acute Care	760	0
5	Recreation Building	Administration	7,628	0
5	Recreation Building	Ambulatory Services	11,343	0
5	Recreation Building	Behavioral Health	760	0
5	Recreation Building	Domiciliary	760	0
5	Recreation Building	Logistics	3,802	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
5	Recreation Building	Nursing Home	760	0
6	SubsAbuse Clinic		0	60,595
6	SubsAbuse Clinic	Acute Care	4,034	0
6	SubsAbuse Clinic	Administration	393	0
6	SubsAbuse Clinic	Ambulatory Services	14,063	0
6	SubsAbuse Clinic	Behavioral Health	13,035	0
6	SubsAbuse Clinic	Domiciliary	2,498	0
6	SubsAbuse Clinic	Logistics	15,087	0
6	SubsAbuse Clinic	Nursing Home	4,034	0
6	SubsAbuse Clinic	Out Lease	7,313	0
6	SubsAbuse Clinic	Research	134	0
7	Nursing Home		0	60,156
7	Nursing Home	Acute Care	658	0
7	Nursing Home	Administration	10,941	0
7	Nursing Home	Ambulatory Services	3,010	0
7	Nursing Home	Behavioral Health	504	0
7	Nursing Home	Domiciliary	504	0
7	Nursing Home	Logistics	2,827	0
7	Nursing Home	Nursing Home	40,762	0
7	Nursing Home	Out Lease	949	0
8	Nursing Home		0	64,068
8	Nursing Home	Acute Care	1,083	0
8	Nursing Home	Administration	2,840	0
8	Nursing Home	Ambulatory Services	8,020	0
8	Nursing Home	Behavioral Health	1,366	0
8	Nursing Home	Domiciliary	1,083	0
8	Nursing Home	Logistics	12,964	0
8	Nursing Home	Nursing Home	34,466	0
8	Nursing Home	Out Lease	2,245	0
9	PRRTP Beds		0	69,244
9	PRRTP Beds	Acute Care	578	0
9	PRRTP Beds	Administration	12,214	0
9	PRRTP Beds	Ambulatory Services	6,188	0
9	PRRTP Beds	Behavioral Health	474	0
9	PRRTP Beds	Domiciliary	46,636	0
9	PRRTP Beds	Logistics	2,576	0
9	PRRTP Beds	Nursing Home	578	0
10	Laundry		0	12,665
10	Laundry	Acute Care	2,819	0
10	Laundry	Ambulatory Services	231	0
10	Laundry	Behavioral Health	231	0
10	Laundry	Domiciliary	231	0
10	Laundry	Logistics	6,332	0
10	Laundry	Nursing Home	2,819	0
11	Warehouse		0	5,816
11	Warehouse	Logistics	5,816	0
12	Boiler Plant		0	8,844
13	Boiler Plant Emergency Generator		0	1,282
14	Day Treatment		0	22,545
14	Day Treatment	Out Lease	22,545	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
16	Fire House/Grounds/Transportation		0	4,872
16	Fire House/Grounds/Transportation	Logistics	4,872	0
20	Single Quarters		0	4,784
20	Single Quarters	Acute Care	129	0
20	Single Quarters	Administration	698	0
20	Single Quarters	Ambulatory Services	2,923	0
20	Single Quarters	Behavioral Health	129	0
20	Single Quarters	Domiciliary	129	0
20	Single Quarters	Logistics	646	0
20	Single Quarters	Nursing Home	129	0
33	Nursing Home		0	71,443
33	Nursing Home	Acute Care	6,248	0
33	Nursing Home	Administration	2,385	0
33	Nursing Home	Ambulatory Services	15,435	0
33	Nursing Home	Behavioral Health	1,024	0
33	Nursing Home	Domiciliary	1,024	0
33	Nursing Home	Logistics	10,301	0
33	Nursing Home	Nursing Home	24,951	0
33	Nursing Home	Out Lease	9,979	0
33	Nursing Home	Research	95	0
34	SPD, AMMS, & Storage		0	71,660
34	SPD, AMMS, & Storage	Acute Care	8,524	0
34	SPD, AMMS, & Storage	Administration	14,794	0
34	SPD, AMMS, & Storage	Ambulatory Services	12,816	0
34	SPD, AMMS, & Storage	Behavioral Health	993	0
34	SPD, AMMS, & Storage	Domiciliary	993	0
34	SPD, AMMS, & Storage	Logistics	14,815	0
34	SPD, AMMS, & Storage	Nursing Home	993	0
34	SPD, AMMS, & Storage	Out Lease	17,731	0
36	MHC/Vacant Ward		0	72,552
36	MHC/Vacant Ward	Acute Care	543	0
36	MHC/Vacant Ward	Administration	9,067	0
36	MHC/Vacant Ward	Ambulatory Services	9,652	0
36	MHC/Vacant Ward	Behavioral Health	17,065	0
36	MHC/Vacant Ward	Domiciliary	543	0
36	MHC/Vacant Ward	Logistics	2,875	0
36	MHC/Vacant Ward	Nursing Home	543	0
36	MHC/Vacant Ward	Out Lease	32,251	0
36	MHC/Vacant Ward	Research	6	0
37	IRM/Vacant Wards		0	72,553
37	IRM/Vacant Wards	Acute Care	677	0
37	IRM/Vacant Wards	Administration	2,470	0
37	IRM/Vacant Wards	Ambulatory Services	3,851	0
37	IRM/Vacant Wards	Behavioral Health	677	0
37	IRM/Vacant Wards	Domiciliary	677	0
37	IRM/Vacant Wards	Logistics	11,568	0
37	IRM/Vacant Wards	Nursing Home	677	0
37	IRM/Vacant Wards	Out Lease	51,956	0
39	Garage/Storage		0	3,027
39	Garage/Storage	Logistics	3,027	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
40	Gate House		0	308
40	Gate House	Administration	62	0
40	Gate House	Ambulatory Services	246	0
48	Garage/Storage		0	264
48	Garage/Storage	Administration	88	0
48	Garage/Storage	Ambulatory Services	88	0
48	Garage/Storage	Out Lease	88	0
70	Storage		0	300
70	Storage	Logistics	300	0
75	Oil House		0	224
76	Storage		0	4,350
76	Storage	Logistics	4,350	0
77	Storage		0	3,151
77	Storage	Logistics	3,151	0
80	Sewage Control House		0	1,426
111	Electrical Vault for Building 1		0	374
115	Recreation Storage		0	231
115	Recreation Storage	Ambulatory Services	231	0
118	Engineering Building		0	16,172
118	Engineering Building	Acute Care	584	0
118	Engineering Building	Administration	566	0
118	Engineering Building	Ambulatory Services	584	0
118	Engineering Building	Behavioral Health	584	0
118	Engineering Building	Domiciliary	584	0
118	Engineering Building	Logistics	12,040	0
118	Engineering Building	Nursing Home	584	0
118	Engineering Building	Out Lease	647	0
120	Pump House		0	585
121	Switchgear Building		0	231
130	Backflow Preventor Building		0	189
131	Flammable Storage Building		0	246
131	Flammable Storage Building	Logistics	246	0
133	Engineering Storage Building		0	1,316
133	Engineering Storage Building	Logistics	1,316	0
134	VAVS Pavilion	Administration	2,066	0
135	Regulated Medical Waste Storage		0	282
135	Regulated Medical Waste Storage	Logistics	282	0
137	B7/8 Chiller Plant Building		0	1,173
138	A&MM Network Storage		0	3,200
138	A&MM Network Storage	Logistics	3,200	0
CC	Connecting Corridors		0	19,366
T28	Quonset Hut - Storage		0	960
T28	Quonset Hut - Storage	Administration	320	0
T28	Quonset Hut - Storage	Ambulatory Services	320	0
T28	Quonset Hut - Storage	Out Lease	320	0
T29	Quonset Hut - Storage		0	2,240
T29	Quonset Hut - Storage	Administration	746	0
T29	Quonset Hut - Storage	Ambulatory Services	746	0
T29	Quonset Hut - Storage	Out Lease	746	0
Z-1A	Zone Acute Care	Acute Care	0	42,045

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
Z-1B	Zone Ambulatory Services	Ambulatory Services	0	78,287
Z-1C	Zone Administration	Administration	0	20,000
Z-1D	Zone Logistics	Logistics	0	8,000
Z-2A	Zone Nursing Home	Nursing Home	0	92,349
Z-2B	Zone Administration	Administration	0	5,000
Z-2C	Zone Logistics	Logistics	0	5,000
Z-3A	Zone Domiciliary	Domiciliary	0	36,678
Z-3B	Zone Behavioral Health	Behavioral Health	0	14,124
Z-3C	Zone Administration	Administration	0	19,731
Z-3D	Zone Logistics	Logistics	0	5,000
Z-4A	Zone Logistics	Logistics	0	30,109

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Projected Workload Volumes for 2023: The projected areas as derived from workload volumes (See Stage II Assumptions) indicate that the desired functions can be accommodated in less space than is currently available on the campus. (see the table below). This is primarily due to the fact that a new building designed expressly to accommodate the desired functions will be more economical of space than converting a building designed for some other use.

- Parking: All new surface parking would be provided for this BPO. Distribution of parking by departmental group is indicated in the table below. There is sufficient land available to meet the parking need. Therefore structured parking is not required for this campus.

Table 34: Parking Distribution – BPO 7

Parking Area	Total Surface Spaces	Total Structured Spaces	Surface Area (SF)	Structured Area (SF)	Location
Acute Care	81	0	32,400	0	South of Inpatient East of Inpatient
Nursing Home	107	0	42,800	0	North of Inpatient East of Inpatient
Domiciliary	43	0	17,200	0	North of Inpatient East of Inpatient
Behavioral Health	17	0	6,800	0	North of Inpatient
Ambulatory Services	302	0	120,800	0	South of Ambulatory
Research	1	0	400	0	South of Ambulatory
Administration	69	0	27,600	0	South of Ambulatory
Logistics	15	0	6,000	0	North of Logistics

Note: There is no research space provided on the Canandaigua campus. However, the projected single parking space resulting from mathematical rounding of projected areas has been included in the parking area on the site plan.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Conclusion from the Space Analyses: BPO 7 proposes construction of the approximately 360,000 BGSF in several buildings comprising a multi-function facility with clinical focus on Nursing Home, Behavioral Health, Domiciliary, and Ambulatory Care based on the 2023 workload projections. The existing main campus would be available for reuse following occupancy of the new campus. Existing buildings could be made available for reuse or identified for demolition when they are vacated. Demolition of historic buildings would be delayed until all approvals are obtained (2017 under the ten-year assumption and 2012 under the four-year assumption). Non-historic buildings could be demolished as they are vacated. All buildings throughout the existing campus are identified for reuse or demolition as they become available to eliminate their ongoing maintenance and security costs.

- Construction Phasing: The entire new facility could be constructed in one phase and move-in would be in a matter of days.

- Construction Schedule: Schedules for construction of the new campus provides for occupancy of the facility by July 2014. Since there are existing historic buildings on the site adjacent to the proposed construction, these buildings are expected to remain in their present condition until such a time as the approval process and demolition activities may be completed (approximately 12 months after occupancy of the new facility if the buildings are not classified historical). While this may not be an optimal image for the new campus, the location of these buildings will not impede access to the facility or operations therein.

- Implementation Schedules: Implementation schedules based on the construction activities are identified in a separate report. Agreements with reuse developers to maintain existing utilities as required to serve the new campus or relocation requirements will be critical to initial design and phasing schedules.

- Existing Building Maintenance Costs: If the exiting campus is reused the maintenance costs will be covered by the reuse contractor, not the VA.

- Capital Cost Estimate: An estimate of projected new construction and renovation costs is indicated in The BPO Capital Cost Estimate (See Chapter 5: Use of VA Resources). The Capital costs are based on campus-wide area projections by Departmental Group (Zone) as indicated in the Projected BPO areas by Departmental Group (Zone).

- Construction Cost depends on Function: Construction costs are derived from projected area requirements by Building and non-Building Departmental Groups (Zones).

- Soft Costs Standardized: Approved factors as stated in the assumptions for soft costs (such as professional fees, furnishings, and equipment) are based on consultant experience and VA standards.

Evaluation of BPO 7 using Capital Criteria

- Consolidation of Vacated Space: The area total indicates that there will be no vacant space in 2023 for VA occupied facilities in BPO 7 since the new facilities will be constructed to meet the utilization requirements based on the 2023 workload projections and associated area need.

Table 35: Percentage of Vacant Space - BPO 7

	BGSF
Existing Campus Vacant Area	123,955
Projected BPO Vacant Area	0
Variance (by Area)	-123,955
Variance (by Percentage)	-100%

- Consolidation of Underutilized Space: Since BPO 7 involves the construction of all new facilities, this BPO will need approximately the same amount of space as an ideal campus (see the table below).

Table 36: Percentage of Underutilized Space - BPO 7

	BGSF
Projected Ideal Campus Area	356,402
Projected BPO Campus Area	356,323
Variance (by Area)	-79
Variance (by Percentage)	-.02%

- Timeliness of Completion: The total time required for the construction project from initiation until completion to implement improvements to the physical environment is outlined in the tables below. The first table assumes that a 10-year process is required for historical approval creating an eight and one half year (102 month) period of construction starting in January 2009 and completion in July 2017. The second table assumes that a 4-year process is required for historical approval creating a six year (72 month) period of construction starting in January 2009 and completion in January 2015. Occupancy of the new campus is anticipated in July of 2014 however demolition of existing buildings and associated site work extends the total construction duration as shown in the tables.

Table 37a: Total Construction Duration - BPO 7 (10 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	07/01/2017	102

Table 37b: Total Construction Duration – BPO 7 (4 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	01/01/2015	72

- Size and Complexity of Capital Plan: Projected area volumes indicate that the desired services can be accommodated in 60% less space in 2023 (see the table below). This is because the new facility constructed in this BPO is designed expressly to accommodate the desired services and, therefore, will provide a more economical use of space than converting a building designed for some other use.

Table 38: Campus Area Change - BPO 7

	Acute	Nursing Home	Dom	Behav. Health	Amb. Care	Research	Admin	Logistics	Out Lease	Total
Existing (BGSF)	75,626	144,682	61,604	54,108	153,159	236	117,579	153,335	150,732	911,061
Projected (BPO)	42,045	92,349	36,678	14,124	78,287	0	44,731	48,109	0	356,323
Variance (BGSF)	-33,581	-52,333	-24,926	-39,984	-74,872	-236	-72,848	-105,226	-150,732	-554,738
Variance (Percent)	-44.40	-36.17	-40.46	-73.90	-48.89	-100.00	-61.96	-68.62	-100.00	-60.

Note: There is no research space provided on the Canandaigua campus. However, the area indicated resulting from mathematical rounding of projected areas has been included in the behavioral health space for distribution on the campus.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Patient Moves: All of the 42 buildings on the campus, including the 21 buildings with clinical or clinical-related functions will be made available for reuse or demolished as the patients move from existing buildings into the newly constructed campus.

- Historic Buildings Altered: There are 26 buildings identified as historic or historically eligible in the CAI. For this BPO, all 26 will be made available for reuse or demolished.

Table 39: Historic Buildings Altered - BPO 7

	Quantity
Total Historic Buildings	26
Altered Historic Buildings	26

Note: Historically eligible buildings are classified as any building that is more then 50 years old.

BPO 9 - Replacement/Renovated Facilities - Courtyard 1 and 2

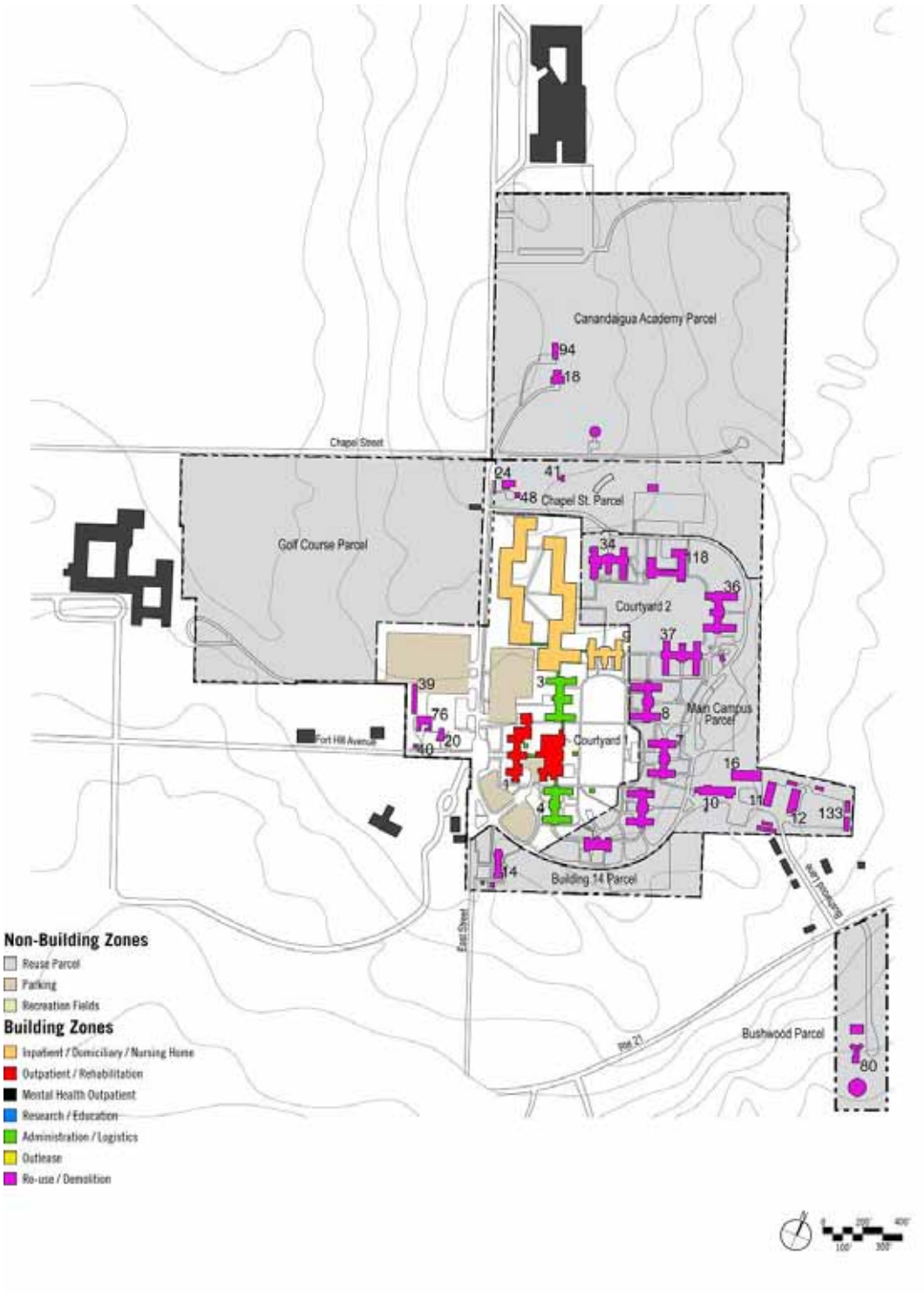
- Construct new nursing home and new domiciliary (including psychiatric residential rehabilitation) facilities in Courtyard 2.
- New clinical care facilities will have several benefits for patients and staff: larger, more private patient rooms with own bathrooms; state of the art treatment, therapy and support spaces; improved patient entries, walkways, hallways, and parking; and clinical support functions located close to patient care areas.
- New nursing home care facilities will have several benefits for patients and staff: individual private bedrooms and bathrooms; plan configurations with groupings of "residential neighborhoods" rather than "long corridors of rooms"; increased area for support facilities for supplies and equipment; comfortable and attractive social meeting and activity areas; and convenient physical access to amenities.
- Provide outpatient services and administrative space in renovated historic "front door" buildings in Courtyard 1 (specifically Buildings 1, 2, 3, 4 and 9). Provide a good-faith effort to maintain the historic feel of the campus and minimize demolition.
- Potential reuse of Building 14, Bushwood, Canandaigua Academy, Chapel Street, and Golf Course parcels and portions of the Main Campus parcel.

Analysis of Capital Planning Outputs

- Site Plan: The Projected BPO 9 Site Plan (Figure 6) illustrates the proposed campus configuration and locations of buildings.

  Configuration for the new facilities is based upon consolidating outpatient functions into existing buildings at the front of the campus maintaining a continuous public face to the campus. New construction to the north of the outpatient buildings will house inpatient functions in a new state of the art design on a site formally occupied by historic Building 33. Building 9 will be renovated to house inpatient functions linked to the new buildings. Service access will be located further north along East Street beyond the public face of the renovated campus (See Figure 6).

Figure 7: A Diagram of the Projected BPO 9 Site Plan



- Building Color Code: Similar to the Existing Current Stage Site Plan, the building color indicates the Departmental Group (Zone) of the primary occupants for each building. Matching the building color key used for the Existing Current State Site Plan, the proposed building color indicates the predominant occupancy of the building. Refer to the Legend regarding the Departmental Group (Zone) contained therein.

- Site Impact during Construction: Site area calculations for cost estimating purposes are identified in the table below. New surface parking and repaving of existing parking areas demand the greatest area and associated costs.

- Campus Area and uses: The BPO 9 campus configuration as indicated on the site plan is summarized in the tables below. There is no dedicated exterior recreation area defined. However, there is ample land available for recreational activities. The area totals for primary activities on the portions of the site to be retained exclusively for VA-related functions are indicated in the Campus Area Total below.

Table 40: Campus Area Total Acreage - BPO 9

Campus Area	Acres
Recreation	0
Parking	~6
Buildings and Landscaping	~24.1
BPO Total	~30.1
Existing Campus Total	~171

- Land Parcels Available for Reuse: BPO 9 makes available approximately 141 acres in several land parcels which can be designated for reuse. The configuration of land parcels for reuse varies with BPO. The Campus and Reuse Area Totals (see the table below) indicates that for BPO 9, 82% of the present campus is available for Reuse.

Table 41: Land Parcels Designated for Reuse – BPO 9

Reuse Parcels	Acres
Total	140.9

- Buildings Available for Reuse: Buildings around Courtyard 2 along with buildings along the northern and eastern face of Courtyard 1 are available for reuse in this option with the exception of any existing utility structures required for service to the proposed new construction. Identification of specific utilities required to be maintained or relocated to serve the new construction is beyond the scope of this study.

- Relocation of Functions: In BPO 9, inpatient services will be accommodated in new construction and the renovation of Building 9, while outpatient and administrative functions will occupy renovated areas of existing buildings at the front of the campus. Construction of the new inpatient building will occur to the north of renovated outpatient, administrative and logistical buildings along Courtyard 2 on the Main Campus on a site previously occupied by historic Building 33. This new construction will house new nursing home functions along with required support space. Outpatient functions will be housed in newly renovated Buildings 1 and 2 at the front of the campus. Building 1

currently contains outpatient clinics and will be renovated in place by utilizing swing space to relocated clinical space into newly renovated space. Renovation of Building 2 may cause some disruption to support spaces, particularly to food service as it will need to be coordinated with the renovations for outpatient functions until the food service is operational in the newly constructed nursing home. Building 9 currently contains the domiciliary and will be renovated to continue to provide that service along with the inclusion of behavioral health services. During construction, existing buildings will be used for swing space to allow for temporary relocation for programs as it is required to allow for the demolition of Building 33 and renovation and construction on site. The table below indicates the projected area need as assigned to each building on the campus. Departmental Group area totals are provided for each building. Where the Building Group name is omitted, a mathematical distribution of space was assigned to accommodate the de-optimization value of the building and provide an appropriate renovation value.

Table 42: Functional Distribution - BPO 9

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
1	Main Medical Center Building		0	2,710
1	Main Medical Center Building	Acute Care	5,037	13,011
1	Main Medical Center Building	Administration	15,569	0
1	Main Medical Center Building	Ambulatory Services	30,380	66,250
1	Main Medical Center Building	Behavioral Health	13,270	0
1	Main Medical Center Building	Domiciliary	2,403	0
1	Main Medical Center Building	Logistics	12,013	0
1	Main Medical Center Building	Nursing Home	2,403	0
1	Main Medical Center Building	Out Lease	891	0
2	Dietetic/Dining Building		0	5,339
2	Dietetic/Dining Building	Acute Care	17,962	5,000
2	Dietetic/Dining Building	Administration	5,346	0
2	Dietetic/Dining Building	Ambulatory Services	5,031	31,609
2	Dietetic/Dining Building	Behavioral Health	1,204	0
2	Dietetic/Dining Building	Domiciliary	1,204	0
2	Dietetic/Dining Building	Logistics	6,209	0
2	Dietetic/Dining Building	Nursing Home	4,990	0
3	Inpatient Psychiatry		0	9,772
3	Inpatient Psychiatry	Acute Care	24,401	0
3	Inpatient Psychiatry	Administration	1,835	33,784
3	Inpatient Psychiatry	Ambulatory Services	14,017	0
3	Inpatient Psychiatry	Behavioral Health	1,201	0
3	Inpatient Psychiatry	Domiciliary	745	0
3	Inpatient Psychiatry	Logistics	3,981	27,027
3	Inpatient Psychiatry	Nursing Home	24,401	0
4	Canteen/Education		0	14,196
4	Canteen/Education	Acute Care	1,583	0
4	Canteen/Education	Administration	27,543	19,481
4	Canteen/Education	Ambulatory Services	13,973	0
4	Canteen/Education	Behavioral Health	1,583	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
4	Canteen/Education	Domiciliary	1,583	0
4	Canteen/Education	Logistics	8,734	25,974
4	Canteen/Education	Nursing Home	1,583	0
4	Canteen/Education	Out Lease	3,067	0
5	Recreation Building		0	25,816
5	Recreation Building	Acute Care	760	0
5	Recreation Building	Administration	7,628	0
5	Recreation Building	Ambulatory Services	11,343	0
5	Recreation Building	Behavioral Health	760	0
5	Recreation Building	Domiciliary	760	0
5	Recreation Building	Logistics	3,802	0
5	Recreation Building	Nursing Home	760	0
6	SubsAbuse Clinic		0	60,595
6	SubsAbuse Clinic	Acute Care	4,034	0
6	SubsAbuse Clinic	Administration	393	0
6	SubsAbuse Clinic	Ambulatory Services	14,063	0
6	SubsAbuse Clinic	Behavioral Health	13,035	0
6	SubsAbuse Clinic	Domiciliary	2,498	0
6	SubsAbuse Clinic	Logistics	15,087	0
6	SubsAbuse Clinic	Nursing Home	4,034	0
6	SubsAbuse Clinic	Out Lease	7,313	0
6	SubsAbuse Clinic	Research	134	0
7	Nursing Home		0	60,156
7	Nursing Home	Acute Care	658	0
7	Nursing Home	Administration	10,941	0
7	Nursing Home	Ambulatory Services	3,010	0
7	Nursing Home	Behavioral Health	504	0
7	Nursing Home	Domiciliary	504	0
7	Nursing Home	Logistics	2,827	0
7	Nursing Home	Nursing Home	40,762	0
7	Nursing Home	Out Lease	949	0
8	Nursing Home		0	64,068
8	Nursing Home	Acute Care	1,083	0
8	Nursing Home	Administration	2,840	0
8	Nursing Home	Ambulatory Services	8,020	0
8	Nursing Home	Behavioral Health	1,366	0
8	Nursing Home	Domiciliary	1,083	0
8	Nursing Home	Logistics	12,964	0
8	Nursing Home	Nursing Home	34,466	0
8	Nursing Home	Out Lease	2,245	0
9	PRRTP Beds		0	593
9	PRRTP Beds	Acute Care	578	0
9	PRRTP Beds	Administration	12,214	0
9	PRRTP Beds	Ambulatory Services	6,188	0
9	PRRTP Beds	Behavioral Health	474	19,086
9	PRRTP Beds	Domiciliary	46,636	49,565
9	PRRTP Beds	Logistics	2,576	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
9	PRRTP Beds	Nursing Home	578	0
10	Laundry		0	12,665
10	Laundry	Acute Care	2,819	0
10	Laundry	Ambulatory Services	231	0
10	Laundry	Behavioral Health	231	0
10	Laundry	Domiciliary	231	0
10	Laundry	Logistics	6,332	0
10	Laundry	Nursing Home	2,819	0
11	Warehouse		0	5,816
11	Warehouse	Logistics	5,816	0
12	Boiler Plant		0	8,844
13	Boiler Plant Emergency Generator		0	1,282
14	Day Treatment		0	22,545
14	Day Treatment	Out Lease	22,545	0
16	Fire House/Grounds/Transportation		0	4,872
16	Fire House/Grounds/Transportation	Logistics	4,872	0
20	Single Quarters		0	4,784
20	Single Quarters	Acute Care	129	0
20	Single Quarters	Administration	698	0
20	Single Quarters	Ambulatory Services	2,923	0
20	Single Quarters	Behavioral Health	129	0
20	Single Quarters	Domiciliary	129	0
20	Single Quarters	Logistics	646	0
20	Single Quarters	Nursing Home	129	0
33	Nursing Home		0	71,443
33	Nursing Home	Acute Care	6,248	0
33	Nursing Home	Administration	2,385	0
33	Nursing Home	Ambulatory Services	15,435	0
33	Nursing Home	Behavioral Health	1,024	0
33	Nursing Home	Domiciliary	1,024	0
33	Nursing Home	Logistics	10,301	0
33	Nursing Home	Nursing Home	24,951	0
33	Nursing Home	Out Lease	9,979	0
33	Nursing Home	Research	95	0
34	SPD, AMMS, & Storage		0	71,660
34	SPD, AMMS, & Storage	Acute Care	8,524	0
34	SPD, AMMS, & Storage	Administration	14,794	0
34	SPD, AMMS, & Storage	Ambulatory Services	12,816	0
34	SPD, AMMS, & Storage	Behavioral Health	993	0
34	SPD, AMMS, & Storage	Domiciliary	993	0
34	SPD, AMMS, & Storage	Logistics	14,815	0
34	SPD, AMMS, & Storage	Nursing Home	993	0
34	SPD, AMMS, & Storage	Out Lease	17,731	0
36	MHC/Vacant Ward		0	72,552
36	MHC/Vacant Ward	Acute Care	543	0
36	MHC/Vacant Ward	Administration	9,067	0
36	MHC/Vacant Ward	Ambulatory Services	9,652	0

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
36	MHC/Vacant Ward	Behavioral Health	17,065	0
36	MHC/Vacant Ward	Domiciliary	543	0
36	MHC/Vacant Ward	Logistics	2,875	0
36	MHC/Vacant Ward	Nursing Home	543	0
36	MHC/Vacant Ward	Out Lease	32,251	0
36	MHC/Vacant Ward	Research	6	0
37	IRM/Vacant Wards		0	72,553
37	IRM/Vacant Wards	Acute Care	677	0
37	IRM/Vacant Wards	Administration	2,470	0
37	IRM/Vacant Wards	Ambulatory Services	3,851	0
37	IRM/Vacant Wards	Behavioral Health	677	0
37	IRM/Vacant Wards	Domiciliary	677	0
37	IRM/Vacant Wards	Logistics	11,568	0
37	IRM/Vacant Wards	Nursing Home	677	0
37	IRM/Vacant Wards	Out Lease	51,956	0
39	Garage/Storage		0	3,027
39	Garage/Storage	Logistics	3,027	0
40	Gate House		0	308
40	Gate House	Administration	62	0
40	Gate House	Ambulatory Services	246	0
48	Garage/Storage		0	264
48	Garage/Storage	Administration	88	0
48	Garage/Storage	Ambulatory Services	88	0
48	Garage/Storage	Out Lease	88	0
70	Storage		0	300
70	Storage	Logistics	300	0
75	Oil House		0	224
76	Storage		0	4,350
76	Storage	Logistics	4,350	0
77	Storage		0	3,151
77	Storage	Logistics	3,151	0
80	Sewage Control House		0	1,426
111	Electrical Vault for Building 1		0	374
115	Recreation Storage		0	231
115	Recreation Storage	Ambulatory Services	231	0
118	Engineering Building		0	16,172
118	Engineering Building	Acute Care	584	0
118	Engineering Building	Administration	566	0
118	Engineering Building	Ambulatory Services	584	0
118	Engineering Building	Behavioral Health	584	0
118	Engineering Building	Domiciliary	584	0
118	Engineering Building	Logistics	12,040	0
118	Engineering Building	Nursing Home	584	0
118	Engineering Building	Out Lease	647	0
120	Pump House		0	585
121	Switchgear Building		0	231
130	Backflow Preventor Building		0	189

Building No.	Building Name	Building Group	Existing BGSF	Proposed BGSF
131	Flammable Storage Building		0	246
131	Flammable Storage Building	Logistics	246	0
133	Engineering Storage Building		0	1,316
133	Engineering Storage Building	Logistics	1,316	0
134	VAVS Pavilion	Administration	2,066	0
135	Regulated Medical Waste Storage		0	282
135	Regulated Medical Waste Storage	Logistics	282	0
137	B7/8 Chiller Plant Building		0	1,173
138	A&MM Network Storage		0	3,200
138	A&MM Network Storage	Logistics	3,200	0
CC	Connecting Corridors		0	19,366
T28	Quonset Hut - Storage		0	960
T28	Quonset Hut - Storage	Administration	320	0
T28	Quonset Hut - Storage	Ambulatory Services	320	0
T28	Quonset Hut - Storage	Out Lease	320	0
T29	Quonset Hut - Storage		0	2,240
T29	Quonset Hut - Storage	Administration	746	0
T29	Quonset Hut - Storage	Ambulatory Services	746	0
T29	Quonset Hut - Storage	Out Lease	746	0
Z-10-11S	Surface Parking for Zone Logistics	Logistics	0	6,000
Z-1A	Zone Nursing Home	Nursing Home	0	92,349
Z-1B	Zone Acute Care	Acute Care	0	27,636
Z-1C	Zone Administration	Administration	0	4,731
Z-1D	Zone Logistics	Logistics	0	8,109
Z-1E	Zone Research	Research	0	35
Z-2-11S	Surface Parking for Zone Acute Care	Acute Care	0	32,400
Z-3-11S	Surface Parking for Zone Nursing Home	Nursing Home	0	71,200
Z-4-11S	Surface Parking for Zone Domiciliary	Domiciliary	0	28,400
Z-6-11S	Surface Parking for Zone Behavioral Health	Behavioral Health	0	11,200
Z-7-11S	Surface Parking for Zone Ambulatory Services	Ambulatory Services	0	60,400
Z-8-11S	Surface Parking for Zone Research	Research	0	400
Z-9-11S	Surface Parking for Zone Administration	Administration	0	34,800
Z-SiteInfo	Site Information	Logistics	0	1,457,469

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Optimal Use of Existing Buildings: Since the existing buildings were designed more than 70 years ago, they are not compatible with modern standards of design for nursing home and outpatient functions. The floor plates are too small (resulting in poor functional adjacencies); the floor to floor heights are too low (resulting in mechanical systems with

insufficient air volume); with a few exceptions, the bedrooms do not have toilets accessible from within the rooms; some bedrooms have more than 2 occupants; and food service is not optimal.

- Projected Workload Volumes for 2023: The projected areas as derived from workload volumes (See Stage II Assumptions) indicate that the desired functions can be accommodated in less space than is currently available on the campus. (see the table below). This is primarily due to the fact that a new building designed expressly to accommodate the desired functions will be more economical of space than converting a building designed for some other use.

- Parking: Portions of the existing surface parking will be expanded and repaved to provide parking in the most convenient locations adjacent to building entries. Where existing parking is not required it will be removed and new buildings or landscape will be provided. Distribution of parking by department group is indicated in the table below. There is sufficient land available to meet the parking need. Therefore structured parking is not required for this campus.

Table 43: Parking Distribution – BPO 9

Parking Area	Total Surface Spaces	Total Structured Spaces	Surface Area (SF)	Structured Area (SF)	Location
Acute Care	81	0	32,400	0	North of Building 1
Nursing Home	107	0	42,800	0	North of Building 1 North of Building 39
Domiciliary	43	0	17,200	0	North of Building 1 North of Building 39
Behavioral Health	17	0	6,800	0	North of Building 1 North of Building 39
Ambulatory Services	302	0	120,800	0	South of Building 1 North of Building 39 West of Building 4
Research	1	0	400	0	North of Building 39
Administration	69	0	27,600	0	North of Building 39 West of Building 4
Logistics	15	0	6,000	0	North of Building 39

Note: There is no research space provided on the Canandaigua campus. However, the projected single parking space resulting from mathematical rounding of projected areas has been included in the parking area on the site plan.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Conclusion from the Space Analyses: Through the desire in BPO 9 to provide inpatient functions in new construction and maintain existing buildings with outpatient functions, there is considerable reduction in vacant space over BPO 1 (Baseline)

- Construction Phasing: Phasing of construction for the Nursing Home Building is possible, yet complex based on the desired site location in BPO 9. Roadways for this function can utilize a majority of the existing vehicular circulation system for implementation. Construction of the Nursing Home building will be phased late in the plan to allow for the demolition of the historic Building 33. Buildings throughout the existing campus are identified for reuse or demolition as they become available to eliminate their ongoing maintenance and security costs. For instance, demolition of historic buildings will initiate in 2017 under the ten year-assumption for historical approval and in 2012 for the four-year assumption. Non-historic buildings may be demolished as they come vacant or by negotiation with parties interested in their reuse.

- Construction Schedule: Schedules for construction activities will be multi-phased and complex to integrate the new building into the historic fabric and infrastructure of the campus. Disruption to existing service connections and in some cases engineering systems will create frequent but brief disruption to clinical services. These disruptions will be addressed through a variety of solutions. For example, vehicular transport can temporarily replace on-grade connectors when they are disrupted. The intent is to provide new construction for the nursing home while continually maintaining campus functions.

- Implementation Schedules: Implementation schedules based on the construction activities are identified in a separate report. Agreements with reuse developers to maintain existing utilities as required to serve the new campus or relocation requirements will be critical to initial design and phasing schedules.

- Existing Building Maintenance Costs: If the exiting campus is reused the maintenance costs will be covered by the reuse contractor, not the VA.

- Capital Cost Estimate: An estimate of projected new construction and renovation costs is indicated in The BPO Capital Cost Estimate (See Chapter 5: Use of VA Resources). The Capital costs are based on campus-wide area projections by Departmental Group (Zone) as indicated in the Projected BPO areas by Departmental Group (Zone).

- Construction Cost depends on Function: Construction costs are derived from projected area requirements by Building and non-Building Departmental Groups (Zones).

- Soft Costs Standardized: Approved factors as stated in the assumptions for soft costs (such as professional fees, furnishings, and equipment) are based on consultant experience and VA standards.

Evaluation of BPO 9 using Capital Criteria

- Consolidation of Vacated Space: The area totals for BPO 9 indicate nearly an 80% decrease in vacant space in VA occupied buildings across the renovated campus. When comparing the value of the variance total, it is a comparison of existing vacant space on campus to space that will be vacant in newly occupied buildings which does not include buildings that will be demolished or made available for reuse (see the table below).

  Table 44: Percentage of Vacant Space - BPO 9

	BGSF
Existing Campus Vacant Area	123,955
Projected BPO Vacant Area	25,040
Variance (by Area)	-98,915
Variance (by Percentage)	-79.8%

- Consolidation of Underutilized Space: Based on a comparison of occupied space, BPO 9 produces a 20% increase in underutilization of space over projected ideal area across the campus at the completion of the implementation period (see the table below). This is because there is a substantial amount of renovation required for this BPO, requiring additional area to achieve a modern, safe, and secure environment.

Table 45: Percentage of Underutilized Space - BPO 9

	BGSF
Projected Ideal Campus Area	356,402
Projected BPO Campus Area	456,263
Variance (by Area)	99,861
Variance (by Percentage)	28.02

- Timeliness of Completion: The total time required for the multi-phased construction project from initiation until completion to implement improvements to the physical environment is outlined in the tables below. The first table assumes that a 10-year process is required for historical approval creating a thirteen year (156 month) period of construction starting in January 2009 and completion in January 2022. The second table assumes that a 4-year process is required for historical approval creating an 84-month period of construction starting in January 2009 and completion in January 2016. Renovations of outpatient services in Building 1 is anticipated to finish in January 2015, however the demolition of historic Building 33 will delay the completion of the new construction for the nursing home.

Table 46a: Total Construction Duration - BPO 9 (10 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	01/01/2022	156

Table 46b: Total Construction Duration – BPO 9 (4 year assumption)

	Start	Complete	Months
Total Construction Activity	01/01/2009	01/01/2016	84

- Size and Complexity of Capital Plan: Projected area volumes indicate that the desired services can be accommodated in nearly 53% less space in 2023 (see the table below). This is because existing buildings on campus which are under-utilized will be consolidated allowing for more efficient use of square footage. During design phase of the project, consideration should be given to the location of food service functions (identified in the "acute care" totals below) which should be adjacent to or included with the nursing home functions. This proximity would have minimal impact to the overall campus configuration (except for the receiving dock location) but would increase the nursing home footprint.

Table 47: Campus Area Change - BPO 9

	Acute	Nursing Home	Dom	Behav. Health	Amb. Care	Research	Admin	Logistics	Out Lease	Total
Existing (BGSF)	75,626	144,682	61,604	54,108	153,159	236	117,579	153,335	150,732	911,061
Projected (BPO)	45,648	92,349	49,565	19,087	97,859	35	57,996	93,724	0	456,263
Variance (BGSF)	-29,978	-52,333	-12,039	-35,021	-55,300	-201	-59,583	-59,611	-150,732	-454,798
Variance (Percent)	-39.64	-36.17	-19.54	-64.72	-36.11	-85.17	-50.67	-38.88	-100.00	-49.92

Note: There is no research space provided on the Canandaigua campus. However, the area indicated resulting from mathematical rounding of projected areas has been included for space for distribution on the campus.

Note: There is no Acute Care projected to be provided on the Canandaigua campus. However, the projected square footage results from a mathematical functional distribution of projected existing functions to Departmental Groups (Zone) and have been included for total square footage calculations.

- Patient Moves: All the 42 buildings on the campus, including the 21 buildings with clinical or clinical-related functions will be made available for reuse or demolished excluding Buildings 1, 2, 3, 4 and 9 which are to be renovated and Building 33 which must be demolished to allow for new construction. Although all clinical buildings are considered altered, the patients from these buildings will be moving directly from their existing locations into the newly renovated or newly constructed buildings on the campus when the buildings are ready for occupancy.

- Historic Buildings Altered: There are 26 buildings identified as historic or historically eligible in the CAI. For this BPO, all 26 will be demolished or made available for reuse except for Buildings 1, 2, 3, 4 and 9 which are to be renovated and Building 33 which must be demolished to allow for new construction.

Table 48: Historic Buildings Altered - BPO 9

	Quantity
Total Historic Buildings	26
Altered Historic Buildings	26

Note: Historically eligible buildings are classified as any building that is more then 50 years old

5.0 Financial Analysis

A financial analysis, based on the requirements of the VA's cost effectiveness analysis (CEA) tool, was performed for each of the Stage II BPOs for the Canandaigua VAMC. The chapter first describes key assumptions of the financial analysis at Canandaigua, followed by a high level comparison of the BPOs. The remainder of the chapter describes the detailed financial outputs for each BPO together with the primary factors influencing the results.

Key Assumptions for Canandaigua

The following key assumptions were considered for the financial analysis of BPOs at Canandaigua. A comprehensive description of financial assumptions can be found in a separate document entitled Stage II Assumptions, Inputs and Outputs.

- For each BPO, the VA estimated annual workload is the same across the planning horizon of 2003 to 2033. The workload assumes outpatient services and an inpatient nursing facility which will house nursing home, domiciliary and residential rehabilitation patients and will provide geropsychiatric services and hospice care.
- Facilities are sized to meet the 2023 forecasted workload. Due to a planning decision made by VA, Canandaigua's NHCU capacity of 120-nursing home beds is maintained over the period. This includes 100 nursing beds and 20 gero-psych beds. The domiciliary and residential rehabilitation bed capacity is maintained at 50 over the 2003 to 2033 period.
- The construction and capital investment schedules assume a four year historical building requirement for demolition.
- The workload assumes the transfer of eight acute inpatient psychiatry beds from Canandaigua to Buffalo and Syracuse in 2007.
- Changes in the way healthcare is provided each year, e.g., provided in-house in the same, renovated or newly constructed facility; timing of occupying renovated or new facilities; modified square feet both in building or land; and other factors result in changes to the operating costs.
- There was a minimal need for short-term contracting in the analysis.
- The capital plan assumptions, e.g., renovated or new construction, modified square feet requirements, timing of occupying new space, etc. affect the capital investment costs.
- Reuse assumptions regarding the type of reuse, availability of land and buildings, etc. affect the non-recurring capital costs offset by reuse.
- Capital investment costs (for options other than the baseline), as shown in the report, are offset by revenue from reuse or other in-kind considerations.

BPO Comparison

The table below presents a comparison of the key financial outputs for each BPO. Descriptions of each BPO follow this comparison. Three primary components are considered in this analysis: recurring operating costs, non-recurring capital investment costs offset by re-use and non-recurring periodic maintenance costs. Recurring operating costs include direct variable, indirect

fixed and direct fixed costs. All of the costs are discussed in terms of net present dollars. This term refers to the process of discounting the dollars from each year over the study period (2003 to 2033) to the year 2003 dollars. The intent is to allow for the costs to be compared across BPOs independent of what year the expense or revenue occurs.

Table 49: BPO Comparison

BPO Comparison 2003 Net Present Dollars ($ in Millions) Reflects Period 2003-2033					
	BPO 1*	**BPO 2**	**BPO 6**	**BPO 7**	**BPO 9**
	Baseline	**Replacement Facilities - Golf Course East**	**Replacement/ Renovated Facilities - Courtyard 1**	**Replacement Facilities - Canan-daigua Academy Parcel**	**Replacement/ Renovated Facilities - Courtyard 1 and 2**
Recurring Operating Cost	$ 1,184	$ 1,169	$ 1,175	$ 1,169	$ 1,178
Non-recurring Capital Investment Offset by Re-use	$ 173	$ 132	$ 141	$ 133	$ 148
Non-recurring Periodic Maintenance	10	6	$ 7	$ 6	7
Total Net Present Cost	**$ 1,367**	**$ 1,306**	**$ 1,323**	**$ 1,307**	**$ 1,333**
Operating Cost Efficiencies Compared to BPO 1	N/A	$ 15	$ 9	$ 15	$ 6
Total NPC Savings As Compared to BPO 1	N/A	$ 60	$ 44	$ 59	$ 33

* Does not include reuse consideration

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

In terms of the Net Present Cost (NPC), BPO 1 is most expensive option at $1,367 million over the planning horizon. BPO 2 and BPO 7 are the least expensive with a NPC of $1,306 million and $1,307 million, respectively. This is 4 percent lower than the baseline option. There is a total $60 million difference from the most expensive to the least expensive BPO.

The primary cost drivers between the baseline and BPOs 2 and7 are the inclusion of re-use proceeds, capital investment costs, and recurring operating costs. There are no re-use proceeds considered in the baseline. The capital investment costs are less expensive because BPOs 2 and 7 are all new construction and designed expressly to accommodate the desired functions, thereby, being more economical of space than converting an older building designed for some other use. The recurring operating costs for BPOs 2 and 7 reflect efficiencies related to appropriately sized building square feet and acreage that are not attainable in the other BPOs. The underlying cost drivers affecting the NPC of each BPO are further described later in this chapter.

The Recurring Operating Costs represent between 86 to 90 percent of the NPC for each of the BPOs. BPO 1 has the highest operating cost, at $1,184 million over the planning period. BPOs

2 and 7 have the lowest operating cost, at $1,169 million, which is $15 million lower. As can be seen in the table above, the operating costs fluctuate across the BPOs and are one of the most significant cost drivers. The operating costs vary across the BPOs primarily as a result of retained land and gross building square feet and timing of building activation. These factors dominate because patient demand is identical across the BPOs.

Non-recurring capital costs include non-recurring investment costs, such as major renovation and/or new construction and non-recurring periodic maintenance/replacement costs. Non-recurring considerations (reuse, in-kind) include costs and/or revenues associated with the reuse of part of the facility. The timing of capital costs is based on the year in which obligations occur and therefore may differ from the capital plan which is based on schedule and construction duration.

With respect to the Non-Recurring Capital Investments, BPO 1 has the highest capital investment cost at $173 million. Reuse is not considered in the baseline. BPO 2 has the lowest capital investment cost at $132 million (including reuse considerations). The reuse revenues have a material effect on the NPC of the capital costs. Non-recurring periodic maintenance/replacement costs are highest for BPO 1 at $10 million, while this cost ranges from $6 to $7 million for the other four BPOs. This is a result of the timing of activation of the construction/renovation and the nature of the non-recurring periodic maintenance/replacement costs.

The table below presents a breakdown of the operating costs for each BPO categorized by direct variable, indirect fixed and direct fixed costs.

Table 50: Operating Cost Breakdown by BPO ($ in millions)

Recurring Operating Costs	BPO 1		BPO 2		BPO 6		BPO 7		BPO 9	
	Baseline		Replacement Facilities - Golf Course East		Replacement/ Renovated Facilities - Courtyard 1		Replacement Facilities - Canandaigua Academy Parcel		Replacement/ Renovated Facilities - Courtyard 1 & 2	
	$	%	$	%	$	%	$	%	$	%
Direct Variable	$ 703	59%	$ 702	60%	$ 703	60%	$ 702	60%	$ 703	60%
Indirect Fixed	$ 456	38%	$ 441	38%	$ 447	38%	$ 441	38%	$ 449	38%
Direct Fixed	$ 25	2%	$ 25	2%	$ 25	2%	$ 25	2%	$ 25	2%
Total Operating Costs	$ 1,184	100%	$ 1,169	100%	$ 1,175	100%	$ 1,169	100%	$ 1,178	100%

Direct variable costs (i.e., costs of direct patient care that vary directly and proportionately with fluctuations in workload, such as salaries of nurses and providers) account for the largest proportion (59-60%) of total operating costs. These costs fluctuate proportionately as the forecasted workload changes. As agreed in the assumptions, direct variable costs are not affected by efficiencies per study methodology.

Indirect fixed costs account for the second largest proportion (approximately 38%) of total operating costs. These represent costs not directly related to patient care, such as utilities and maintenance. Indirect fixed costs are adjusted during the study period based on changes in building square footage and changes in the overall size (acreage) of the campus.

Direct fixed costs represent a smaller proportion (approximately 2%) of the total operating costs. These are costs of direct patient care that do not vary in direct proportion to the volume of patient activity, such as depreciation of medical equipment and salaries of administrative personnel. Although direct fixed costs do not fluctuate in direct proportion to volume, etc., this does not mean that they do not change. Adjustments to direct fixed costs occur during the study period as workload changes (not in direct proportion).

BPO 1 - Baseline

BPO 1 is the option under which there would not be significant changes in either the location or type of services provided in the study site, other than those described in the Secretary's Decision. BPO 1 updates the existing facilities to modern, safe and secure standards through renovation of selected buildings required to house the necessary services. Services are consolidated in a smaller number of buildings which reduces the square feet required. This is intended to achieve a "right sizing" of facilities along with the necessary investments. Due to the configuration of the proposed BPO, the Golf Course, Canandaigua Academy, Chapel Street and Building 14 portions of the site, as well as vacant buildings, may be considered for reuse at some point in the future.

Inputs and Assumptions

The workload for BPO 1 is performed on the Canandaigua campus. The newly renovated facility is planned to be completed in 2020 and is sized to meet the workload demand projection for 2023. No additional land purchases are required.

Outputs

Net Present Cost (NPC)

The table below summarizes NPC, total operating costs, non-recurring capital investment costs (baseline option does not include reuse considerations), and non-recurring periodic maintenance costs for BPO 1.

Table 51: BPO 1 Financial Summary Outputs ($ in millions)

Costs	BPO 1	
Total Recurring Operating Costs	$ 1,184	86%
Non-recurring Capital Investment	$ 173	13%
Non-Recurring Periodic Maintenance	10	1%
Total Net Present Costs	**$ 1,367**	**100%**

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

The NPC for BPO 1 is estimated at $1,367 million for the study period. Higher operating costs ($1,184 million, 86% of NPC) and higher capital investment ($173 million, 13% of NPC) are the two primary factors driving the higher NPC for BPO 1 as compared to the other BPOs.

Generally, adjustments to the operating costs associated with providing healthcare (e.g., nursing salaries, utilities, etc.) over the study period have a much greater impact on NPC than any changes to capital expenditures. The operating efficiencies (reflected in indirect fixed costs) of a right sized campus (BPOs 2 and 7) are not reflected in BPO 1. This is because the campus and buildings undergo the minimal amount of change in BPO 1.

Capital investment costs, which include reuse considerations in the other BPOs, are higher for BPO 1, due to the extensive renovation required in BPO 1 and the lack of reuse proceeds. The use of existing buildings for services for which they were not designed, results in a requirement for more space and subsequently more space being renovated compared to the requirements for BPOs 2 and 7.

The baseline assumption does not consider reuse of land or buildings. However, due to the configuration of the proposed BPO, portions of the site may be considered for reuse as an Alternate BPO 1 (Baseline). The campus and reuse area total for this Alternate BPO 1 (Baseline) indicates approximately 67% (Golf course, Canandaigua Academy, Chapel Street, and Building 14 parcels) of the present campus may be available for reuse.

Total Operating Costs

BPO 1's total operating costs of $1,184 million are the largest cost within the overall NPC, accounting for approximately 86% of the NPC. As a percentage of total operating costs for the study period, direct variable, indirect fixed, and direct fixed costs account for 59% ($703 million), 39% ($456 million), and 2% ($25 million) respectively. Demand for nursing home and domiciliary services and outpatient services are the type of services (CICs) primarily driving total operating costs.

Direct variable costs fluctuate proportionately as the forecasted workload demand changes. As a percentage of operating costs by year over the 2003 to 2023 study period, direct variable costs range from 58% to 61% of total operating costs per year. The percentage changes because of a reduction in indirect fixed costs and changes due to short-term contracting. As indirect fixed costs change and direct variable costs remain the same, direct variable costs change as a portion of total operating costs. Short-term contracting costs due to capacity constraints over the study period are reflected in direct variable costs. However, the need for short-term contracting at Canandaigua is minimal over the 2003 through 2033 study period in BPO 1.

Indirect fixed costs, i.e., costs not directly related to patient care, account for about 38% to 40% of total operating costs each year over the 2003 through 2033 period. Upon completion of the renovations, indirect fixed costs are adjusted to consider the change in costs that result from the change in Canandaigua's campus design. (i.e., reduced square footage and acreage requirements). Indirect fixed costs fall to 81% of 2015 values due to a drop in square footage. Indirect fixed costs for years 2016 through 2033 are adjusted to 85% of 2015 indirect fixed costs to consider decreases in maintenance, administration and utility costs.

Direct fixed costs are costs of direct patient care that do not vary in direct proportion to the volume of patient activity. Direct fixed cost adjustments are incorporated each year based on changes in utilization. These costs account for about 2% of total operating costs for the 2003 through 2033 study period.

Capital Costs

The total capital costs of $173 million account for approximately 13% of the NPC. The non-recurring capital investment costs for BPO 1 are associated with updates to the existing facility to modern, safe and secure standards, where conditions allow, through renovation of selected buildings required to house the necessary services. The non-recurring capital investment costs are estimated to be $173 million. The reuse revenues and savings are not available under the baseline to offset the capital investment costs.

The non-recurring capital investment costs are incurred between 2010 and 2016. Capital investment costs are incurred at the beginning of the construction phases. Activation costs (start-up equipment, furnishings, moving costs, etc) of 20% of new construction and renovation costs and are assumed to occur in the last year of construction. The use of existing buildings for services, for which they were not designed, requires more space to be used and subsequently more space being renovated than the amount of new space required in BPOs 2 and 7.

There are periodic maintenance / replacement costs of $10 million beginning in FY2025 through FY2033. These costs do not include maintenance/replacement costs for buildings that are not planned for use. Periodic maintenance and replacement costs are driven by the maintenance/ replacement schedule (15, 25, 30 years) of major items or projects.

BPO 2 – Replacement Facilities - Golf Course East

In BPO 2, the option is a complete replacement facility. The new facility is constructed on open land on the eastern portion of the Golf Course Parcel. All inpatient functions will be replaced with a state of the art single floor design. A new multi-story state of the art facility for outpatient services will also be constructed. New surface parking would be constructed. The main part of the campus will be completely vacated providing those buildings and land available for reuse which includes the Building 14, Bushwood, Canandaigua Academy, Chapel Street, and Main Campus parcels. This is intended to achieve a “right sizing” of the facilities.

Inputs and Assumptions

The workload for BPO 2 includes providing inpatient and outpatient services in new state of the art facilities built on the eastern portion the Golf Course Parcel. The newly constructed facility is planned to be started in 2009 and completed in 2014. It is sized to meet the workload demand projection for 2023.

Outputs

Net Present Cost (NPC)

The table below summarizes NPC, total operating costs, non-recurring capital investment costs including reuse considerations, and non-recurring periodic maintenance costs for BPO 2.

Table 52: BPO 2 Financial Summary Outputs ($ in millions)

Costs	BPO 2	
Total Recurring Operating Costs	$ 1,169	90%
Non-recurring Capital Investment Offset by Re-use	$ 132	10%
Non-Recurring Periodic Maintenance	6	0%
Total Net Present Costs	**$ 1,306**	**100%**
Operating Cost Efficiencies Compared to BPO 1	$ 15	

The Net Present Cost (NPC) is the sum of the annual discounted expense for each BPO over the 2003 through 2033 study period. Discounting allows the NPC for each BPO to be compared to the other BPOs for the study site. The NPC is the sum of the operating costs, the capital costs (both capital investments and periodic maintenance/replacement costs), and the considerations in discounted dollars.

The NPC for BPO 2 is estimated at $1,306 million for the study period from 2003 to 2033. This is comprised of $1,169 million (90%) in recurring operating costs, $132 million (10%) in non-recurring capital investment costs (including reuse considerations) and $6 million in non-recurring periodic maintenance/replacement costs.

BPO 2's NPC of $1,306 million is approximately $60 million less than BPO 1, which represents about 4% in cost savings. The primary drivers of the cost savings are the $15 million reduction in operating costs and $41 million reduction in capital investment costs offset by reuse as compared to BPO 1. The lower operating costs of BPO 2 are due to operating efficiencies that are reflected in lower indirect fixed costs (maintenance, utilities, etc.) due to a smaller, right-sized campus.

Starting in 2010, capital investment dollars of $132 million (including reuse considerations) are spent to build the new nursing home, domiciliary, outpatient and administrative facilities. BPO 2's capital costs are approximately $41 million less than BPO 1 due to all new construction and an offset for reuse considerations. This includes a 20% activation cost (moving costs, start-up equipment, furnishings, etc.) incurred in the final year of construction. In 2029, $6 million of periodic maintenance (nonrecurring capital costs) are spent to maintain the facility, which would then be 15 years old. These costs represent less than 1% of the NPC.

Total Operating Costs

BPO 2's total operating costs of $1,169 million are the largest cost within the overall NPC, accounting for about 90% of the NPC. As a percentage of total operating costs for the 2003 through 2033 study period, direct variable, indirect fixed, and direct fixed costs account for 60% ($702 million), 38% ($441 million), and 2% ($25 million), respectively.

Direct variable costs fluctuate proportionately as the forecasted workload demand changes. The total direct variable costs of $702 million for the study period are very similar for all of the five BPOs. This is because the workload is constant and there is little need to contract out for service provision.

Indirect fixed costs (i.e., costs not directly related to patient care) account for 37 to 40% of total operating costs each year over the 2003 through 2033 study period. Indirect fixed costs remain constant from 2003 until 2014. Upon completion of the construction in 2014, indirect fixed costs are adjusted to consider the change in costs that result from the smaller campus design, both facilities and acreage. Indirect fixed costs fall to 80% of 2014 values (savings of approximately $3 million in 2015). Indirect fixed cost adjustments are driven by a drop in square footage and the reduction in campus size, and these two factors are the primary driver of the operating costs savings.

Direct fixed costs, i.e., costs of direct patient care which do not vary in direct proportion to the volume of patient activity, account for about 2% of total operating costs for the study period. The total direct fixed costs of $25 million are the same for all five BPOs as those costs fluctuate based on workload.

Capital Costs

The non-recurring capital investment costs for BPO 2 are associated with the construction and periodic maintenance/replacement costs on the campus for an entirely new replacement facility. The new facility is on open land on the eastern portion of the Golf Course Parcel. All inpatient functions will be replaced with a state of the art single floor design. A new multi-story state of the art facility for outpatient services will also be constructed. The non-recurring capital investment costs, which are offset by reuse considerations, are estimated to be $132 million for construction and $6 million for periodic maintenance/replacement. The reuse revenues have a material effect on the NPC of the capital costs.

The construction costs are primarily incurred in 2010. Capital investment costs are incurred at the beginning of the construction phases. Periodic maintenance and replacement costs are driven by the maintenance/ replacement schedule (15, 25, 30 years) of major items or projects. The periodic maintenance/replacement costs of $6 million are incurred in FY2029, which begins 15 years after the activation of the new facility. The total net capital costs of $132 million represent about 10% of the NPC.

BPO 6 – Replacement/Renovated Facilities - Courtyard 1

In BPO 6, a new state of the art facility is constructed in Courtyard 1 on the site of existing historic Building 2 to house nursing home and domiciliary functions on grade level with administration and logistic functions above or below the nursing home. The buildings in the front of Courtyard 1 and facing the entrance of the facility are renovated for outpatient, administrative and logistic functions, in particular buildings 1, 3, and 4. New surface parking would be constructed. The BPO would provide for the potential reuse of Building 14, Bushwood, Canandaigua Academy, Chapel Street, and Golf Course parcels as well as some of the buildings and land on the Main Campus parcel.

Inputs and Assumptions

The workload for BPO 6 includes providing inpatient and outpatient services in new state of the art facilities built in Courtyard 1. The newly constructed facility is planned to be started 2010 and completed in 2015. The BPO is sized to meet the workload demand projection for 2023.

Outputs

Net Present Cost (NPC)

The table below summarizes NPC, total operating costs, non-recurring capital investment costs including reuse considerations, and non-recurring periodic maintenance costs for BPO 6.

Table 53: BPO 6 Financial Summary Outputs ($ in millions)

Costs	BPO 6	
Total Recurring Operating Costs	1,175	89%
Non-Recurring Capital Investment Offset by Re-use	$ 141	11%
Non-Recurring Periodic Maintenance	$ 7	0%
Total Net Present Costs	**$ 1,323**	**100%**
Operating Cost Efficiencies Compared to BPO 1	$ 9	

The Net Present Cost (NPC) is the sum of the annual discounted expense for each BPO over the 2003 through 2033 study period. Discounting allows the NPC for each BPO to be compared to the other BPOs for the study site. The NPC is the sum of the operating costs, the capital costs (both capital investments and periodic maintenance/replacement costs), and the considerations in discounted dollars.

The NPC for BPO 6 is estimated at $1,323 million for the study period from 2003 to 2033. This is comprised of $1,175 million (89%) in recurring operating costs, $141 million (11%) in non-recurring capital investment costs (including reuse considerations) and $7 million in non-recurring periodic maintenance/replacement costs. The newly constructed and renovated buildings are activated in 2015, which is when the operating efficiencies begin.

Beginning in 2010, capital investment dollars (including reuse considerations) of $141 million are incurred to construct the new clinical inpatient and outpatient facilities. Capital investment dollars are incurred at the beginning of the construction phases. Non-recurring periodic maintenance costs (nonrecurring capital costs) of $7 million are expended to maintain the facility starting in 2028.

Total Operating Costs

BPO 6's total operating costs of $1,175 million is the largest cost within the overall NPC, accounting for about 89% of the NPC. As a percentage of total operating costs for the study period, direct variable, indirect fixed, and direct fixed costs account for 60% ($703 million), 38% ($447 million), and 2% ($25 million) respectively. BPO 6's changes in operating costs are very similar to the changes that occur in BPO 1.

Direct variable costs fluctuate proportionately as the forecasted workload demand changes. The total direct variable costs of $703 million for the 2003 through 2033 study period are very similar for all of the five BPOs. This is because the workload is constant and there is no need to contract out for service provision.

Indirect fixed costs, i.e., costs not directly related to patient care, account for 36 to 40% of total operating costs each year over the 2003 through 2033 study period. Indirect fixed costs remain constant from 2003 until 2015. Upon completion of the new construction in 2016, indirect fixed costs are adjusted to consider the change in costs that result from the move to the new site and the resultant smaller site. Indirect fixed costs fall to 81% of 2015 values. Indirect fixed cost adjustments are driven by a drop in square footage and the reduction in campus size, and these two factors are the primary driver of the operating costs savings. BPO 6's total indirect fixed costs of $447 million are similar to the BPO 1's total indirect fixed costs of $456 million.

Direct fixed costs, i.e., costs of direct patient care that do not vary in direct proportion to the volume of patient activity account for about 2% of total operating costs for the 2003 through 2033 study period. The total direct fixed costs of $25 million for the 30-year study period are the same between all five BPOs.

Capital Costs

The non-recurring capital investment costs for BPO 6 are associated with the construction of the new clinical facilities and the renovation of the outpatient, administrative and logistics facilities. All inpatient functions will be replaced with a state of the art design. The nursing home will be a single floor design. The non-recurring capital investment costs, which are offset by reuse considerations, are estimated to be $141 million. Reuse revenues are significant. Beginning in 2010, capital investment dollars (including reuse considerations) of $141 million are incurred to construct the new clinical facilities, which includes a new state of the art single floor design nursing home. The reuse revenues have a material effect on the NPC of the capital costs.

The construction costs are primarily incurred in 2011. Capital investment costs are incurred at the beginning of the construction phases.

Periodic maintenance and replacement costs are driven by the maintenance/replacement schedule (15, 25, 30 years) of major items or projects. Based on the new construction and renovation schedule for BPO 6, there are $7 million of periodic maintenance and replacement costs within the study timeframe. The capital investment costs for BPO 6 are about $32 million less than BPO 1 primarily due to less square footage being constructed and/or renovated than in BPO 1 and the reuse revenues associated with BPO 6.

BPO 7 – Replacement Facilities - Canandaigua Academy Parcel

In BPO 7, the option is a complete replacement facility. The new facility is constructed on open land on the Canandaigua Academy Parcel. All inpatient functions will be replaced with a state of the art single floor design. A new multi-story state of the art facility for outpatient services will also be constructed. New surface parking would be constructed. The main part of the campus will be completely vacated providing those buildings and land available for reuse. This is intended to achieve a "right-sizing" of the facilities. The land available for reuse specifically includes the Building 14, Bushwood, Golf Course and Main Campus and Chapel Street parcels.

Inputs and Assumptions

The workload for BPO 7 is performed on the Canandaigua site, with a completely new, right-sized facility, both in terms of the building square feet and the acreage, built on the open area of the Canandaigua Academy parcel. The newly constructed and renovated facility is planned to be started in 2010 and completed in 2014. It is sized to meet the workload demand projection for 2023.

Outputs

Net Present Cost (NPC)

The table below summarizes NPC, total operating costs, non-recurring capital investment costs including reuse considerations and non-recurring periodic maintenance costs for BPO 7.

Table 54: BPO 7 Financial Summary Outputs ($ in millions)

Costs	BPO 7	
Total Recurring Operating Costs	1,169	90%
Non-Recurring Capital Investment Offset by Re-use	$ 133	10%
Non-Recurring Periodic Maintenance	$ 6	0%
Total Net Present Costs	**$ 1,307**	**100%**
Operating Cost Efficiencies Compared to BPO 1	$ 15	

The Net Present Cost (NPC) is the sum of the annual discounted expense for each BPO over the 2003 through 2033 study period. Discounting allows the NPC for each BPO to be compared to the other BPOs for the study site. The NPC is the sum of the operating costs, the capital costs (both capital investments and periodic maintenance/replacement costs), and the considerations in discounted dollars.

The NPC for BPO 7 is estimated at $1,307 million for the study period from 2003 to 2033. This is comprised of $1,169 million (90%) in recurring operating costs, $133 million (10%) in non-recurring capital investment costs (including reuse considerations) and $6 million in non-recurring periodic maintenance/replacement costs.

BPO 7's NPC of $1,307 million is approximately $59 million less than BPO 1, which represents about 4% in cost savings. The primary driver of the cost savings

is the $15 million reduction in operating expenses and $44 million reduction in capital investment costs offset by reuse as compared to BPO 1. The lower operating costs of BPO 7 are due to operating efficiencies that are reflected in lower indirect costs (maintenance, utilities, etc.) due to a smaller, right-sized campus. Periodic maintenance is approximately $4 million less than BPO 1 due to the timeframe in which the new facilities are activated and the capital replacement schedules.

Starting in 2010 through 2014, capital investment dollars of $133 million (including reuse considerations) are spent to build the new nursing home, domiciliary, outpatient and administrative and logistic facilities. BPO 7's capital costs are approximately $44 million less than BPO 1 due to all new construction and an offset for reuse considerations. This includes a 20% activation cost (moving costs, start-up equipment, furnishings, etc.) incurred in the final year of construction. In 2029, about $6 million of periodic maintenance (nonrecurring capital costs) are spent to maintain the facility. These costs represent about 11% of the NPC.

Total Operating Costs

BPO 7's total operating cost of $1,169 million is the largest cost within the overall NPC, accounting for approximately 90% of the NPC. As a percentage of total operating costs for the study period, direct variable, indirect fixed, and direct fixed costs account for 60% ($702 million), 38% ($441 million), and 2% ($25 million), respectively.

Direct variable costs fluctuate proportionately as the forecasted workload demand changes. The total direct variable costs of $702 million for the 2003 through 2033 study period are very similar for all of the five BPOs. This is because the workload is constant and there is no need to contract out for service provision.

Indirect fixed costs (i.e., costs not directly related to patient care) account for 37% to 40% of total operating costs each year over the 2003 through 2033 study period. Indirect fixed costs remain constant from 2003 until 2014. Upon completion of the new construction, indirect fixed costs are adjusted to consider the change in costs that result from the smaller campus design, both facilities and acreage. Indirect fixed costs are adjusted beginning in 2015 at the completion of construction. Indirect fixed costs fall to 80% of 2014 values (savings of nearly $3 million in 2015). Indirect fixed costs fall to 81% of 2015 values. Indirect fixed cost adjustments are driven by a drop in square footage and the reduction in campus size, and these two factors are the primary driver of the operating costs savings.

Direct fixed costs, i.e., costs of direct patient care that do not vary in direct proportion to the volume of patient activity, account for about 2% of total operating costs for the 2003 through 2033 period. The total direct fixed costs of $25 million for the 30-year study period are the same for all five BPOs.

Capital Costs

The non-recurring capital investment costs for BPO 7 are associated with the construction of a complete replacement facility on open land on the Canandaigua Academy Parcel. The new facility is on open land on the vacant portion of the Canandaigua Academy Parcel. All inpatient functions will be replaced with a state of the art single floor design. A new multi-story state of the art facility for outpatient services will also be constructed. The non-recurring capital investment costs, which are offset by reuse considerations, are estimated to be $133 million for construction and $6 million for periodic maintenance and replacement. The reuse revenues have a material effect on the NPC of the capital costs.

The construction costs are primarily incurred in 2010. Capital investment costs are incurred at the beginning of the construction phases. The periodic maintenance/replacement costs of $6 million are incurred in 2029.

Periodic maintenance and replacement costs are driven by the maintenance/replacement schedule (15, 25, 30 years) of major items or projects. Based on the new construction and renovation schedule for each BPO, the dates of periodic maintenance and replacement vary by BPO. The total capital costs of approximately $133 million represent about 10% of the NPC.

BPO 9 – Replacement/Renovated Facilities - Courtyard 1 and 2

In BPO 9, a new state of the art inpatient facility, for the nursing home and domiciliary functions, is constructed in Courtyard 2 on the site of existing historic Building 33. The buildings in the front of Courtyard 1 and facing the entrance of the facility are renovated for outpatient service provision and administrative and logistic functions, specifically Buildings 1, 2, 3, 4 and 9. New surface parking would be constructed. The BPO would provide for the potential reuse of Building 14, Bushwood, Canandaigua Academy, and Golf Course parcels as well as portions of buildings and/or land on the Chapel Street, Main Campus parcel that are planned to become vacant.

Inputs and Assumptions

The workload for BPO 9 includes providing inpatient and outpatient services in new state of the art facilities built on the Main Campus parcel. The newly constructed and renovated facility is planned to be started in 2010 and completed in 2015. It is sized to meet the workload demand projection for 2023.

Outputs

Net Present Cost (NPC)

The table below summarizes NPC, total operating costs, non-recurring capital investment costs including reuse considerations, and non-recurring periodic maintenance costs for BPO 9.

Table 55: BPO 9 Financial Summary Outputs ($ in millions)

Costs	BPO 9	
Total Recurring Operating Costs	$ 1,178	88%
Non-Recurring Capital Investment Offset by Re-use	$ 148	11%
Non-Recurring Periodic Maintenance	7	1%
Total Net Present Costs	**$ 1,333**	**100%**
Operating Cost Efficiencies Compared to BPO 1	$ 6	

The Net Present Cost (NPC) is the sum of the annual discounted expense for each BPO over the 2003 through 2033 study period. Discounting allows the NPC for each BPO to be compared to the other BPOs for the study site. The NPC is the sum of the operating costs, the capital costs (both capital investments and periodic maintenance/replacement costs), and the considerations in discounted dollars.

The NPC for BPO 9 is estimated at $1,333 million for the 2003 through 2033 study period. This is comprised of $1,178 million (88%) for recurring operating costs, $148 million (11%) in non-recurring capital investment costs (including reuse considerations) and $7 million (1%) in non-recurring periodic maintenance/replacement costs.

BPO 9's NPC of $1,333 million is approximately $33 million less than BPO 1, which represents about 2% in cost savings. The primary driver of the cost savings is the $25 million reduction in capital investment costs offset by reuse as compared to BPO 1. BPO 9's operating costs are about $6 million lower than BPO 1's due to right sizing of the facility and campus.

Starting in 2010 through 2015, capital investment dollars of $148 million (including reuse considerations) are spent to build the new nursing home and domiciliary and renovate the outpatient and administrative and logistics facilities. BPO 9's capital costs are about $25 million less than BPO 1 due to all the new construction and the reuse considerations. This includes a 20% activation cost (moving costs, start-up equipment, furnishings, etc.) incurred in the final year of construction. Non-recurring periodic maintenance (nonrecurring capital costs) of $7 million are expended to maintain the facility starting in 2028.

Total Operating Costs

BPO 9's total operating costs of $1,178 million are the largest cost within the overall NPC, accounting for approximately 99% of the NPC. As a percentage of total operating costs for the 2003 through 2033 period, direct variable, indirect fixed, and direct fixed costs account for 60% ($703 million), 38% ($449 million), and 2% ($25 million), respectively.

Direct variable costs fluctuate proportionately as the forecasted workload demand changes. The total direct variable costs of $703 million for the study period are very similar for all of the five BPOs. This is because the workload is constant and there is no need to contract out for service provision.

Indirect fixed costs (i.e., costs not directly related to patient care) account for 36 to 40% of total operating costs each year over the 2003 through 2033 study period. Indirect fixed costs remain constant from 2003 until 2015. Upon completion of the new construction, indirect fixed costs are

adjusted to consider the change in costs that result from the smaller campus design, both facilities and acreage. Indirect fixed costs for years 2016 through 2033 are adjusted to 82% of 2015 indirect fixed costs to consider decreases in maintenance, administration and utility costs. Indirect fixed costs fall to 81% of 2015 values. Indirect fixed cost adjustments are driven by a drop in square footage and the reduction in campus size.

Direct fixed costs, i.e., costs of direct patient care which do not vary in direct proportion to the volume of patient activity, account for about 2% of total operating costs for the 2003 through 2033 period. The total direct fixed costs of $25 million for the study timeframe are the same for all five BPOs.

Capital Costs

The non-recurring capital investment costs including reuse considerations for BPO 9 are associated with a mixture of renovation and new construction. The new state of the art inpatient facility, for the nursing home and domiciliary functions, is constructed in Courtyard 2 on the site of existing historic Building 33. The buildings in the front of Courtyard 1 and facing the entrance of the facility are renovated for outpatient service provision and administrative and logistic functions, specifically Buildings 1, 2, 3, 4, and 9. The non-recurring capital investment costs including reuse considerations and maintenance/replacement costs are estimated to be $148 million for construction. The reuse revenues have a material effect on the NPC of the capital costs.

The construction costs are primarily incurred in 2010. Capital investment costs are incurred at the beginning of the construction phases. Periodic maintenance/ replacement costs of $7 million are scheduled to begin in 2028. Periodic maintenance and replacement costs are driven by the maintenance/replacement schedule (15, 25, 30 years) of major items or projects.

6.0 Ability to Support Other VA Programs

As noted previously, the purpose of this study is to determine how BPOs may support or jeopardize specific programs that have been identified as primary initiatives. These initiatives include enhanced One-VA integration and enhancement of services to veterans. The following summarizes the current position of the Canandaigua VAMC with respect to the noted criteria for this study:

One-VA Integration

There is neither a VBA nor a NCA office on the Canandaigua VAMC campus. The closest VBA office is in Buffalo, NY and the closest NCA office is in Bath, NY.

Proposed Enhancement of Services

The reuse analysis indicates that the senior living / Continuing Care Retirement Community (CCRC) market is strong in the Canandaigua area, and thus every option includes this as part of the reuse plan. These types of facilities could be accommodated through some of the existing buildings or through new construction on vacant land parcels. This care facility would complement the existing healthcare services provided at the Canandaigua campus and provide an alternative living option for veterans in close proximity to a VAMC that would provide specialized veterans services such as outpatient mental health services.

BPO 1 - Baseline

The table below summarizes the impact of BPO 1 on the evaluation criteria.

Table 56: Ability to Support Other VA Programs Assessment – BPO 1

Evaluation Criteria	Impact
One-VA Integration	• In Option 1, the area VBA and NCA offices remain at their respective locations in Buffalo and Bath, and they are not collocated with the VAMC on the Canandaigua campus. Thus, there is no impact on One-VA Integration.
Proposed Enhancement of Services	• If reuse of the proposed buildings and parcels were to be implemented in the baseline, the reuse plan includes plans for senior living / CCRC facilities. The complementary services of these facilities would provide enhancement of services to those to be provided in the buildings in Courtyard 1.

BPO 2 - Replacement Facilities - Golf Course East

The table below summarizes the impact of BPO 2 on the evaluation criteria.

Table 57: Ability to Support Other VA Programs Assessment – BPO 2

Evaluation Criteria	Impact
One-VA Integration	• In Option 2, the area VBA and NCA offices remain at their respective locations in Buffalo and Bath, and they are not collocated with the VAMC on the Canandaigua campus. Thus, there is no impact on One-VA Integration.
Proposed Enhancement of Services	• The reuse plan for Option 2 includes the establishment of a senior living / CCRC facility. Similar to baseline, the complementary services of these types of facilities would provide enhancement of services to those to be provided in the newly constructed facilities on the Golf Course Parcel.

BPO 6 - Replacement/Renovated Facilities – Courtyard 1

The table below summarizes the impact of BPO 6 on the evaluation criteria.

Table 58: Ability to Support Other VA Programs Assessment – BPO 6

Evaluation Criteria	Impact
One-VA Integration	• In Option 6, the area VBA and NCA offices remain at their respective locations in Buffalo and Bath, and they are not collocated with the VAMC on the Canandaigua campus. Thus, there is no impact on One-VA Integration.
Proposed Enhancement of Services	• The reuse plan for Option 6 includes the establishment of a senior living / CCRC facility. Similar to baseline, the complementary services of these facilities would provide enhancement of services to those to be provided in the newly constructed and renovated facilities in Courtyard 1.

BPO 7 - Replacement Facilities – Canandaigua Academy Parcel

The table below summarizes the impact of BPO 7 on the evaluation criteria.

Table 59: Ability to Support Other VA Programs Assessment – BPO 7

Evaluation Criteria	Impact
One-VA Integration	• In Option 7, the area VBA and NCA offices remain at their respective locations in Buffalo and Bath, and they are not collocated with the VAMC on the Canandaigua campus. Thus, there is no impact on One-VA Integration.
Proposed Enhancement of Services	• The reuse plan for Option 7 includes the establishment of a senior living / CCRC facility. Similar to baseline, the complementary services of these facilities would provide enhancement of services to the services to be provided in the newly constructed facilities on the Canandaigua Academy Parcel.

BPO 9 - Replacement/Renovated Facilities - Courtyard 1 and 2

The table below summarizes the impact of BPO 9 on the evaluation criteria.

Table 60: Ability to Support Other VA Programs Assessment – BPO 9

Evaluation Criteria	Impact
One-VA Integration	• In Option 9, the area VBA and NCA offices remain at their respective locations in Buffalo and Bath, and they are not collocated with the VAMC on the Canandaigua campus. Thus, there is no impact on One-VA Integration.
Proposed Enhancement of Services	• The reuse plan for Option 9 includes the establishment of a senior living / CCRC facility. Similar to baseline, the complementary services of these facilities would provide enhancement of services to those to be provided in the newly constructed and renovated facilities in Courtyard 2.

7.0 Stakeholder and LAP Input Analysis

The purpose of the stakeholder component in the CARES study was to encourage a meaningful dialogue among veterans, veterans advocacy groups, VA employees, elected officials, and other interested parties about the options being considered for the Canandaigua site. Feedback from stakeholders was considered by Team PwC in developing and evaluating BPOs and in developing implementation plans and risk mitigation strategies for each BPO. This feedback will also be used by VA decision makers in weighing the advantages and disadvantages of each BPO and its associated implementation plans.

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 provide a public forum for discussion of stakeholder concerns because "[t]he 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 Canandaigua LAP consists of nine members: Amo Houghton (Chair); George Basher; Ralph Calabrese; Samuel Casella; James Cody; Lawrence Flesh, MD; Earle Gleason; Daniel Hayes; and Helen Sherman. The members of the LAP are VA staff, representatives of the community, or members of a veteran service organization.

The LAP held public meetings at which stakeholders had an opportunity to present testimony and comment on the work performed by Team PwC and the deliberations of the LAP. The LAP public meetings were one of a series of communication channels provided to stakeholders to express their interests, concerns, and priorities for the study. Stakeholders could give oral and written testimony at the LAP meetings, submit written comments or proposals to the central mailing address, or complete one of the comment forms specific to the options being studied in Stage I or Stage II.

Recap of LAP Meeting 2 Stakeholder and LAP Input

Approximately 135 members of the public attended the second LAP meeting held on August 30, 2005 during Stage I of the CARES study. At this meeting, stakeholders were given the opportunity to provide feedback regarding the specific BPOs being studied by Team PwC in Stage I. 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 on the BPOs being considered for further study in Stage II are provided in the table below. Because BPO 9 was added at the second LAP meeting, it was not included on the second LAP meeting comment form:

Table 61: LAP Meeting 2 Stakeholder Comment Form Results for Stage II Study BPOs

BPO	Label	Favor	Neutral	Not Favor
1	Baseline Option	63	4	18
2	Replace inpatient and outpatient services in new facilities on eastern portion of golf course parcel	21	16	43
6	Replace inpatient and outpatient services in new and renovated facilities in area of Courtyard 1	22	16	45
7	Replace inpatient and outpatient services in new facilities on Canandaigua Academy parcel	20	7	56
9	Replace inpatient services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1	Option Added by LAP		

Overall the comment forms received indicated that stakeholders showed overwhelming support for the baseline option (BPO 1) which renovates and maintains existing buildings and showed less support for BPOs 2, 6 and 7 which build new facilities on various parts of the campus.

In addition to the comment form feedback received during the stakeholder input period around the second LAP meeting, a considerable number of veterans, veteran advocates, and other interested parties provided oral testimony at the second LAP meeting. Most expressed strong concern about preserving the scenic quality of the current Canandaigua campus and conveyed their desire to maintain the current facilities.

Following the presentation of public comments at the second LAP meeting, the LAP conducted its deliberation on the BPOs presented by Team PwC. The following table presents the results of LAP deliberations at the second public meeting on the BPOs being considered for further study in Stage II.

Table 62: LAP Meeting 2 BPO Voting Results

BPO	Label	Favor	Not Favor
1	Baseline Option	Automatically Included in Stage II Study	Automatically Included in Stage II Study
2	Replace inpatient and outpatient services in new facilities on eastern portion of golf course parcel	7	2
6	Replace inpatient and outpatient services in new and renovated facilities in area of Courtyard 1	7	2
7	Replace inpatient and outpatient services in new facilities on Canandaigua Academy parcel	8	1
9*	Replace inpatient services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1	9	0

** BPO Added by LAP*

Overall at the second LAP meeting the panel members agreed with the public that Canandaigua's campus should be preserved, especially the "historic core" buildings around Courtyard 1, with as little demolition as possible. The LAP emphasized that nursing home/domiciliary facilities

should be a maximum of two stories. The reasoning for introducing Option 9 was to preserve the historic quality of the campus by minimizing demolition while still constructing a new nursing home.

Summary of LAP Meeting 3 Stakeholder and LAP Input

A third period for submitting electronic or written comments on the Canandaigua BPOs began October 5, 2006 on the day of the Secretary's study announcement for Stage II. The period ended on November 29, 2006, 14 days after the third LAP meeting. Approximately 115 members of the public attended the third LAP meeting held on November 15, 2006, and a total of 66 forms of stakeholder input (oral, written, and electronic) were received between October 5 and November 29, 2006. The concerns of stakeholders who submitted general comments during this period are summarized in the following table:

Table 63: General Stakeholder Concerns for Stakeholder Input Period 3

Key Concern	Total Times Stakeholders Voiced General Concerns	Percentage of Total General Concerns Voiced
Adequate Facilities	5	11%
Timeliness	1	2%
Availability of Care	7	16%
Use of Facility	10	23%
Campus Environment	3	7%
Other	18	41%

Similar to Stage I, during the third input period stakeholders were provided a comment form that described the options being studied in Stage II. This comment form was available electronically on the VA CARES project website (www.va.gov/CARES) as well as in paper form at the third LAP public meeting. Stakeholders were asked to indicate if they have any of the concerns defined in the following table for each option:

Table 64: Comment Form Categories of Stakeholder Concern for each BPO:

Category of Concern	Definition
Adequate Facilities	Concerns about whether this option would provide a modern facility capable of meeting healthcare demands in the future.
Timeliness	Concerns about the length of time to finish construction called for by this option.
Availability of Care	Concerns that construction will disrupt the healthcare currently provided
Use of Facility	Concerns about whether this option makes good use of existing land and facilities.
Campus Environment	Concerns that this option will disrupt the historic quality or the natural setting of the current campus.

Of the 66 forms of stakeholder input received during the input collection period, 44 of those were paper comment forms specific to the Stage II study options. The feedback received from these comment forms is summarized in the following tables:

Table 65: LAP Meeting 3 Stakeholder Comment Form Results - Number of Concerns

	Number of Concerns by BPO				
Concerns	**BPO 1:** Baseline Option	**BPO 2:** Replace inpatient and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace inpatient and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace inpatient and outpatient services in new facilities on Canandaigua Academy parcel	**BPO 9:** Replace inpatient services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Adequate Facilities	20	17	18	20	9
Timeliness	18	18	20	21	8
Availability of Care	20	19	21	20	7
Use of Facility	16	20	20	22	10
Campus Environment	16	21	21	21	7
Total Concerns:	**90**	**95**	**100**	**104**	**41**

Most of the stakeholders chose the comment form as their method of providing input to the study. The 44 stakeholders who used this method expressed the most concerns about BPO 7, which replaces the inpatient and outpatient services in new facilities on the Canandaigua Academy parcel. For BPO 7, stakeholder concerns were fairly evenly distributed among all concern categories, with the highest number of concerns about "Use of Facility" (concerns about whether this option makes good use of existing land and facilities). Stakeholders expressed the fewest number of concerns overall about BPO 9 which replaces inpatient services in new facilities in Courtyard 2 and locates outpatient services in renovated buildings in Courtyard 1. The written feedback received gives us further insight into the comment form results and suggests that overall there is concern about vacating the historic Courtyard 1 buildings and making them available for reuse (or potentially demolished) yet there is desire to provide a new facility for inpatient services.

Nineteen veterans, veteran advocates, and other interested parties provided oral testimony at the third LAP meeting. Many stakeholders expressed discontent with the Secretary's decision to transfer acute inpatient psychiatry beds to Buffalo and Syracuse although this decision does not relate to the objectives of the current VA CARES study. The testimony and other written input received at the third LAP meeting conveyed two notable viewpoints that are represented by the following excerpts from stakeholder input:

> "Any plan for modernization must take into consideration reusing the majority of existing buildings with a minimum disturbance to surrounding grounds while at the same time providing modern treatment facilities. Option 9 best meets this requirement. A new nursing home facility and domiciliary provide an addition of needed services while causing minimum disturbance to existing facilities and ongoing care. The one change recommended is to make the nursing home/domiciliary one story instead of two. Even though this would mean greater loss of Courtyard 2 the advantage to patients of a one

story facility is well work the sacrifice. Courtyard 1 is the critical courtyard and should be kept intact as it stands" - Excerpt from letter received

"Clearly, option 1 is the best overall option. It is the only option that will maintain the 'special' qualities that have made this institution stand out as one of the premier hospitals for mental health. Option 1 is the only option that will also maintain the historic, architecturally significant, and unique facilities that have made this place special for 75 years." - Excerpt from comment form received

Summary of LAP Meeting 4 Stakeholder and LAP Input

A fourth and final period for submitting electronic or written comments on the Canandaigua BPOs began April 4, 2007 on the day that the Team PwC Stage II Preliminary Report was posted to the website and released to the public, and ended on April 24, 2007, 14 days after the fourth LAP meeting. Approximately 150 members of the public attended the fourth LAP meeting held on April 10, 2007, and a total of 153 forms of stakeholder input (oral, written, and electronic) were received between April 4 and April 24, 2007. The following table summarizes general stakeholder comments received during this period:

Table 66: General Stakeholder Comments for Stakeholder Input Period 4

Comment Topic	Total Times Stakeholders Voiced General Comments	Percentage of Total General Comments Voiced
Adequate Facilities	14	15%
Availability of Care	25	27%
Campus Environment	8	9%
Use of Government Resources	8	9%
Use of Facility	8	9%
Other	31	33%

For the fourth LAP meeting a comment form similar to the one used during earlier input periods was available to stakeholders describing the options being studied in Stage II. This comment form was available electronically on the VA CARES project website (www.va.gov/CARES) and in paper form at the fourth LAP public meeting. Stakeholders were asked to indicate support for each option and if they agree with the following attributes of each option.

Table 67: LAP Meeting 4 Comment Form Results - Stakeholder Support for BPOs

Category of Support	Definition
Adequate Facilities	The option will provide a modern facility that will meet future healthcare needs.
Availability of Care	The option will make care received more convenient.
Campus Environment	The option will maintain or enhance the campus setting.
Use of Government Resources	The option makes good use of government resources.
Use of Facility	The option will make good use of land and facilities.
Other	Any other reason to support or not support this option.

Of the 153 forms of stakeholder input received during the input collection period, 115 of those were electronic and paper comment forms. The feedback received from the 115 comment forms is summarized in the following tables:

Table 68: LAP Meeting 4 Comment Form Results - Categories Stakeholder Support for BPOs

		Support by BPO				
Stakeholder Support		**BPO 1:** Baseline Option	**BPO 2:** Replace inpatient and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace inpatient and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace inpatient and outpatient services in new facilities on Canandaigua Academy parcel	**BPO 9:** Replace inpatient services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Stakeholders who support the BPO	Number	10	9	2	6	93
	% of Total Forms (115)	9%	8%	2%	5%	81%
Stakeholders who do not support the BPO	Number	71	76	80	82	10
	% of Total Forms (115)	62%	66%	70%	71%	9%

Table 69: LAP Meeting 4 Categories Stakeholder Support for BPOs

	Reasons why stakeholders support the BPOs[2]				
Categories of Support	**BPO 1:** Baseline Option	**BPO 2:** Replace inpatient and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace inpatient and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace inpatient and outpatient services in new facilities on Canandaigua Academy parcel	**BPO 9:** Replace inpatient services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Adequate Facilities	9	10	6	8	86
Availability of Care	9	11	3	7	81
Campus Environment	10	8	4	6	83
Use of Government Resources	10	10	4	7	83
Use of Facility	9	10	3	7	85
Other	9	6	2	4	23
Total:	**56**	**55**	**22**	**39**	**441**

Most of the stakeholders chose the comment form as their method of providing input to the study. The stakeholders who used this method expressed by far the most support for BPO 9, which replaces inpatient services in new facilities in Courtyard 2 and locates outpatient services

[2] Stakeholders can comment on more than one BPO and can indicate multiple reasons why they support a BPO.

in renovated buildings in Courtyard 1. Stakeholders indicated multiple reasons for supporting BPO 9, including that it provides modern facilities that meet future healthcare needs; it maintains the campus setting; and it is a good use of land, facilities, and government resources. Stakeholders expressed the least support for BPOs 6 and 7, which replace inpatient services in new facilities either in Courtyard 1 or on the Canandaigua Academy parcel. Similar to the third LAP meeting, these results suggest that overall there is concern about vacating the historic Courtyard 1 buildings and making them available for reuse (or potentially demolished) yet there is a desire to provide a new facility for inpatient services.

It should also be noted that a small number of stakeholders sent in the comment form that was previously distributed during the third input period (17 forms received). Consistent with the feedback from the third input period, the results of these comment forms showed the most concerns for BPO 7 and the least concerns for BPO 9.

Fourteen veterans, veteran advocates, and other interested parties provided oral testimony at the fourth LAP meeting. This testimony and other written input conveyed that stakeholders strongly support BPO 9 which provides new inpatient facilities in Courtyard 2 but maintains the valued "historic core" of the campus around Courtyard 1. The following excerpts are representative of this stakeholder viewpoint:

> "Option #9, building within your beautiful campus, is a classic win-win solution, wherein our veterans would receive the excellent services they deserve in a state of the art facility. The solution offers nothing but positive impacts on the surrounding community. In contrast, Options 2 and 7 would create a number of problems for the VA and the surrounding community, such as traffic congestion and an empty campus. These two options would also remove valuable high school parking and existing sports fields."
> - Excerpt from letter received from Canandaigua City Manager

> "After extensive review, it is the position of the Ontario County American Legion and its 2,451 members that Option 9 would provide the best care for veterans. As a designated center of excellence for psychiatric care the surrounding environment of the existing campus plays an important role in providing this care…Option 9 best meets this requirement. A new nursing home and domiciliary provide an addition of needed services while causing a minimum disturbance to the existing facility and ongoing care."
> - Excerpt from letter received from Commander of the Ontario County American Legion

> "BPO 9 is the only option that efficiently and wisely uses current resources while best maintaining the historic and aesthetic foundation of the Canandaigua VA Campus. The only thing I would prefer is a one-story rather than a two-story nursing home."
> - Excerpt from comment form received

LAP and Stakeholder Input Summary

Aggregate analysis of the stakeholder and LAP feedback from the input periods surrounding the second and third LAP meetings input indicates the level of overall support as well as

considerations for implementation of each of the BPOs studied in Stage II. Presented below are summaries of stakeholder and LAP support for each option.

Table 70: Summary of Stakeholder and LAP Support for Options

BPO	LAP MEETING 2	LAP MEETING 3	LAP MEETING 4
BPO 1: Baseline Option	**Stakeholder Input:**		
	▪ Many stakeholders conveyed support for the Baseline option and remarked on the scenic quality of the current Canandaigua campus and the desire to maintain the current facilities. ▪ The comment form results indicated that stakeholders overwhelmingly supported the Baseline option at the second LAP meeting.	▪ Some stakeholders reiterated support for the Baseline option and remarked on the scenic quality of the current Canandaigua campus and the desire to maintain the current facilities, while other stakeholders showed more support for options that provide new facilities. ▪ The comment form results indicate stakeholders have the second least amount of concern regarding the Baseline option (second to BPO 9).	▪ Although the majority did not, some stakeholders still showed support for the baseline option as it maintains the scenic quality of the current Canandaigua campus. ▪ Comment form results indicate that only 9% of stakeholders support and 62% did not support the Baseline option.
	LAP Input:		
	▪ The LAP members did not vote on the baseline option as it is automatically included for study in Stage II. ▪ Some members of the LAP commented on the advantages of the baseline option, such as the preservation of the "historic core" buildings around Courtyard 1, but expressed preference for options that also provide new inpatient facilities.	▪ Members of the LAP reiterated the advantages of the baseline option such as the preservation of the scenic Courtyard 1 area of the campus, however,most LAP members showed more support for options that provide for a new state-of-the-art inpatient facility.	▪ No LAP members voted for the Baseline option during the fourth LAP meeting. The LAP members expressed preference for BPOs that provide new state-of-the-art facilities.
BPO 2: Replace inpatient and outpatient services in new facilities on eastern portion of golf course parcel	**Stakeholder Input:**		
	▪ Many stakeholders expressed concern for BPO 2 because of the change in campus feel as the replacement facilities would be located far from the "historic core" of campus. ▪ Comment form input indicated that stakeholders are not in favor of this option.	▪ Stakeholders supported BPO 2 in that it provides for new inpatient and outpatient facilities, however they showed preference for options that incorporate and preserve the "historic core" of the campus around Courtyard 1. ▪ Comment form results indicate that a higher number of stakeholders expressed concerns regarding BPO 2 than BPOs 1 and 9, but less concerns than for BPOs 6 and 7.	▪ Stakeholders supported BPO 2 in that it provides for new inpatient and outpatient facilities, however they showed preference for options that incorporate and preserve the "historic core" of campus around Courtyard 1. ▪ Comment form results indicate that 8% of stakeholders support and 66% of stakeholders did not support BPO 2.
	LAP Input:		
	▪ The LAP members voted 7-2 in favor of studying BPO 2 in Stage II.	▪ Members of the LAP commented on the advantages of BPO 2 such as the provision of new state-of-the-art facilities, including a one-story nursing home, however most LAP members showed more support for options that provide new facilities while incorporating and preserving the scenic Courtyard 1 area of the campus.	▪ More LAP members voted for BPO 2 than for any other BPO (6 votes). Some LAP members expressed preference for BPO 2 over all other options because it provides all new facilities and allows for the most efficient provision of healthcare.

BPO 6: Replace inpatient and outpatient services in new and renovated facilities in area of Courtyard 1	**Stakeholder Input:**		
	▪ Stakeholders supported BPO 6 in that it maintains use of the historic front of the campus ▪ Comment form input indicated that overall stakeholders are not in favor of this option.	▪ Stakeholders vocalized support for BPO 6 in that it provides for new and renovated inpatient and outpatient facilities and preserves the "historic core" of the campus around Courtyard 1. ▪ The comment form input indicates that the second highest number of stakeholders indicated concerns about BPO 6.	▪ Stakeholders supported BPO 6 as it provides for new inpatient and outpatient facilities, however, they showed preference for options that incorporate and preserve the "historic core" of campus around Courtyard 1. ▪ Comment form results indicate that the least number of stakeholders support BPO 2 of all the BPOs (2%) and 70% stakeholders do not support BPO 2.
	LAP Input:		
	▪ The LAP members voted 7-2 in favor of studying BPO 6 in Stage II.	▪ This option received support from the LAP as long as the new campus layout can accommodate a one-story inpatient facility. The LAP commented that an advantage of this option is that it incorporates and preserves portions of the "historic core" of the campus around Courtyard 1.	▪ No LAP members voted for BPO 6 during the fourth LAP meeting. The LAP members expressed preference for BPOs that maintain the historic Courtyard 1 area either for services or reuse.
BPO 7: Replace inpatient and outpatient services in new facilities on Canandaigua Academy parcel	**Stakeholder Input:**		
	▪ Many stakeholders expressed concern for BPO 7 because the replacement facilities would be located far from the "historic core" of campus. ▪ Comment form input indicated that of the BPOs continuing for further study in Stage II, stakeholders were most opposed to BPO 7	▪ Stakeholders supported BPO 7 in that it provides for new inpatient and outpatient facilities, however, they showed preference for options that incorporate and preserve the "historic core" of the campus around Courtyard 1. ▪ The comment form input indicates that the highest number of stakeholders indicated concerns about BPO 7.	▪ Stakeholders supported BPO 7 in that it provides for new inpatient and outpatient facilities, however they showed preference for options that incorporate and preserve the "historic core" of the campus around Courtyard 1. ▪ Comment form results indicate that 5% of stakeholders support BPO 7 and the greatest number of stakeholders (71%) do not support BPO 7.
	LAP Input:		
	▪ The LAP members voted 8-1 in favor of studying BPO 7 in Stage II.	▪ Members of the LAP commented on the advantages of BPO 7 such as the provision of new state-of-the-art facilities, including a one-story nursing home, however, most LAP members showed more support for options that provide new facilities while also incorporating and preserving the scenic Courtyard 1 area.	▪ Only two LAP members voted for BPO 7 during the fourth LAP meeting. The LAP members expressed preference for BPOs 2 and 9.

BPO 9: Replace inpatient services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1	**Stakeholder Input:**		
	▪ Stakeholders expressed interest in options that preserve the "historic core" of the campus and require as little demolition as possible, but also provide new facilities. ▪ Because BPO 6 was added at the second LAP meeting, it was not included on the second LAP meeting comment form.	▪ At LAP meeting 3 stakeholders reiterated support for options that preserve the "historic core" of the campus and require as little demolition as possible, while providing new facilities. ▪ Stakeholder comment forms and letters indicated overwhelming support for BPO 9 with the provision that the new campus layout would accommodate a one-story inpatient facility. The least number of stakeholders indicated concerns about this option.	▪ Stakeholder comment forms and letters indicated overwhelming support for BPO 9 as it provides new state of the art inpatient facilities but preserves the valued "historic core" around Courtyard 1. ▪ Comment form results indicate that 81% of stakeholders support BPO 9 while 9% of the stakeholders do not support BPO 9. ▪ Many stakeholders indicated that they prefer BPO 9 with the provision that the new campus layout would accommodate a one-story inpatient facility.
	LAP Input:		
	▪ The LAP added BPO 9 to preserve the historic quality of the campus by minimizing demolition while still constructing a new nursing home. ▪ The LAP members voted 9-0 in favor of studying BPO 9 in Stage II.	▪ This option received support from the LAP as long as the new campus layout accommodates a one-story inpatient facility. The LAP suggested the demolition of a building in Courtyard 2 to accommodate a larger one-story footprint of the inpatient facility. The LAP commented that an advantage of this option is that it incorporates and preserves the "historic core" of the campus around Courtyard 1 while still providing a new inpatient facility.	▪ Many LAP members indicated preference for BPO 9, and the majority of LAP members voted in support of the option (5 votes) as it provides new state of the art inpatient facilities but preserves the valued "historic core" around Courtyard 1.

Implementation Considerations for BPOs:

Stakeholders and the LAP conveyed concerns regarding the BPOs that would need to be addressed for successful implementation of the options. These concerns were concentrated around three specific issues:

One-Story Nursing Home and Domiciliary Inpatient Facility:
An issue that was highly emphasized during the third LAP meeting and was most frequently communicated in stakeholder input was the importance of a new one-story nursing home and domiciliary facility. One of the LAP members Dr. Lawrence Flesh commented that options that include a single story nursing home will provide the best care for the future. A great majority of the stakeholder comment forms received indicated support for BPO 9 with the provision of a one-story facility. This issue should be considered for all options that have the potential to accommodate a one-story facility footprint.

Maintenance of the "Historic Core" of Campus Surrounding Courtyard 1:
Stakeholders and the LAP both articulated that, if possible, options should maintain the Courtyard 1 area of the campus which the veterans enjoy for its familiarity and scenic appearance. Feedback received indicated that maintaining the "historic core" of the campus is a major community interest and is an issue that should be considered for public acceptance of any option.

Reuse of Land and Facilities:
One issue affecting all options is the topic of possible reuse of the Canandaigua land and facilities. Feedback received indicated that this is a major area of interest in the community, and stakeholders and the LAP both articulated that land made available for reuse should be used for purposes that align as closely as possible with the VA mission. This should be a consideration for successful implementation of all BPOs.

8.0 BPO Assessment Summary

The purpose of the Stage II evaluation process was to further compare and contrast the options based upon more detailed analysis of several evaluation criteria. It should be noted that each of the options selected for study in Stage II were previously assessed to be capable of meeting the threshold criteria of: maintaining or improving quality of health care, patient access and cost effectiveness (see Stage I Report).

Working collaboratively with VA management, Team PwC developed five categories of evaluation criteria that were deemed appropriate for Stage II evaluation. The five categories of evaluation criteria are: Capital Planning, Reuse, Use of VA Resources, Ease of Implementation, and Ability to Support Other VA Programs. The following tables show the results of the comparative assessment of the BPOs against the evaluation criteria using a quantitative scale. The evaluation results were used by Team PwC to conduct a trade-off analysis of the relative strengths and weaknesses of each option (see Chapter 8) and to develop implementation plans (described in a separate report).

Capital Planning Assessment

The Capital Planning Assessment involves four evaluation criteria with measurement indicators defined as the following:

1. **Timeliness of completion**
   - **Indicator:** Total duration (Years to complete)
     - The amount of time to complete construction of new or renovated facilities.
2. **Timeliness of urgent corrections:**
   - **Indicator:** Duration (Years to correct code deficiencies, focusing on seismic deficiencies as identified in the CAI)
     - The amount of time to complete safety improvements and render facilities compliant with modern seismic standards. Implements seismic corrections for buildings designated by VA as seismic non-exempt. Where seismic non-exempt buildings are not identified for occupancy in the BPO, these corrections will not be implemented.
3. **Consolidation of underutilized space:**
   - **Indicator:** Percentage of underutilized space
     - The extent to which campus space is used for healthcare delivery. Assesses the percentage variance between the projected ideal total campus BGSF and the projected BPO area. The projected BPO BSGF is a function of the facility condition assessment scores and quantity of the existing buildings altered in the BPO.
4. **Consolidation of vacant space:**
   - **Indicator:** Percentage of vacant space
     - The extent of vacant space remaining on campus at completion of the proposed construction.

The options were assigned scores for each Capital Planning indicator based on the following evaluation scales:

Table 67: BPO Capital Planning Assessment

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Timeliness to Completion	-	4	3	4	3
Total Duration	90 months	72 months	84 months	72 months	84 months
Scale	1 = Significantly longer duration than the Baseline BPO (>24 months longer) 2 = Longer duration than the Baseline BPO (>6 and ≤ 24 months longer) 3 = Similar duration as the Baseline BPO (+/- 6 months) 4 = Shorter duration than the Baseline BPO (>6 and ≤ 24 months shorter) 5 = Significantly shorter duration than the Baseline BPO (>24 months shorter)				
Narrative	BPOs 2 and 7 have shorter durations than the BPOs 1, 6 and 9. This is due to BPOs 1, 6 and 9 requiring demolition of existing buildings and multi-phased renovation/construction whereas BPOs 2 and 7 construct new facilities on parcels separate from the current campus.				
Timeliness of urgent seismic corrections	N/A	N/A	N/A	N/A	N/A
Duration	N/A	N/A	N/A	N/A	N/A
Scale	1 = Significantly longer duration than the Baseline BPO (>24 months longer) 2 = Longer duration than the Baseline BPO (>6 and ≤ 24 months longer) 3 = Similar duration as the Baseline BPO (+/- 6 months) 4 = Shorter duration than the Baseline BPO (>6 and ≤ 24 months shorter) 5 = Significantly shorter duration than the Baseline BPO (>24 months shorter)				
Narrative	There are no seismic non-exempt buildings slated for continued VA use under any option.				
Consolidation of underutilized space	-	5	5	5	4
% of Underutilized Space	37%	0%	19%	0%	28%
Scale	1 = Significantly less reduction in underutilized space than the Baseline BPO (>20% higher) 2 = Less reduction in underutilized space than the Baseline BPO (>5 and ≤ 20% higher) 3 = Similar reduction in underutilized space as the Baseline BPO (+/- 5%) 4 = Greater reduction in underutilized space than the Baseline BPO (>5 and ≤ 20% lower) 5 = Significantly greater reduction in underutilized space than the Baseline BPO (>20% lower)				
Narrative	BPOs 2, 6 and 7 have significantly less underutilized space than the Baseline as these campuses are comprised of newly renovated/constructed buildings designed to provide ideal or better configurations for providing healthcare services. BPO 9 relies more on renovated buildings to achieve the future configuration than BPO 6.				
Consolidation of vacant space	-	5	5	5	4
% Change in Vacant Space	69% decrease	100% decrease	85% decrease	100% decrease	80% decrease
Scale	1 = Significantly less reduction in vacant space than the Baseline BPO (>20% higher) 2 = Less reduction in vacant space than the Baseline BPO (>5 and ≤ 20% higher) 3 = Similar reduction in vacant space as the Baseline BPO (+/- 5%) 4 = Greater reduction in vacant space than the Baseline BPO (>5 and ≤ 20% lower)				

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
	5 = Significantly greater reduction in vacant space than the Baseline BPO (>20% lower)				
Narrative	BPOs 2 and 7 have a significantly greater reduction in vacant space as compared to the Baseline because these campuses involve new construction that will be sized to meet the healthcare demand for 2023. In BPOs 6 and 9 there is a reduction in vacant space from the Baseline but the greater reliance on renovated space limits the potential reduction in vacant space that can be achieved.				

Reuse Assessment (Source: OGC)

The Reuse Assessment involves four evaluation criteria with measurement indicators defined as the following:

1. **Market potential for reuse:**
   - **Indicator:** Market potential for reuse
     - Reflects the strength of the local real estate market. Gauges the market appeal of each BPO as well as the overall market appetite for similar projects.
2. **Financial feasibility:**
   - **Indicator:** Financial feasibility
     - The total cash flows each BPO will yield to VA. The financial feasibility utilizes market data to determine a value for each BPO and to generate projected net reuse cash flows for each BPO. A range of financial factors will be considered including demolition costs, capital market conditions, required VA investments, etc.
3. **VA mission enhancement:**
   - **Indicator:** VA mission enhancement
     - A qualitative assessment of how the overall reuse solution may support VA mission. This can include the degree of compatibility that the reuse option has with the existing Medical Center activities, the existence of synergies that benefit both parties, and other potential complimentary elements of the BPO.
4. **Execution Risk:**
   - **Indicator:** Execution Risk
     - The level of complexity and risk required from a real estate perspective to accomplish the deal and deliver the cash flows presented in the highest and best use and financial feasibility option analysis. It encompasses risk factors associated with both market and financial issues, taking into account the local context.

The options were assigned scores for each Reuse indicator based on the following evaluation scales:

Table 68: BPO Reuse Assessment

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Market potential for reuse	N/A	3	3	3	2
Scale	1 = Reuse would not be well received by the market 2 = Market is weak for reuse 3 = Market is adequate for reuse 4 = Market exhibits strength 5 = Market is very strong for reuse				
Narrative	BPOs 2 and 7 are virtually the same option: they both include reuse of all existing campus buildings and BPO 2 includes 44 acres of vacant land while BPO 7 includes 37. BPOs 6 and 9 include the same amount of vacant land with a small variance in the buildings available for reuse. All three would be approaching the same market, with BPO 6 holding a slight advantage due to its configuration.				
Financial feasibility	N/A	4	3	4	2
Scale	1 = Transaction expected to result in negative cash flow 2 = Transaction will generate less than satisfactory cash flows 3 = Transaction will generate marginal cash flows 4 = Transaction will generate material cash flows 5 = Transaction will generate significant cash flows				
Narrative	BPOs 2 and 7 are virtually the same option: they both include reuse of all existing campus buildings and BPO 2 includes 44 acres of vacant land while BPO 7 includes 37. As a result, they are very close in terms of value. BPOs 6 and 9 include a similar amount of vacant land with a small variance in the buildings available for reuse. BPO 6 has a financial advantage over BPO 9 due to its allowing for Courtyard 2 to be reused in it is entirety. In addition, financial return of BPO 6 is improved over BPO 1 due to additional buildings available for reuse in BPO 6.				
VA mission enhancement	N/A	3	3	3	3
Scale	1 = Least compatible with / provides least enhancement of VA mission 2 = Less compatible with / provides less enhancement of VA mission 3 = Similar compatibility / enhancement of VA mission as other BPOs 4 = More compatible with / provides more enhancement of VA mission 5 = Most compatible with / provides best enhancement of VA mission				
Narrative	BPOs 2, 6, 7 and 9 represent an opportunity to provide VA with revenue, with uses that are compatible with VA mission.				
Execution risk	N/A	3	4	3	4
Scale	1 = Option presents barriers that cannot be resolved 2 = Option presents significant obstacles that may not be resolvable 3 = Option may present obstacles that are resolvable with some difficulty 4 = Option may have some obstacles, but they should be reasonably resolvable 5 = Option presents no significant obstacles or barriers to execution				
Narrative	All options include reuse of buildings and vacant land. There are no known significant obstacles. BPOs 1, 6 and 9 would likely require ongoing VA access to the boiler and the waste water treatment plant.				

Use of VA Resources Assessment:

The Use of VA Resources Assessment involves three evaluation criteria with measurement indicators defined as the following:

1. **Total operating costs:**
   - **Indicator:** Total operating costs ($)
     - Total operating costs in $ including direct variable, fixed direct, and fixed indirect costs associated with a BPO. Operating costs are aggregated for the 30-year study period.
2. **Total capital investment costs:**
   - **Indicator:** Total capital investment costs ($)
     - Total capital investment costs in $ for each BPO over the 30-year study period.
3. **Net present cost:**
   - **Indicator:** Net present cost ($)
     - Annual cash outflow discounted using the overall discount rate so that a particular BPO's cash outflows can be valued on a relative basis as compared to other BPOs.

The options were assigned scores for each Use of VA Resources indicator based on the following evaluation scales:

Table 69: BPO Use of VA Resources

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Total operating costs	-	3	3	3	3
Actual Value	1,184,034,000	1,168,788,000	1,175,467,000	1,168,788,000	1,177,763,000
Scale	1 = Financial analysis metric for the BPO is greater than 114% of the Baseline BPO 2 = Financial analysis metric for the BPO is 105 - 114% of the Baseline BPO 3 = Financial analysis metric for the BPO is 95 - 104% of the Baseline BPO 4 = Financial analysis metric for the BPO is 85 - 94% of the Baseline BPO 5 = Financial analysis metric for the BPO is less than 85% of the Baseline BPO				
Narrative	All BPOs have comparable operating costs over the 2003 - 2033 year period. BPOs 2 and 7 have slightly lower operating costs. These can be attributed to the operating efficiencies (e.g., reduced maintenance, utilities) of a smaller, right-sized campus which are realized earlier than is the case with the renovation options (BPOs 1, 6 and 9).				
Total capital investment costs	-	5	5	5	4
Actual Value	172,901,000	131,905,000	140,551,000	132,852,000	147,994,000
Scale	1 = Financial analysis metric for the BPO is greater than 114% of the Baseline BPO				

	2 = Financial analysis metric for the BPO is 105 - 114% of the Baseline BPO 3 = Financial analysis metric for the BPO is 95 - 104% of the Baseline BPO 4 = Financial analysis metric for the BPO is 85 - 94% of the Baseline BPO 5 = Financial analysis metric for the BPO is less than 85% of the Baseline BPO				
Narrative	The Baseline option requires the greatest capital investment due to the extensive renovation required and the absence of reuse proceeds to offset this cost. The remaining options all benefit from reuse proceeds. BPO 2 and 7 have the lowest capital investment cost.				
Net present cost	-	3	3	3	3
Actual Value	1,366,729,000	1,306,437,000	1,323,088,000	1,307,384,000	1,333,238,000
Scale	1 = Financial analysis metric for the BPO is greater than 114% of the Baseline BPO 2 = Financial analysis metric for the BPO is 105 - 114% of the Baseline BPO 3 = Financial analysis metric for the BPO is 95 - 104% of the Baseline BPO 4 = Financial analysis metric for the BPO is 85 - 94% of the Baseline BPO 5 = Financial analysis metric for the BPO is less than 85% of the Baseline BPO				
Narrative	All BPOs have comparable net present costs over the 30 year period. Relative to the renovation options the new construction options 2 and 7 have somewhat higher NPC savings compared to the baseline. While reuse has a material impact on the capital investment cost, the net present cost of these BPOs over the 2003 - 2033 period is dominated by operating costs.				

Ease of Implementation

The Canandaigua Ease of Implementation Assessment involves two evaluation criteria with measurement indicators defined as the following:

1. **Reuse considerations:**
   - **Indicators:**
     a) Community Support:
        - A qualitative assessment reflecting the degree of community support for the option. This includes the potential use of the option and how that fits with what the community perceives as its needs. Community support also reflects political support or opposition to each option.

     b) Legal / regulatory
        - This captures all legal and regulatory issues faced by each option, including zoning, environmental, historic considerations, title encumbrances and any other site restrictions that may impact the option.
2. **Capital planning considerations:**
   - **Indicators:**
     a) Size and complexity of capital plan
        - This captures four indicators of the extent to which campus facilities will be impacted by the capital plans for a given BPO: The number of capital projects associated with the BPO; the percentage campus area change as projected by the BPO; the total duration of the capital projects; and the overall capital investment cost for the BPO.

     b) Number and frequency of patient moves (quantity of clinical buildings altered)
        - The extent to which clinical buildings will be impacted by the capital plans for a given BPO. Provides an assessment of the total quantity of buildings altered in the BPO where patients (clinical space) are impacted. It is assumed that any construction activities in existing buildings will disrupt typical patient care

activities and that these activities will require relocation to maintain acceptable levels of patient satisfaction.

c) Number of historic buildings altered (total historic buildings altered)
   - The extent to which there are historical considerations in implementing the capital plans for a given BPO. Assesses the total quantity of historic buildings altered in the BPO.

The options were assigned scores for each Ease of Implementation indicator based on the following evaluation scales. Each indicator was given a score for "Negative Impact" as well as "Likelihood of Negative Impact":

Table 70: BPO Ease of Implementation Assessment

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Reuse Consideration: Community support (Source: OGC)					
Score for Negative Impact	N/A	3	4	3	4
Scale for Negative Impact	For Community Support: 1 = Option has strong community resistance with at most limited support 2 = Option has greater community resistance than support 3 = Option has a balance of community support and resistance 4 = Option has greater community support than resistance 5 = Option has strong community support with at most limited resistance				
Score for Likelihood of Negative Impact	N/A	3	3	3	3
Scale for Likelihood of Negative Impact	1 = Option has high likelihood of community resistance 3 = Option has moderate likelihood of community resistance 5 = Option has low likelihood of community resistance				
Narrative	BPOs 2 and 7 will likely face initial community opposition to leaving the historic core. Community support for BPOs 6 and 9 should be moderate as veterans will continue to receive healthcare in existing buildings. There seems to be a significant degree of likelihood of community involvement with all options at Canandaigua. Failure to engage stakeholders in any reuse will likely result in resistance. However, engaging of stakeholders should allow positive reuse revenues to be generated with community support.				
Reuse Consideration: Legal / regulatory (Source: OGC)					
Score for Negative Impact	N/A	4	4	4	4
Scale for Negative Impact	1 = Option has obstacles that cannot be resolved 2 = Option has significant obstacles that may not be resolvable 3 = Option may have obstacles that are resolvable with some difficulty 4 = Option may have some obstacles, but they should be reasonably resolvable 5 = Option has no significant legal/regulatory obstacles				
Score for	N/A	3	3	3	3

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Likelihood of Negative Impact					
Scale for Likelihood of Negative Impact	For Legal and Regulatory: 1 = Option has high likelihood of encountering legal or regulatory obstacles 3 = Option has moderate likelihood of encountering legal or regulatory obstacles 5 = Option has a low likelihood of encountering legal or regulatory obstacles				
Narrative	Primary obstacles here include the split jurisdiction; the Golf Course Parcel is in the City of Canandaigua and the remainder of the campus is in the Town of Canandaigua. In addition, there are some complications that could be encountered with the maintenance of East Street (currently closed by VA) and the waste water treatment plant. However, zoning here does not appear to be problematic. It is anticipated that discussions with both the Town and City will be a part of any BPO.				
Capital Planning Considerations: Size and complexity of capital plan					
Score for Negative Impact	3	5	3	5	3
Scale for Negative Impact	1 = High potential negative impact 3 = Medium potential negative impact 5 = Low potential negative impact				
Score for Likelihood of Negative Impact	1	5	1	5	1
Scale for Likelihood of Negative Impact	1 = High likelihood of occurrence of negative impact 3 = Medium likelihood of occurrence of negative impact 5 = Low likelihood of occurrence of negative impact				
Narrative	BPOs 2 and 7 have the least degree of complexity, as they have shorter duration and only a single project to implement.				
Capital Planning Considerations: Number of historic buildings altered					
Score for Negative Impact	3	5	3	5	3
Scale for Negative Impact	1 = High potential negative impact 3 = Medium potential negative impact 5 = Low potential negative impact				
Score for Likelihood of Negative Impact	3	5	3	5	3
Scale for Likelihood of Negative Impact	1 = High likelihood of occurrence of negative impact 3 = Medium likelihood of occurrence of negative impact 5 = Low likelihood of occurrence of negative impact				
Narrative	The same number (26) of historic or historically eligible buildings are renovated, demolished or made available fore reuse under each option. In BPOs 1, 6 and 9 there is a medium likelihood of occurrence of negative impact because some of the historic or historically eligible buildings must be renovated or demolished whereas in BPOs 2 and 7 all 26 of the historic or historically eligible buildings altered are available for reuse.				
Capital Planning Considerations: Number and frequency of patient moves					
Score for Negative	3	5	5	5	5

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
Impact					
Scale for Negative Impact	1 = High potential negative impact 3 = Medium potential negative impact 5 = Low potential negative impact				
Score for Likelihood of Negative Impact	3	5	3	5	3
Scale for Likelihood of Negative Impact	1 = High likelihood of occurrence of negative impact 3 = Medium likelihood of occurrence of negative impact 5 = Low likelihood of occurrence of negative impact				
Narrative	The new construction options (BPOs 2 and 7) have a low likelihood of negative impact because patients are moving into new facilities. BPOs 1, 6 and 9 require relatively simple patient moves but have a higher likelihood for disruption given the renovations, project duration and historic buildings involved.				

Ability to Support Other VA Programs

The Use of Ability to Support Other VA Programs Assessment involves four evaluation criteria with measurement indicators defined as the following:

1. **DoD sharing:**
   - **Indicator:** MOUs impacted by BPO
     - The extent to which Memoranda of Understanding with DoD partners (for sharing agreements) are enhanced by the BPO.
2. **One VA integration:**
   - **Indicator:** VBA and NCA impacted by BPO
     - The extent to which each BPO will enhance existing One-VA co-locations or facilitate the establishment of new co-locations.
3. **Specialized VA programs:**
   - **Indicator:** Specialized Care/COE impacted by BPO
     - The extent to which the BPOs enhance specialized care (e.g., chronic spinal cord injury treatment, Alzheimer's treatment, etc.) or Centers of Excellence (e.g., GRECC, GEM, etc.) as defined by VA.
4. **Enhancement of services to veterans:**
   - **Indicator:** Services in kind
     - Extent to which each BPO directly and indirectly provides enhancement to VA services. This may often be achieved through providing in-kind services. In addition, this may be achieved through upgrading of general services on campus It may also involve uses that by proximity enhance the overall ability of the Center to offer its veterans convenient complementary services.

The options were assigned scores for each Ability to Support VA Programs indicator based on the following evaluation scales:

Table 71: BPO Ability to Support Other VA Programs Assessment

Evaluation Criteria	**BPO 1:** Baseline Option	**BPO 2:** Replace nursing home, domiciliary and outpatient services in new facilities on eastern portion of golf course parcel	**BPO 6:** Replace nursing home, domiciliary and outpatient services in new and renovated facilities in area of Courtyard 1	**BPO 7:** Replace nursing home, domiciliary and outpatient services in new facilities on northern parcel of Campus	**BPO 9:** Replace nursing home, domiciliary services in new facilities in Courtyard 2; locate outpatient services in renovated buildings in Courtyard 1
DoD sharing	N/A	N/A	N/A	N/A	N/A
Scale	1 = The BPO has the potential to provide the least enhancement relative to the Baseline BPO for the specific criterion 2 = The BPO has the potential to provide less enhancement relative to the Baseline BPO for the specific criterion 3 = The BPO has the potential to provide enhancement equivalent to the Baseline BPO for the specific criterion 4 = The BPO has the potential to provide more enhancement relative to the Baseline BPO for the specific criterion 5 = The BPO has the potential to provide the most enhancement relative to the Baseline BPO for the specific criterion				
Narrative	There is no effect on DoD sharing in any of the BPOs.				
One VA integration	N/A	N/A	N/A	N/A	N/A
Scale	1 = The BPO has the potential to provide the least enhancement relative to the Baseline BPO for the specific criterion 2 = The BPO has the potential to provide less enhancement relative to the Baseline BPO for the specific criterion 3 = The BPO has the potential to provide enhancement equivalent to the Baseline BPO for the specific criterion 4 = The BPO has the potential to provide more enhancement relative to the Baseline BPO for the specific criterion 5 = The BPO has the potential to provide the most enhancement relative to the Baseline BPO for the specific criterion				
Narrative	There is neither a VBA nor a NCA office on the Canandaigua VAMC campus. There is no impact on One-VA Integration.				
Specialized VA programs	N/A	N/A	N/A	N/A	N/A
Scale	1 = The BPO has the potential to provide the least enhancement relative to the Baseline BPO for the specific criterion 2 = The BPO has the potential to provide less enhancement relative to the Baseline BPO for the specific criterion 3 = The BPO has the potential to provide enhancement equivalent to the Baseline BPO for the specific criterion 4 = The BPO has the potential to provide more enhancement relative to the Baseline BPO for the specific criterion 5 = The BPO has the potential to provide the most enhancement relative to the Baseline BPO for the specific criterion				
Narrative	There is no effect on specialized VA programs in any of the BPOs. Each of the BPOs considered the				

	space required for the planned Mental Health Center of Excellence.				
[redacted]					
Enhancement of services to veterans	-	4	4	4	4
Scale	1 = The BPO has the potential to provide the least enhancement relative to the Baseline BPO for the specific criterion 2 = The BPO has the potential to provide less enhancement relative to the Baseline BPO for the specific criterion 3 = The BPO has the potential to provide enhancement equivalent to the Baseline BPO for the specific criterion 4 = The BPO has the potential to provide more enhancement relative to the Baseline BPO for the specific criterion 5 = The BPO has the potential to provide the most enhancement relative to the Baseline BPO for the specific criterion				
Narrative	In BPOs 2, 6, 7 and 9 the reuse plans include establishment of senior living / CCRC facilities. The complementary services of these facilities would provide enhancement of services to those to be provided in each BPO.				

9.0 BPO Tradeoff Analysis

The purpose of the Trade-off Analysis is to provide VA decision makers with a balanced discussion of the strengths and weaknesses to be considered in deciding upon an option to implement. Team PwC compared and contrasted the evaluation criteria for each option (presented in Chapter 8) together with the results of stakeholder and LAP input. Note that each of the options selected for study in Stage II were previously assessed to be capable of meeting the threshold criteria of: maintaining or improving quality of health care, patient access and cost effectiveness (see Stage I Report).

The following section displays each option's relative strengths and weaknesses in the evaluation categories of: Capital Planning, Reuse, Use of VA Resources, Ease of Implementation, Support for Other VA Programs, and Stakeholder and LAP Input.

BPO 1 - Baseline

Table 72: Tradeoff Analysis

Capital Planning	
Strengths	• There are no strengths in the Baseline compared to the other BPOs.
Weaknesses	• The duration of BPO 1 is 18 months longer than new construction BPOs 2 and 7. • The Baseline results in the most underutilized space (16%-37% more than the other options). • The Baseline results in the most vacant space (approximately 25,000 to 38,000 square feet more than the other BPOs).
Reuse	
Strengths	• There are no strengths in the Baseline compared to the other BPOs.
Weaknesses	• There is no reuse revenue in the Baseline.
Use of VA Resources	
Strengths	• There are no strengths in the baseline relative to the other options.
Weaknesses	• The Baseline has one of the highest operating costs of $1,184 million. • The Baseline requires the highest capital investment cost at $173 million which is not offset by reuse proceeds. • The Baseline has the highest net present cost at $1,367 million.
Ease of Implementation	
Strengths	• There are no strengths in the Baseline compared to the other BPOs.
Weaknesses	• The Baseline requires renovation of historic or historically eligible buildings. • The Baseline (as with BPOs 6 and 9) requires more complex patient moves due to renovations.

Stakeholder & LAP Input	
Strengths	• Stakeholders value the scenic quality of the Canandaigua campus. • Some members of the LAP commented on the advantages of preserving the "historic core".
Weaknesses	• The LAP expressed preference for BPOs that provide new inpatient facilities.

BPO 2 - Replacement Facilities - Golf Course East

Table 73: Tradeoff Analysis

Capital Planning	
Strengths	• Shortest duration (along with BPO 7) • Achieves a significant reduction in underutilized and vacant space.
Weaknesses	• No weaknesses compared to the other BPOs.
Reuse	
Strengths	• Makes the entire main campus (44 acres, including the Canandaigua Academy Parcel) available for reuse. • Provides the opportunity to preserve the historic character and integrity of the campus by situating new construction of healthcare facilities on adjacent parcels
Weaknesses	• No weaknesses compared to the other BPOs.
Use of VA Resources	
Strengths	• Lowest capital investment cost • Lowest operating cost (along with BPO 7) • Lowest net present cost
Weaknesses	• No weaknesses compared to the other BPOs
Ease of Implementation	
Strengths	• Along with BPO 7, lower complexity, minimal disruption to patients, and unimpeded by historical building considerations.
Weaknesses	• Will likely face initial community opposition to leaving the historic core
Stakeholder & LAP Input	
Strengths	• Some LAP members commented on the advantages of BPO 2 such as the provision of new facilities, including a one story nursing home. • At the fourth LAP meeting the most LAP members voted in favor of BPO 2.
Weaknesses	• Stakeholders and some LAP members expressed concern about BPO 2 because of the change in campus feel as the replacement facilities would be located far from the "historic core" of campus, potentially leaving the current campus buildings vacant for extended periods of time.

BPO 6 - Replacement/Renovated Facilities - Courtyard 1

Table 74: Tradeoff Analysis

Capital Planning	
Strengths	• Achieves a moderate reduction in underutilized and vacant space.
Weaknesses	• Longer duration than BPOs 2 and 7.
Reuse	
Strengths	• No strengths compared to the other BPOs.
Weaknesses	• Reuse value of BPO 6 is less than BPOs 2 and 7 due to VA's retention of more buildings. • Would likely require ongoing VA access to the boiler and water treatment plant.
Use of VA Resources	
Strengths	• Lower capital investment cost than the other renovation options
Weaknesses	• No weaknesses compared to the other BPOs.
Ease of Implementation	
Strengths	• Moderate community support for reuse since veterans will continue to receive healthcare in existing buildings.
Weaknesses	• Higher degree of complexity due to renovation and construction phases, temporary relocation of programs, and historical building considerations. • Higher likelihood for patient disruption.
Stakeholder & LAP Input	
Strengths	• No strengths compared to the other BPOs.
Weaknesses	• At the fourth LAP meeting stakeholders and the LAP did not support BPO 6.

BPO 7: Replacement Facilities - Canandaigua Academy Parcel

Table 75: Tradeoff Analysis

Capital Planning	
Strengths	• Shortest duration (along with BPO 2). • Achieves a significant reduction in underutilized and vacant space.
Weaknesses	• No weaknesses compared to the other BPOs.
Reuse	
Strengths	• Makes the entire main campus (37 acres, including the Golf Course Parcel) available for reuse. • Provides the opportunity to preserve the historic character and integrity of the campus by situating new construction of healthcare facilities on adjacent parcels
Weaknesses	• No weaknesses compared to the other BPOs.

Use of VA Resources	
Strengths	• Lowest operating cost (along with BPO 2) • Capital investment and net present cost essentially the same as BPO 2
Weaknesses	• No weaknesses compared to the other BPOs.
Ease of Implementation	
Strengths	• Along with BPO 2, lower complexity, minimal disruption to patients, and unimpeded by historical building considerations.
Weaknesses	• Will likely face initial community opposition to leaving historic core
Stakeholder & LAP Input	
Strengths	• Some LAP members commented on the advantages of BPO 7 such as the provision of new facilities, including a one story nursing home.
Weaknesses	• Stakeholders and some LAP members expressed concern about BPO 7 because of the change in campus feel as the replacement facilities would be located far from the "historic core" of campus, potentially leaving the current campus buildings vacant for extended periods of time. • Comment form results indicate that the greatest number of stakeholders do not support BPO 7.

BPO 9: Replacement/Renovated Facilities - Courtyard 1 and 2

Table 76: Tradeoff Analysis

Capital Planning	
Strengths	• Achieves a moderate reduction in underutilized and vacant space.
Weaknesses	• Longer duration than BPOs 2 and 7.
Reuse	
Strengths	• No strengths compared to the other BPOs.
Weaknesses	• Generate the least reuse revenues of all BPOs. • Would likely require ongoing VA access to the boiler and water treatment plant.
Use of VA Resources	
Strengths	• No strengths compared to the other BPOs
Weaknesses	• Second highest capital investment cost • Second highest net present cost
Ease of Implementation	
Strengths	• Moderate community support for reuse since veterans will continue to receive healthcare in existing buildings.
Weaknesses	• Higher degree of complexity due to renovation and construction phases, temporary relocation of programs, and historical building considerations. • Higher likelihood for patient disruption.

Stakeholder & LAP Input	
Strengths	• Stakeholders showed overwhelming support for BPO 9. • Stakeholders and the LAP supported BPO 9 as it maintains use of the historic front of the campus and provides new inpatient facilities.
Weaknesses	• No weaknesses compared to the other BPOs.

Summary

Each of these options has relative merits and varying levels of stakeholder support. The baseline option (BPO 1) accommodates the projected healthcare demand by renovating existing buildings to meet modern, safe and secure standards, where conditions allow. Some stakeholders prefer this option because it preserves the historic buildings and scenic quality of the current campus. However, the LAP highlighted that this option does not take advantage of the numerous benefits to patients and staff of new, state-of-the-art clinical facilities.

The renovations in the baseline achieve a more modern, safe and secure healthcare environment than is currently provided. However, the baseline capital project is more expensive, more complex to implement, and takes 18 months longer than the new construction options (BPOs 2 and 7). Moreover, the baseline results in the highest operating and net present costs and the most vacant and underutilized space of any option.

Options 2 and 7 construct new nursing home, domiciliary and outpatient facilities on the eastern portion of the golf course or northern (Academy) parcels of the campus. These options have several comparative advantages over the other options. These options have the shortest duration and the lowest capital cost. They also involve less complex implementation and minimal disruption to patients. Moreover, they achieve the lowest operating and net present costs and the least vacant and underutilized space compared to the other options. In the eyes of stakeholders and the LAP, the weakness of these options is that they change the feel of the campus by locating new facilities away from the "historic core" of the campus, potentially leaving the current campus buildings vacant for extended periods of time.

Option 6 replaces the nursing home, domiciliary and outpatient services in new and renovated facilities in the area of Courtyard 1. This option did not receive support from stakeholders and the LAP at the fourth LAP meeting. It has the advantages of slightly lower capital investment costs, as well as moderate reductions in vacant and underutilized space. On the other hand, it takes longer to implement than options 2 and 7 and involves more complex implementation. The implementation is made more complex by the need for temporary relocation of programs and historic building considerations.

Option 9 replaces nursing home and domiciliary services in new facilities in Courtyard 2 and renovates outpatient facilities in Courtyard 1. This option received overwhelming support from stakeholders and the LAP since it provides new clinical facilities while maintaining the use of the historic front of the campus. However, this option has several weaknesses. It has comparatively high capital costs and longer duration than BPOs 2 and 7. Moreover, it requires a

complex implementation plan, with temporary relocation of programs and historic building considerations. It achieves only a moderate reduction in vacant and underutilized space and has the highest operating cost of all the options.

Appendices

Appendix A - Other Relevant Documents

Other relevant documents include the following:

- The report entitled, *Enhanced Use Lease Property Reuse/Redevelopment Plan Phase Three Reuse/Redevelopment Report* on the Canandaigua, New York VAMC developed by OGC Pruitt Group EUL, LLC. This report is available on the VA's Office of Asset Enterprise Management website.
- The document entitled, *Stage II Assumption, Inputs and Outputs* written by Team PwC.
- BPO Implementation Plan and Risk Mitigation Strategies

Appendix B - Detailed Stage II Methodology

Overview

This section provides an overview of the methodology employed in Stage II of the CARES study. In Stage I, Team PwC in collaboration with Other Government Contractors (OGCs) for Reuse studies[3], developed and assessed a broad range of potentially viable business plan options (BPOs) that met the forecast healthcare needs for the study sites. Based upon an initial assessment of these BPOs, Team PwC recommended up to six BPOs to be taken forward for further development and assessment in Stage II, and VA selected the specific BPOs to be studied further. In Stage II, Team PwC and OGCs will conduct a more detailed assessment of the short-listed BPOs in order to provide VA decision makers with an evaluation of each BPO and its relative merits.

In Stage II, Team PwC and OGCs will collect additional data on a set of evaluation criteria and conduct additional capital planning, reuse, and financial analysis for each BPO. The results will be used to compare BPOs and to evaluate the relative strengths and weaknesses of each BPO. Finally, an implementation plan featuring risk mitigation strategies will be developed for each BPO.

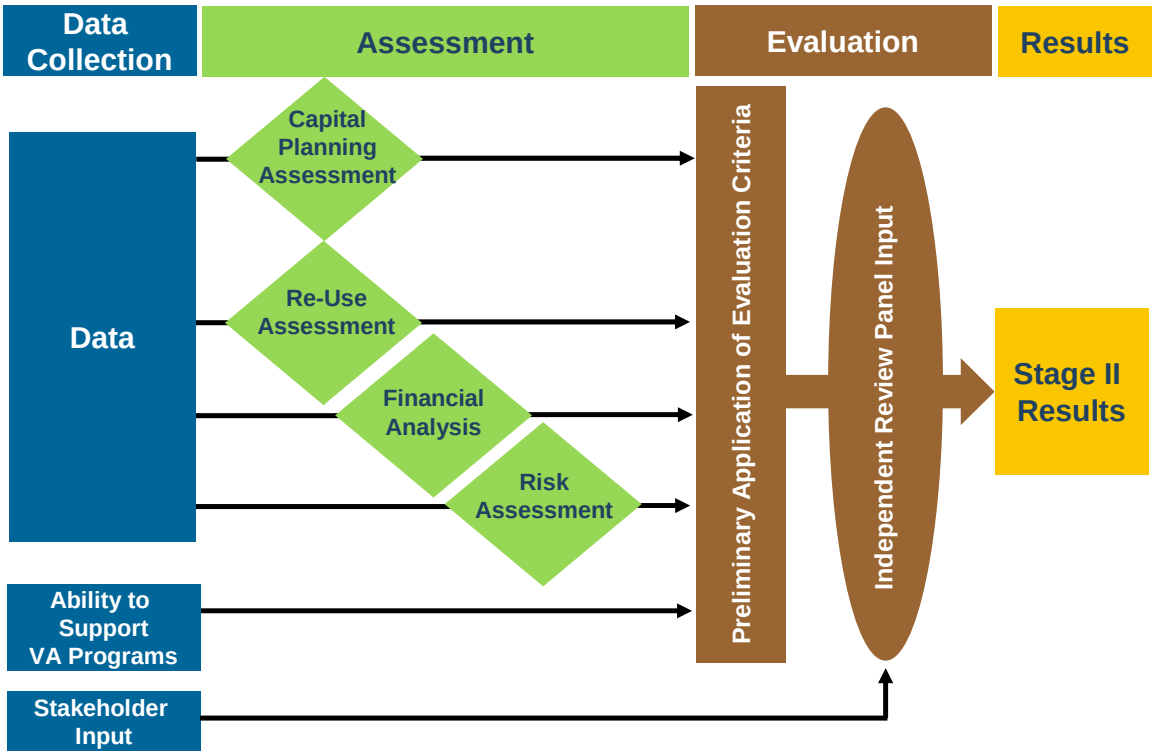
The Stage II study will be organized around the following evaluation categories:

- Capital Planning
- Use of VA Resources
- Ability to Support Other VA Programs
- Reuse
- Ease of Implementation
- Stakeholder Input

The Stage II study process will consist of four primary steps, Data Collection, Assessment, Evaluation, and Stage II Results, as depicted in Figure 1.

[3] In both Stage I and II, OGCs complete the Reuse studies for comprehensive capital planning sites. Team PwC completes the Reuse studies for healthcare planning sites.

Figure 1: A Diagram of the Overview of Stage II Methodology



The Data Collection process will be used to augment study data gathered in Stage I. This data will provide the inputs to the BPO assessment. During the data collection step, Team PwC will confirm existing Stage I data and collect new data in order to refine the BPOs and complete the assessments for each evaluation category. The Capital Planning team will obtain such information as updated building scores, healthcare utilization, and space projection factors, while the Reuse team will obtain additional information regarding the real estate market, such as rents and sales prices. The Use of VA Resources team will validate and update VA costs of care and collaborate with the Capital Planning and Reuse team to understand the capital investment needs and potential reuse revenues associated with each BPO. The Ease of Implementation team will obtain data and information to validate the impacts on academic affiliations and education programs, in addition to potential staffing complements under each BPO. The Ease of Implementation team will work with the Capital Planning and Reuse teams to understand the implementation considerations for each BPO and develop strategies to mitigate implementation risks. Site teams will review information about Ability to Support Other VA Programs and potential services in kind to determine how they might be impacted by the implementation of the BPOs.

Parallel to the data gathering activities, Team PwC will solicit input from stakeholders on their comments and concerns for each BPO. Stakeholder input will include written correspondence received through a central mail stop, oral testimony received through Local Advisory Panel (LAP) public meetings, results of LAP deliberations, and electronic feedback received through the study website.

The Assessment step will involve conducting more detailed analyses of the short-listed BPOs across each evaluation category. The data collected in this initial step will drive the completion of the assessments. The Capital Planning team will use projected utilization and facility information to calculate and allocate space needs for a conceptual site plan, determine the capital investment required, and schedule construction projects. The Reuse team will refine the market assessment as well as the environmental and

regulatory assessments for the property. The Use of VA Resources team will complete a financial analysis to determine the costs, revenues, and savings associated with each BPO, while the Ease of Implementation team will determine risk ratings for each option. The outputs of the Assessment step will be a set of data and findings for each BPO.

The Evaluation step will compare the BPOs against the Baseline option using a set of agreed-upon evaluation criteria, which are described in the following section. The Team PwC and OGC site teams will conduct a preliminary evaluation of each BPO. The independent review panel will provide a sounding board for the preliminary assessment findings and evaluation of each BPO, together with stakeholder input. The BPOs will be evaluated against the evaluation criteria using a quantitative scale in order to discriminate between the BPOs. The evaluation results will be used by site teams and the expert panel to discuss the relative strengths and weaknesses of each BPO and to develop implementation plans. The outputs of the Evaluation step will be the evaluation results for each BPO, a discussion of the merits of each BPO, and an implementation plan and risk mitigation strategies for each BPO. The Stage II Results will be used by VA in its decision making.

Evaluation Criteria

In Stage I, a broad range of BPOs were screened and evaluated according to a set of primary and discriminating criteria. Primary criteria consisted of access, quality of care, and cost effectiveness. Discriminating criteria consisted of healthcare quality, healthcare access, impact on VA and local community, use of VA resources, ease of implementation, and ability to support VA programs.

The Stage I evaluation process resulted in BPOs recommended for further study in Stage II. Each of the BPOs recommended for further study in Stage II met the three primary criteria of access, quality of care, and cost effectiveness. In terms of access and quality of care, each of the BPOs was assessed to meet minimum standards and thresholds. These criteria will not be further studied in Stage II.

The discriminating criteria used in Stage I provided a level of analysis which was sufficient to arrive at recommended BPOs. The purpose of the Stage II evaluation process is to further compare and contrast the BPOs based upon more detailed analysis of several evaluation criteria.

Working collaboratively with VA management, Team PwC developed five categories of evaluation criteria that were deemed appropriate for Stage II evaluation. These five categories of evaluation criteria are: Capital Planning, Reuse, Use of VA Resources, Ease of Implementation, and Ability to Support Other VA Programs. In arriving at these criteria, consideration was given to Stage I criteria and results, discriminating factors of BPOs moving forward for study in Stage II, and the relevance of criteria across sites. Table 53 lists the indicators used to measure each of the evaluation criteria, together with the definition. It should be noted that some criteria, specifically academic affiliations / education and HR / staffing, used to evaluate the impact on local community in Stage I, will be used more appropriately in Stage II to evaluate the ease of implementation.

Table 1: Stage II Evaluation Criteria and Indicators

Evaluation Criteria	Indicator	Definition
Capital Planning		
Timeliness of completion	Total duration (Years to complete)	The amount of time to complete construction of new or renovated facilities.
Timeliness of urgent corrections	Duration (Years to correct code deficiencies, focusing on seismic deficiencies as identified in the CAI)	The amount of time to complete safety improvements and render facilities compliant with modern seismic standards. Implements seismic corrections for buildings designated by VA as seismic non-exempt. Where seismic non-exempt buildings are not identified for occupancy in the BPO, these corrections will not be implemented.
Consolidation of underutilized space	% Underutilized space	The extent to which campus space is used for healthcare delivery. Assesses the percentage variance between the projected ideal total campus BGSF and the projected BPO projected area. The projected BPO BSGF is a function of the facility condition assessment scores and quantity of the existing buildings altered in the BPO.
Consolidation of vacant space	% Vacant space	The extent of vacant space remaining on campus at completion of the proposed construction.
Reuse		
Market potential for reuse	Market potential for reuse	Reflects the strength of the local real estate market. Gauges the market appeal of each BPO as well as the overall market appetite for similar projects.
Financial feasibility	Financial feasibility	The total cash flows each BPO will yield to VA. The financial feasibility utilizes market data to determine a value for each BPO and to generate projected net reuse cash flows for each BPO. A range of financial factors will be considered including demolition costs, capital market conditions, required VA investments, etc.
VA mission enhancement	VA mission enhancement	A qualitative assessment of how the overall reuse solution may support VA mission. This can include the degree of compatibility that the reuse option has with the existing Medical Center activities, the existence of synergies that benefit both parties, and other potential complimentary elements of the BPO.
Execution risk	Execution risk	The level of complexity and risk required from a real estate perspective to accomplish the deal and deliver the cash flows presented in the highest and best use and financial feasibility option analysis. It encompasses risk factors associated with both market and financial issues, taking into account the local context.
Use of VA Resources		
Total operating costs	Total operating costs ($)	Total operating costs in $ including direct variable, fixed direct, and fixed indirect costs associated with a BPO. Operating costs are aggregated for the 30-year study period.
Total capital investment costs	Total capital investment costs ($)	Total capital investment costs in $ for each BPO over the 30-year study period.
Net present cost	Net present cost ($)	Annual cash outflow discounted using the overall discount rate so that a particular BPO's cash outflows can be valued on a relative basis as compared to other BPOs.
Total considerations	Total considerations (reuse revenues, in-kind, etc.) ($)	Total considerations (reuse proceeds/costs, in-kind considerations, etc.) in $ for each BPO aggregated for the 30-year study period.
Total annual savings	Total annual savings ($)	Annual savings in $ for each BPO over the 30-year study period.

Evaluation Criteria	Indicator	Definition
Ease of Implementation		
Academic affiliations / education*	Number of research programs impacted	The number of research programs (as defined either by disease focus or patient population, as data allows) expected to be negatively impacted due to the change in services provided, facilities, or location.
	% annual research budget impacted	The % of total research budget (as defined by research expenditures for a given fiscal year) expected to be negatively impacted due to the change in services provided, facilities, or location.
	Number of residency programs and residents impacted	The number of residency programs (as defined by medical specialty) and total number of resident positions expected to be negatively impacted due to the change in services provided, facilities, or location.
	Number of faculty with dual appointments impacted	The number of faculty with appointments at both the VAMC and affiliate organizations that would be negatively impacted due to the change in services provided, facilities, or location.
HR / Staffing*	Change in staff (FTEEs)	The net change in the number of staff expected for the BPO.
	Number of staff required to change job site (FTEEs)	The total number of staff that will be required to change working locations and thus commutes.
Reuse considerations	Community support	A qualitative assessment reflecting the degree of community support for the option. This includes the potential use of the option and how that fits with what the community perceives as its needs. Community support also reflects political support or opposition to each option.
	Legal / regulatory	This captures all legal and regulatory issues faced by each option, including zoning, environmental, historic considerations, title encumbrances and any other site restrictions that may impact the option.
Capital planning considerations	Size and complexity of capital plan	This captures four indicators of the extent to which campus facilities will be impacted by the capital plans for a given BPO: The number of capital projects associated with the BPO; the percentage campus area change as projected by the BPO; the total duration of the capital projects; and the overall capital investment cost for the BPO.
	Number and frequency of patient moves (quantity of clinical buildings altered)	The extent to which clinical buildings will be impacted by the capital plans for a given BPO. Provides an assessment of the total quantity of buildings altered in the BPO where patients (clinical space) are impacted. It is assumes that any construction activities in existing buildings will disrupt typical patient care activities and these activities will require relocation to maintain acceptable levels of patient satisfaction.
	Number of historic buildings altered (total historic buildings altered)	The extent to which there are historical considerations in implementing the capital plans for a given BPO. Assesses the total quantity of historic buildings altered in the BPO.
Ability to Support Other VA Programs		
DoD sharing	MOUs impacted by BPO	The extent to which Memoranda of Understanding with DoD partners (for sharing agreements) are enhanced by the BPO.
One VA integration	VBA and NCA impacted by BPO	The extent to which each BPO will enhance existing One-VA co-locations or facilitate the establishment of new co-locations.

Evaluation Criteria	Indicator	Definition
Specialized VA programs	Specialized Care/COE impacted by BPO	The extent to which the BPOs enhance specialized care (e.g., chronic spinal cord injury treatment, Alzheimer's treatment, etc.) or Centers of Excellence (e.g., GRECC, GEM, etc.) as defined by VA.
Enhancement of services to veterans	Services in kind	Extent to which each BPO directly and indirectly provides enhancement to VA services. This may often be achieved through providing in-kind services. In addition, this may be achieved through upgrading of general services on campus It may also involve uses that by proximity enhance the overall ability of the Center to offer its veterans convenient complementary services.

* Academic affiliations/education and HR/staffing criteria not assessed at comprehensive capital planning sites, where no healthcare decision is required.

Stage II BPO Assessment and Evaluation Process

In Stage II, Team PwC and OGCs will further study and assess the BPOs using the following evaluation criteria: capital planning, reuse, use of VA resources, ease of implementation, and ability to support VA programs. The following sections describe the inputs and assumptions that will be used to conduct the refined studies as well as the resulting outputs. Finally, the process for evaluating the outputs per the evaluation criteria is provided to illustrate how BPOs will be evaluated relative to each other.

Capital Planning

The Capital Planning study determines projected future site and facility development for the optimum physical configuration for delivery of healthcare services to veterans. In Stage I, the Capital Planning studies determined the placement of facilities within a campus to meet the capital needs for a given BPO. In Stage II, the study will be refined to consider the extent of renovations and new construction needed to optimize proposed locations on the campus.

In order to conduct the analysis, Team PwC will utilize a database to project space needs and allocate square footage according to departmental groups[4] in order to develop a conceptual plan for the campus and determine investment costs. The capital investment requirements will be calculated for the capital plan and appropriate timing and sequencing of construction determined to assist with implementation. The inputs and assumptions to be used in conducting the Capital Planning study, as well as the outputs from the study, are further described below.

Inputs and Assumptions

The basic capital planning inputs for determining physical space need on the campus are identified below:

- **BPOs selected for further study**: The Secretary's Decision dictated the BPOs to be studied further in Stage II. The BPOs include those recommended by Team PwC at the conclusion of Stage I or BPOs introduced by the Secretary to be studied in Stage II. This input will be imperative for all assessments.

[4] Departmental groups identify one or more distinct buildings of similar construction type and functional activities.

- **Departmental utilization data**: Departmental utilization data is based upon projected CARES Implementation Categories (CIC) utilization data approved by VA using FY03 as the Baseline year.

- **Campus site and building plans**: GFI drawings of current site and buildings were provided by VA.

- **Detailed building data**: Building data such as building condition scores, square footages, etc. were provided via the capital asset inventory (CAI) database administered by VA.

A detailed set of assumptions were established in order to conduct the Stage II Capital Planning assessments. These assumptions pertain to such factors as space projection, building scores, historical designation, departmental groupings, etc. Key assumptions are provided below; however, a more detailed listing of assumptions are compiled in the appended assumptions document:

- Minimum space requirements are developed per *AIA Guidelines for Hospitals and Healthcare Facilities 2001 edition*, VA standards, and Team PwC experience.
- Area calculations, condition assessment ratings, major building systems life cycle costing projections, and functional use descriptions associated with existing buildings are based on the VA provided CAI database.
- Where the existing quality of care environment does not address current fire and life safety codes or VA standards of care (such as in the case of multi-bed patient wards), renovation and or new construction is required to provide a modern, safe, and secure environment.
- A period of ten years is required to demolish historical buildings. Submission of all buildings designated as historic will occur for all project sites in 2007. Therefore, the earliest date for demolition of historic buildings will be 2017. The earliest date for renovations to historic buildings will be 2009.
- Buildings with an average facility assessment score from the CAI less than 4.0 are not suitable for clinical occupancy. Buildings with an average score of 3.0 are not suitable for occupancy, and buildings with an average score of 3.0 or less will be vacated or demolished, unless deemed suitable by the consultant.
- The first funding cycle for any new project would occur in the first quarter of 2009.
- Buildings (existing or proposed) that have been identified as being vacated and mothballed will become inoperative.
- Easements for utilities must be maintained for all reuse development activities in options where VA facilities remain and require access to these utilities.
- The maximum number of floors possible for new nursing home facilities will be two.

Outputs

The Capital Planning study will yield the following outputs:

- **Existing current state site plan**: A site plan of the current physical configuration and building distribution of the campus, with narrative description and table of buildings, will be included as a reference for comparing facility changes defined by each of the BPOs.

- **Proposed site plan**: A site plan of the campus, with narrative description, will be generated for each BPO, illustrating the physical configuration and building distribution of the campus in the projection year 2023.

- **Concept plan**: Concept plan of typical floor or stack diagram will only be provided for complex/multi-function buildings with narrative description.

- **Supporting Narrative**: A narrative explaining significant projected area DGSF implications on site, key proposed activities (i.e., parking, site work, historic buildings, phasing issues, rationale for renovations and/or new construction, and reuse parcel distribution), and key implementation milestones.

- **Construction Schedule**: Schedules for construction activities are intended to identify the relative duration of renovation and construction in order to calculate the occupancy date for utilization of space and escalation costs. These schedules provide a base on which the implementation plans will be incorporated. A narrative includes a brief description of the individual building construction projects and indicates the construction sequence and duration for each BPO.

- **Projected BPO cost estimate**: The capital investment required (including both investment expense and periodic maintenance costs) to implement the capital plan will be generated based upon the unit price per square foot. These costs serve as inputs to the financial analysis discussed later in the report.

Evaluation Scale

The evaluation scales for the Capital Planning criteria are described in Table 2. Criteria will be assessed on a 5-point scale using the outputs of the Capital Planning analysis.

Table 2: Evaluation Scale for Capital Planning Evaluation Criteria

Evaluation Criteria/ Indicators	Evaluation Scale	Explanation of Scale
Timeliness of completion: Total Duration (Years to complete)	1 = Significantly longer duration than the Baseline BPO (>24 months longer) 2 = Longer duration than the Baseline BPO (>6 and ≤ 24 months longer) 3 = Similar duration as the Baseline BPO (+/- 6 months) 4 = Shorter duration than the Baseline BPO (>6 and ≤ 24 months shorter) 5 = Significantly shorter duration than the Baseline BPO (>24 months shorter)	An assessment of "1" represents the longest duration to implement the plan, which is least preferred since improvements to healthcare delivery may take a significant amount of time to realize. An assessment of "5" represents the shortest duration to implement the plan, which is most preferred since improvements to healthcare delivery may be realized sooner.
Timeliness of urgent corrections: Duration (Years to correct code deficiencies, focusing on seismic deficiencies as identified in the CAI)	1 = Significantly longer duration than the Baseline BPO (>24 months longer) 2 = Longer duration than the Baseline BPO (>6 and ≤ 24 months longer) 3 = Similar duration as the Baseline BPO (+/- 6 months) 4 = Shorter duration than the Baseline BPO (>6 and ≤ 24 months shorter) 5 = Significantly shorter duration than the Baseline BPO (>24 months shorter)	An assessment of "1" represents the longest duration to make seismic corrections, which is least preferred since safety improvements may take a significant amount of time to realize. An assessment of "5" represents the shortest duration to make seismic corrections, which is most preferred since safety improvements may be realized sooner.

Evaluation Criteria/ Indicators	Evaluation Scale	Explanation of Scale
Consolidation of underutilized space: % Underutilized Space	1 = Significantly less reduction in underutilized space than the Baseline BPO (>20% higher) 2 = Less reduction in underutilized space than the Baseline BPO (>5 and ≤ 20% higher) 3 = Similar reduction in underutilized space as the Baseline BPO (+/- 5%) 4 = Greater reduction in underutilized space than the Baseline BPO (>5 and ≤ 20% lower) 5 = Significantly greater reduction in underutilized space than the Baseline BPO (>20% lower)	An assessment of "1" represents the least amount of reduction in underutilized space, which is least preferred since less reduction of underutilized space indicates a less optimal use of space for providing healthcare and administrative functions throughout the campus. An assessment of "5" represents the greatest amount of reduction in underutilized space, which is most preferred since greater reduction of underutilized space indicates a more optimal use of space for providing healthcare and administrative functions throughout the campus.
Consolidation of vacant space: % Vacant Space	1 = Significantly less reduction in vacant space than the Baseline BPO (>20% higher) 2 = Less reduction in vacant space than the Baseline BPO (>5 and ≤ 20% higher) 3 = Similar reduction in vacant space as the Baseline BPO (+/- 5%) 4 = Greater reduction in vacant space than the Baseline BPO (>5 and ≤ 20% lower) 5 = Significantly greater reduction in vacant space than the Baseline BPO (>20% lower)	An assessment of "1" represents the least amount of reduction in vacant space, which is least preferred since less reduction of vacant space indicates a less optimal use of space for providing healthcare and administrative functions throughout the campus. An assessment of "5" represents the greatest amount of reduction in vacant space, which is most preferred since greater reduction of vacant space indicates a more optimal use of space for providing healthcare and administrative functions throughout the campus.

Reuse

The purpose of the Reuse studies in Stage II is to determine the highest and best use of property for each of the BPOs. The Reuse team (Team PwC or OGC) will conduct refined market assessments and regulatory assessments in Stage II that build upon the previous market analysis completed for Stage I, with supplemental information from the local marketplace. The assessment will include such elements as rents, sales prices, absorption, changes to supply, and forecasted changes in demand drivers, such as projected employment growth and increase in households. Using the revised information from the market assessment, the Reuse team will engage in a collaborative process with the Capital Planning team to identify the optimal site configuration for each BPO that balances the desirability for reuse with the goals of the Capital Planning team. They will also provide information to the financial analysis team regarding projected reuse proceeds resulting from the BPO.

Inputs and Assumptions

The following will be the key inputs to the Reuse study for Stage II:

- **Market interviews**: Conversations will be conducted with local real estate brokers, developers, homebuilders, other real estate professionals, as well as local planning and economic development officials as appropriate.

- **Non-market users**: Non-market users will be identified through the LAP and stakeholder input. Telephone conversations will also be conducted with major veterans organizations to identify potential "in-kind" services as appropriate.

Key assumptions driving the Reuse study will include the following:

- Industry standards are to be utilized for estimating demolition or clean-up requirements as applicable.
- "Non-significant" historic buildings will be assumed eligible for demolition as opposed to reuse.
- Engagement in an Enhanced Use Lease will be assumed unless disposition would result in significantly higher net proceeds.

Several assumptions will also serve as the foundation for projecting revenues associated with Reuse plans:

- Revenue assumptions will be based on current market sale and lease rates as identified through a refined market assessment.
- All financing assumptions, including interest rates, capitalization rates, and discount rates, among others, are to be based on current market conditions.
- Non-market users will be considered to be revenue-neutral.
- Land acquisition costs are to be based on average current market rates for commercial and institutional property.
- A private developer or end-user will pay for demolition costs as necessary.

Outputs

The Reuse team will engage in a collaborative process with the Capital Planning team to identify the optimal site configuration for each BPO that balances the desirability for reuse with the goals of the Capital Planning functional area resulting in a refined BPO. Additional key outputs from the Reuse study will be the following:

- **Refined Market Assessment:** A market assessment write-up will be developed containing the following elements: market assessment of area, real estate market trends, range of market values and returns, and development risks given market trends.

- **Reuse Revenues:** The profiles of revenues generated from real property will be incorporated into the financial analysis to offset investment costs and yield an overall net present cost.

- **Political and Regulatory Assessment:** An assessment of the political, regulatory, and environmental conditions will be developed that assesses the political climate as well as existing and proposed zoning and other development regulations that could impact the reuse opportunities on the site.

- **Non-market users:** Non-market users identified through stakeholder and LAP meetings will be noted and addressed in narrative form.

- **Public and Private Funding Sources:** A discussion of sources of funding as identified through the LAP and discussions with local economic development officials.

Evaluation Scale

The evaluation scales for the Reuse criteria are described in Table 3. Criteria will be assessed on a 5-point scale using the outputs of the Reuse analysis.

Table 3: Evaluation Scale for Reuse Evaluation Criteria

Evaluation Criteria / Indicators	Evaluation Scale	Explanation of Scale
Market potential for reuse	1 = Reuse would not be well received by the market 2 = Market is weak for reuse 3 = Market is adequate for reuse 4 = Market exhibits strength 5 = Market is very strong for reuse	An assessment of "1" represents the least market support for the reuse plan, which is least preferred since this would indicate a plan that is not the highest and best use of land. An assessment of "5" represents strong market support of the reuse plan, which is most preferred since this suggests the highest and best use of the land.
Financial feasibility	1 = Transaction expected to result in negative cash flow 2 = Transaction will generate less than satisfactory cash flows 3 = Transaction will generate marginal cash flows 4 = Transaction will generate material cash flows 5 = Transaction will generate significant cash flows	An assessment of "1" represents a reuse expense to VA which is least preferred since this would not result in proceeds for offsetting capital investment. An assessment of "5" represents significant positive cash flows, which is most preferred since they would allow VA to realize reuse proceeds to offset the capital investment required.
VA mission enhancement	1 = Least compatible with / provides least enhancement of VA mission 2 = Less compatible with / provides less enhancement of VA mission 3 = Similar compatibility / enhancement of VA mission as other BPOs 4 = More compatible with / provides more enhancement of VA mission 5 = Most compatible with / provides best enhancement of VA mission	An assessment of "1" represents a reuse plan that is not compatible with VA's mission, which is least preferred since this would not enhance and could possibly hinder the goals of VA. An assessment of "5" represents a reuse plan that is most compatible with VA's mission, which is most preferred since this would enhance the ability of VA to meet its goals.
Execution risk	1 = Option presents barriers that cannot be resolved 2 = Option presents significant obstacles that may not be resolvable 3 = Option may present obstacles that are resolvable with some difficulty 4 = Option may have some obstacles, but they should be reasonably resolvable 5 = Option presents no significant obstacles or barriers to execution	An assessment of "1" represents significant obstacles to the successful implementation of the reuse plan, which is least preferred since this could indicate inability to realize reuse proceeds in a timely manner. An assessment of "5" represents no obstacles to a successful implementation plan, which is most preferred since this would indicate that VA would realize expected reuse proceeds in a timely manner.

Use of VA Resources

The purpose of the financial analysis is to develop a detailed Cost Effectiveness Analysis for each BPO studied in Stage II. The analysis will utilize a financial model that considers the VAMC operating costs for providing care and capital investments, as well as proceeds from reuse plans in order to determine

overall cost effectiveness. Additionally, sensitivity analyses will be conducted to test the importance of the key assumptions. Additional iterations of the financial analysis will be run for each BPO to determine the impact different assumptions may have on the results.

Special attention will be given to providing more specific department/service level cost analysis that builds upon earlier CARES analysis and provides clearly described cost and business decision options as part of the Stage II results. The major differences between Stage I and Stage II financial analyses will be the level of detail and refinement that is included in the inputs to the financial analysis as well as improvement in the completeness of the analysis.

Inputs and Assumptions

These key inputs will include the following:

- **Current and forecasted services:** These are defined by the healthcare component of each BPO.
- **Current and forecasted utilization:** Departmental utilization data is based upon projected CIC utilization data approved by VA.
- **VA current and future unit cost of care**: Current costs are provided per CIC by VACO from the DSS system which serves as its cost accounting system. Team PwC calculates the future cost of care using an inflation factor.
- **Capital investment requirements and timing**: This will be provided by the Capital Planning team based upon square footage projections.
- **Reuse revenues**: These are revenues generated from real property and sharing agreements, and will be provided by the Reuse team.

The financial analysis to be conducted in Stage II will be based on several assumptions. A more detailed set of assumptions are included in the appendix; however, key assumptions are highlighted below:

- The financial analysis has a 30-year planning horizon from 2003 to 2033.
- Escalation rates are constant for each year for each individual site.
- The net present cost of each BPO is calculated using a Treasury nominal discount rate (5.2%).
- Medicare payment rates will use average rates per county. Adjustments for graduate medical education, average wage rates, disproportionate share, or capital requirements will be assumed to have been averaged across all providers.

Outputs

The outputs from the financial analysis are as follows:

- **Total operating costs**: This is the comparison of the total operating costs among the BPOs. Total operating costs include direct variable, fixed direct, and fixed indirect costs associated with a BPO. Operating costs are aggregated for the 30-year study period. This output is useful for evaluating the operating cost effectiveness of a BPO.

- **Total capital investment costs**: This is the comparison of the total capital investment costs among the BPOs over the 30-year study period.

- **Net present cost**: This is the comparison of the 30-year NPC among the BPOs. NPC is the annual outflow discounted using the overall discount rate so that a particular BPO's cash outflows can be valued on a relative basis as compared to other BPOs.

- **Total considerations (reuse revenues, in-kind, etc.)**: This is the comparison of the total considerations (reuse proceeds/costs, in-kind considerations, etc) aggregated for the 30-year study period.

- **Total annual savings**: This is the comparison of the annual savings among the BPOs over the 30-year study period.

- **Cost Effectiveness Analysis:** The outputs from the Cost Effectiveness Analysis will also be provided which include such metrics as Return on Investment, Internal Rate of Return, Payback in terms of years, and Average Annual VA Investment.

Finally, sensitivity analyses will also be performed for each BPO to understand the effects of key data elements (e.g., contract prices, utilization volumes, etc.) on the outcomes.

Evaluation Scale

The evaluation scales for the Use of VA Resources criteria are described in Table 4. Criteria will be assessed on a 5-point scale using the outputs of the Use of VA Resources analysis.

Table 4: Evaluation Scale for Use of VA Resources Evaluation Criteria

Evaluation Criteria/ Indicators	Evaluation Scale	Explanation of Scale
Total operating costs	1 = Financial analysis metric for the BPO is greater than 114% of the Baseline BPO 2 = Financial analysis metric for the BPO is 105 - 114% of the Baseline BPO 3 = Financial analysis metric for the BPO is 95 - 104% of the Baseline BPO 4 = Financial analysis metric for the BPO is 85 - 94% of the Baseline BPO 5 = Financial analysis metric for the BPO is less than 85% of the Baseline BPO	An assessment of "1" represents a financial metric that is greater than the Baseline BPO, which is least preferred since this indicates higher costs to VA. An assessment of "5" represents a financial metric that is less than the Baseline BPO, which is preferred since this indicates lower costs to VA.
Total capital investment costs		
Net present cost		

Both the indicators of Total Considerations and Total Annual Savings will be presented and considered in the recommendation of a final BPO; however, they will not be evaluated using the scale as applied to the other outputs of the financial analysis.

Ease of Implementation

The purpose of the Ease of Implementation assessment is to determine the likelihood and potential severity of various risks that could impede the successful and timely implementation of the BPO. This also allows for the development of mitigation strategies that can be considered during implementation planning. Data for the indicators of the evaluation criteria (i.e., capital considerations, reuse considerations, academic affiliation / education, and HR / staffing) will be compiled. The risk factors will

be assessed according to impact and likelihood of occurrence. The impact of a risk factor refers to the degree to which the factor will disrupt successful implementation of the BPO. The likelihood of occurrence refers to the probability that the risk factor will arise. An online risk assessment tool will be used to calculate the risk metric based on these parameters as well as capture corroborative data, justification for the risk metric, and mitigation factors. Mitigation strategies will be developed for major risks identified through this assessment and included in the implementation plan for each BPO.

Inputs and Assumptions

The key inputs for the Ease of Implementation study will mirror the evaluation criteria as discussed earlier for this function. The risks assessments will be conducted using the indicator data gathered for the evaluation criteria of academic affiliations / education, HR / staffing, reuse considerations, and capital considerations.

Key assumptions for conducting the Ease of Implementation study will include the following:

- Academic affiliations/education and HR/staffing criteria are not assessed at comprehensive capital planning sites, where no healthcare decision is required.
- There will be no overall risk score for a given BPO (i.e., risk criteria will be assessed independently and will not be summed or weighted).
- Each risk criterion will be rated across two factors – impact and likelihood of occurrence.
- The expert panel will review and validate the risk assessment proposed by the site study team.

Outputs

The following will be the key outputs from the risk assessment:

- **Risk metric and narrative**: Quantitative risk assessment of each criterion with supporting narrative. The risk metric and assessment information will assist in the development of risk mitigation factors to be developed in the final business plan.

- **Risk mitigation plans**: Plans for mitigating the identified risks will be developed and incorporated into the implementation plan for the BPO.

Evaluation Scale

The evaluation scales for the Ease of Implementation criteria are described in Table 5. Criteria will be assessed on a 5-point scale using the outputs of the Ease of Implementation analysis.

Table 5: Evaluation Scale for Ease of Implementation Evaluation Criteria

Evaluation Criteria/ Indicators	Evaluation Scale	Explanation of Scale
Academic affiliations/education* (All indicators)	The ease of implementation criteria will be assessed as the average of two dimensions: 1) negative impact of identified risk and 2) likelihood of negative impact of identified risk. Negative Impact of Identified Risk For Academic affiliations/education, HR/staffing, and all Capital planning considerations for	The overall assessments represent the ease of implementation according to the two noted dimensions. Thus, assessments with lower scores will be more difficult to implement and will require more mitigation planning, while assessments with higher scores will be easier to implement and require less mitigation planning.

Evaluation Criteria/ Indicators	Evaluation Scale	Explanation of Scale
HR/staffing* (All indicators) **Reuse considerations** (All indicators) **Capital planning considerations** (All indicators)	implementation, **impact** will be measured as follows: 1-5 scale for negative impact of identified risk 1 = High potential negative impact 3 = Medium potential negative impact 5 = Low potential negative impact For Community Support (a Reuse consideration), impact will be measured as follows: 1 = Option has strong community resistance with at most limited support 2 = Option has greater community resistance than support 3 = Option has a balance of community support and resistance 4 = Option has greater community support than resistance 5 = Option has strong community support with at most limited resistance For Legal and Regulatory (a Reuse consideration), impact will be measured as follows: 1 = Option has obstacles that cannot be resolved 2 = Option has significant obstacles that may not be resolvable 3 = Option may have obstacles that are resolvable with some difficulty 4 = Option may have some obstacles, but they should be reasonably resolvable 5 = Option has no significant legal/regulatory obstacles <u>Likelihood of Negative Impact</u> For Academic affiliations/education, HR/staffing, and all Capital planning considerations for implementation, **likelihood** will be measured as follows: 1-5 scale for likelihood of negative impact for identified risk 1 = High likelihood of occurrence of negative impact 3 = Medium likelihood of occurrence of negative impact 5 = Low likelihood of occurrence of negative impact For Community Support, likelihood will be measured as follows: 1 = Option has high likelihood of community resistance 3 = Option has moderate likelihood of community resistance 5 = Option has low likelihood of community	An assessment of "1" represents a risk area that is likely to occur and would have a high negative impact. This assessment is least preferred since this indicates a BPO that is not easily implemented and requires development of substantial mitigation strategies for identified risks. An assessment of "3" represents a risk area with one of the following scenarios: • The risk is likely to occur, but will have low negative impact • The is not likely to occur, but would have high negative impact • The risk has medium likelihood of occurring and would have medium negative impact if occurred The BPO with an assessment of "3" would require a moderate amount of mitigation planning for the identified risks for successful implementation. An assessment of "5" represents a risk area that is not likely to occur and would have a low negative impact, which is preferred since this indicates a BPO that is easily implemented and does not require substantial mitigation planning.

Evaluation Criteria/ Indicators	Evaluation Scale	Explanation of Scale
	resistance For Legal and Regulatory, likelihood will be measured as follows: 1 = Option has high likelihood of encountering legal or regulatory obstacles 3 = Option has moderate likelihood of encountering legal or regulatory obstacles 5 = Option has a low likelihood of encountering legal or regulatory obstacles The ease of implementation metric will be calculated using the following: Ease of Implementation = (Impact + Likelihood) / 2. An ease of implementation score will then be calculated for each criterion using the following scale: 1 = The BPO has significantly greater implementation challenges than the Baseline BPO (≥ 2 points higher than the Baseline BPO) 2 = The BPO has greater implementation challenges than the Baseline BPO (≥ 1 points higher and <2 points higher than the Baseline BPO) 3 = The BPO has similar ease of implementation to the Baseline BPO (<1 point difference with the Baseline BPO) 4 = The BPO has greater ease of implementation than the Baseline BPO (≥ 1 points lower and <2 points lower than the Baseline BPO) 5 = The BPO has significantly greater ease of implementation than the Baseline BPO (≥ 2 points lower than the Baseline BPO)	

* Academic affiliations/education and HR/staffing criteria not assessed at comprehensive capital planning sites, where no healthcare decision is required.

Ability to Support Other VA Programs

The purpose of this study is to determine how BPOs may support or jeopardize specific programs that have been identified as primary initiatives. These initiatives include enhanced DoD sharing, One-VA integration, promotion of specialized programs, and enhancement of services to veterans. This assessment will leverage information from Stage I to determine how the refined BPOs in Stage II would positively or negatively impact these VA objectives. Site teams will consider these impacts in evaluating the BPOs against the Baseline option.

Inputs and Assumptions

The primary inputs for this study will be the information gathered in Stage I regarding the following:

- **DoD sharing arrangements**: These include arrangements made between VA and DoD institutions to share facilities or services in order to provide care to veterans.

- **Specialized VA programs**: Specialized VA programs are defined as spinal cord injury, blind rehabilitation, seriously mentally ill, polytrauma, and Centers of Excellence.
- **Proposed enhancement of services**: Service enhancements or ancillary support services that would improve quality, cost effectiveness and continuity of care.
- **Integration with VBA and NCA facilities**: Co-location of VBA or NCA facilities with VA facilities to allow for easier access to VA services on the campus.

Outputs

A discussion will be provided of how each BPO impacts the VA programs, specifically, DoD sharing, One-VA integration, specialized VA programs, and enhancement of services to veterans. The resulting impacts will be quantitatively evaluated similar to other assessment areas.

Evaluation Scale

The evaluation scales for the Ability to Support VA Programs criteria are described in Table 6. Criteria will be assessed on a 5-point scale using the outputs of the Ability to Support VA Programs analysis.

Table 6: Evaluation Scale for Ability to Support Other VA Programs Evaluation Criteria

Evaluation Criteria/ Indicators	Evaluation Scale	Explanation of Scale
DoD sharing (Memoranda Of Understandings impacted by BPO)	1 = The BPO has the potential to provide the least enhancement relative to the Baseline BPO for the specific criterion 2 = The BPO has the potential to provide less enhancement relative to the Baseline BPO for the specific criterion 3 = The BPO has the potential to provide enhancement equivalent to the Baseline BPO for the specific criterion 4 = The BPO has the potential to provide more enhancement relative to the Baseline BPO for the specific criterion 5 = The BPO has the potential to provide the most enhancement relative to the Baseline BPO for the specific criterion	An assessment of "1" represents the least potential for the BPO to enhance one of the special VA programs, which is least preferred since this does not assist VA in meeting programmatic objectives. An assessment of "5" represents the most potential for the BPO to enhance one of the select VA programs, which is preferred since this assists VA in meeting programmatic objectives.
One VA integration (VBA and NCA impacted by BPO)		
Specialized VA programs (Specialized Care/COE impacted by BPO)		
Enhancement of services to veterans (Services in kind)		

Stakeholder Input

The purpose of the Stakeholder Input element in Stage II is to encourage a meaningful dialogue with veterans, veterans advocacy groups, staff, elected officials, and other interested parties, about the options being considered for a given study site. The Stakeholder Input element seeks to provide stakeholders with a series of convenient communication channels to express their interests, concerns, and priorities for the study. Through the CARES project website (www.va.gov\cares), Team PwC will also provide stakeholders with information about the study background and objectives, the options being considered, and the findings and recommendations for each study site.

Feedback from stakeholders will be considered by Team PwC in developing implementation plans and risk mitigation strategies for each BPO. This feedback will also be used by VA decision makers in weighing the advantages and disadvantages of each BPO and their associated implementation plans.

Inputs and Assumptions

Similar to the manner in which stakeholder inputs were gathered during Stage I, the inputs will include the following:

- Testimony and presentations made at public meetings, including public comments and questions
- A questionnaire soliciting stakeholder opinions which will be available for completion by persons who access the website
- A paper version of the questionnaire which will be available during public meetings
- A mail stop where the public can mail written comments and information about a particular study site

In addition, presentations and approved reports, along with meeting information and any other announcements concerning the study, will be promptly posted on the CARES Project website, the address of which will be prominently publicized.

In Stage II, stakeholders will be asked to comment on the BPOs selected for further study. However, stakeholders will not be limited as to the type of input which they can provide, and some stakeholders may choose to provide very personal information about the care they or a relative received, or about the anticipated need to provide future veterans with healthcare.

Key assumptions include:

- Stakeholder input will be limited to the study period
- Stakeholders will have 14 calendar days following the LAP meeting to submit additional written feedback via the website or mail stop
- Although the volume of stakeholder input recfeived will not necessarily represent all stakeholder viewpoints, and may not be statistically significant, the feedback will still provide a useful indication of the likely interests, concerns, and priorities of stakeholders that must be considered if a BPO is to be implemented successfully
- Despite the absence of an assigned weight or evaluation scale to stakeholder input, Team PwC's site teams, the expert panel, and VA decision makers will nevertheless have access to the types of concerns expressed by stakeholders, including insights that may not be available through more objective data-gathering methods

For healthcare study sites, the questionnaire will specifically solicit views from stakeholders in the following five categories:

Table 7: Healthcare Category of Concern Definitions

Category of Concern	Definition
Access	Concerns about the travel time to the healthcare facility if this option is selected.
Healthcare Services & Providers	Concerns about a possible change in what services are available or who provides them.
Adequate Facilities	Concerns about whether the option would provide a modern facility capable of meeting healthcare demands in the future.
Use of Facilities	Concerns about whether this option makes good use of existing land and buildings.
Research & Education	Concerns about changes to research or education programs at the facility.

For capital planning study sites, the questionnaire will specifically solicit views from stakeholders in the following five categories:

Table 8: Capital Planning Category of Concern Definitions

Category of Concern	Definition
Adequate Facilities	Concerns about whether this option would provide a modern facility capable of meeting healthcare demands in the future.
Timeliness	Concerns about the length of time to finish construction called for by this option.
Availability of Care	Concerns that construction will disrupt the healthcare currently provided
Use of Facility	Concerns about whether this option makes good use of existing land and facilities.
Campus Environment	Concerns that this option will disrupt the historic quality or the natural setting of the current campus.

Outputs

Three types of stakeholder input (electronic comment forms, written comment forms and correspondence, and testimony) will be analyzed, categorized and summarized to provide information on:

- The number and percentage of stakeholders expressing a particular concern for a given BPO
- General themes expressed in oral testimony at the public LAP meetings and written input submitted at the LAP meetings, to the mail stop, or via the website
- When appropriate, selected comments which amplify or clarify stakeholder interests and concerns
- Implications of stakeholder feedback for successful implementation of the BPO

The tabulation and summary description of stakeholder input will be provided to Team PwC site teams and the expert panel for consideration in their discussion of the relative merits of each of the short-listed BPOs. The trade-off discussion will consider the five evaluation categories and stakeholder input. The evaluation findings of Team PwC will address the likelihood of stakeholder support for a given BPO, together with stakeholder interests, concerns and priorities to be addressed in implementation of the BPO.

Presentation of Results

The purpose of the results step is to provide VA decision makers with a balanced discussion of the trade-offs to be considered in making a final decision. The Stage II results will consist of a discussion of the relative merits of each BPO, comparing and contrasting the strengths and weaknesses of each BPO, and a plan to implement each BPO.

Independent Review Panel

To obtain greater input into the development of the final business plan reports, PricewaterhouseCoopers will convene an independent review panel (IRP) to provide an in-process review of the Stage II analysis, including a balanced review of the tradeoffs that were considered in developing the evaluation of each business plan option. This panel will:

- Provide input from multiple perspectives, to include academia and private sector management and clinical viewpoints.
- Discuss analysis and evaluations.
- Discuss the reasoning behind the evaluations, including the trade-offs between criteria.
- Discuss the relative merits of each option without providing definitive recommendations.
- Capture feedback for incorporation into the final site report.

The composition of the IRP will include VA representatives from Office of Strategic Initiatives (OSI) and Office of Asset Enterprise Management (OAEM), and Team PwC representatives (Partner facilitators, physicians with expertise on clinical quality, expert capital planners, real estate market experts or advisors, and site leaders). The IRP members will also include independent experts from academia and healthcare management.

Panel Results

Stage II will employ the IRP at the conclusion of the analysis phase and prior to the development of final business plan reports.

The purpose of the results step of the process is to provide an in-process review of the Stage II analysis, including a balanced review of the tradeoffs that were considered in developing the Stage II Report. The panel process will provide the basis for discussion on the analysis of each BPO's relative merits, comparing and contrasting the strengths and weaknesses of each BPO, and a plan to implement each BPO.

Purpose

Figure 2: A Diagram of the CARES Business Plan Study IRP Purpose

CARES Business Plan Study IRP

- Review Stage II site reports which will include analysis from capital, financial, reuse, and stakeholder management teams.
- Identify areas where the discussion of analysis results could be enhanced to allow a better understanding of the evaluation of each Business Plan Option.
- Review and synthesize the ongoing work of the PricewaterhouseCoopers (PwC) site team and the OAEM IDIQ contractors to determine if presentations clearly articulate tradeoff decisions and that those decisions represent best practices across the study areas (healthcare, capital and reuse).
- Guidance received by the Panel should be considered and potentially incorporated in revisions of the CARES Business Plan Study Stage II final report.

Operating Principles

The IRP will be guided by the following principles:

- All meetings of the Panel were held at PricewaterhouseCoopers offices at McLean, attendance will be limited to panel members and PwC Project Management, OAEM, and study site staff except where alternate arrangements were made in advance.
- The Panel will be chaired by a PwC partner The chairs will provide oversight to the preparation of all panel documents, including meeting agendas and meeting minutes.
- Panel members represented their expertise area and not their respective organizations or corporations.
- The panel members provided comments and recommendations verbally during the meeting.
- There was no attempt to reach consensus or to develop group recommendations within the committee. They did not make decisions or develop group positions.
- It was the responsibility of Team PwC in concert with the IDIQ to revise the Stage II final report as appropriate.
- No new data collection or analysis was conducted as a result of the recommendations of the committee members, unless directed by the VA contract officer.
- Detailed minutes of each committee meeting were documented.
- Panel documents were not made available to entities outside the offices of the Assistant Deputy Under Secretary for Health and Office of Asset Enterprise Management.
- Composition of the panel was subject to change, as needed, for the different sites identified in the CARES study.

Panel Process Outputs

The IRP members were provided with preparation material which will include an initial high level presentation of the VA CARES study, methodology, assumptions, site overview, and key site issues. During the panel meeting, the site study team will provide an overview presentation of site description, options, particular issues, option evaluation, supporting rationale, and conclusions.

The IRP discussed the conclusions of the study team and provide commentary on the analysis results and evaluation of each option. The IRP also weighed the breadth and depth of stakeholder concern about various alternatives and ensure that the evaluation of each option takes into account any information that was not captured in any of the other objective measures in forming the Panel's judgment.

The IRP provided feedback at the sessions that was used, as appropriate, by Team PwC and the IDIQ in finalizing the Stage II business plan report.

Implementation Plans

Following the IRP's discussion of preliminary results, implementation plans will be developed for all Stage II BPOs. The purpose of each plan will be to provide a roadmap for the local site teams for implementing the BPO, noting critical transition and implementation activities. The plan with highlight key milestones associated with implementation functions such as budgeting and funding, procurement, contracting for care, construction, human resource transition, as well as building activation and occupancy. The plan will help to appropriately sequence the implementation activities accounting for dependencies among the various functions.

An implementation schedule will be created using Microsoft Office's project management program (MS Project) in six-month intervals listing the critical implementation tasks. The plans will be based upon the capital planning construction schedules with overlays of additional functions. A supporting narrative will also be developed to more fully explain the implementation roadmap, explaining key milestones and dependencies, as well as risk mitigation strategies for all risks identified in the ease of implementation analysis. Ultimately the implementation plan will be used to guide the execution of the BPO, but may also provide VA additional insight to the risks and complexity of the BPO, as the results of the various BPOs studied in Stage II are considered.

Appendix C - Financial Definitions

- **Net Present Cost ("NPC")**: The sum of the annual cash-flows, discounted using the overall discount rate, so that a particular BPOs cash-flow can be valued on a relative basis to the other BPOs within a given study site. This is calculated as operating costs + capital costs (capital investments and periodic maintenance/replacement costs) + considerations.

- **Return on Investment ("ROI"):** The percentage return generated by each additional dollar invested. The ROI is always compared to BPO 1 and generally will be negative because the compared BPO has costs less than the BPO 1. The Financial Analysis for CARES Business Plan Studies uses the CEA, the term "benefits" means cost savings and cash-inflows estimated.

  - ROI calculation = [Positive savings minus (Option NPC minus BPO 1 NPC)]/(Option NPC minus BPO 1 NPC)

  - Positive savings: favorable difference in cost types (operational costs, capital investment costs, capital life cycle costs and reuse revenue), where Option X cost is less than BPO 1 cost. Negative savings, where Option X cost is greater than BPO 1 for any of the cost types, are not factored into the savings.

- **Internal Rate of Return ("IRR"):** A particular project's IRR is the discount rate that causes its future-value cashflows to result in a zero NPC.

- **Annual VA Investment Levels**: Annual investment levels required by the VA for a particular BPO are calculated by taking total capital investments divided by 30 years.

- **Return on Capital Investment**: Positive savings divided by Total Capital Cost (Capital Investments + Capital Periodic Maintenance/Replacement).

- **Total Operating Costs**: Annual operating cash-flows are discounted using the overall discount rate so that a particular BPOs operating cash-flow can be valued on a relative basis to the other BPOs operating cash-flow.

- **Total Capital Investment Costs**: Annual capital investment cash flows are discounted using the overall discount rate so that a particular BPOs capital investment cash-flow can be valued on a relative basis to the other BPOs.

- **Total Considerations**: Annual consideration cash flows are discounted using the overall discount rate so that a particular BPOs consideration cash-flow can be valued on a relative basis to the other BPOs.

- **Total Calculated Savings**: Favorable difference in cost types (operational costs, capital investment costs, capital periodic maintenance/replacement costs and reuse revenue) as

compared to other BPOs. Negative savings in cost types are not factored into the savings.

- **Direct Variable Costs**: 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

- **Fixed Indirect Costs**: The costs not directly related to patient care, and therefore not specifically identified with an individual patient or group of patients. These costs are allocated to direct departments through the indirect cost allocation process. Examples include utilities, maintenance, and administration costs.

- **Fixed Direct Costs**: 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.

Appendix D - Sensitivity Analysis

A sensitivity analysis, based on the outputs of the financial analysis, was performed for each of the Stage II BPOs for the Canandaigua, New York VAMC. A sensitivity analysis is a procedure performed to determine the sensitivity of the outcomes of a BPO. For example, if a small change in a factor, such as escalation rates, results in relatively large changes in the outcomes, the outcomes are said to be sensitive to that factor. This section first describes key factors of the sensitivity analysis at Canandaigua, followed by a discussion of the detailed financial outputs associated with each factor.

Key Factors for Canandaigua

The following key factors were considered in the sensitivity analysis for each BPO at Canandaigua. These factors were selected based on the outputs from the financial analysis and the discussions conducted during the Independent Review Panel.

- Capital investment escalation rates – a change in capital investment escalation rates from 4% to 6.5% which was selected based on the last two years of construction cost history from RSMeans, a cost estimating organization
- Variable costs efficiencies related to recurring operating costs based on 2% for renovation and 4% for new construction
- First year Funding Schedule – the assumption that the project funding will occur in 2010 rather than 2009.

Capital Investment Escalation Rates

The following shows the sensitivity of the BPOs to the capital investment escalation rates used for each BPO. In this analysis the assumption for capital investment costs are increased to 6.5% per year instead of 4.0%. The reason for this sensitivity analysis is to identify the sensitivity the individual BPOs have to the escalation rate for construction. Recently, construction rates have increased at a higher rate than expected. Therefore, this sensitivity analysis provides insight into what happens to a BPO if this trend continues.

BPO Comparison
2003 Net Present Dollars ($000)
Reflects 2003-2033

	BPO 1	BPO 2	BPO 6	BPO 7	BPO 9
Total Net Present Cost	$ 1,367,317	$ 1,306,437	$ 1,323,151	$ 1,307,384	$ 1,333,268
Total Net Present Cost Modified for Construction Escalation	$ 1,403,713	$ 1,334,936	$ 1,355,249	$ 1,335,515	$ 1,365,729

As shown, the NPC increases for all five BPOs. The BPOs remain in the same order from least expensive to most expensive, i.e., BPO 2 being the least expensive, followed by BPO 7, BPO 6, BPO 9 and BPO 1 remaining the most expensive BPO. In terms of percentage difference in NPC from the least expensive BPO, the percentage change is no more than 0.5%.

Variable Cost Efficiencies

Variable costs comprise about 59% to 60% of total operating costs for the Canandaigua site. These costs were only subject to changes arising from workload in the financial analysis. Generally, however, it is anticipated that efficiencies in these variable costs are gained during renovation and construction. These efficiencies relate to buildings and functions being in closer proximity to each other, facilities built to provide state of the art medical care, and other enhancements such as private inpatient rooms. The following shows the results of the sensitivity analysis where operating efficiencies of 2% and 4% are incorporated for new renovations and new construction, respectively.

BPO Comparison
2003 Net Present Dollars ($000)
Reflects 2003-2033

	BPO 1	BPO 2	BPO 6	BPO 7	BPO 9
Total Net Present Cost	$ 1,367,317	$ 1,306,437	$ 1,323,151	$ 1,307,384	$ 1,333,268
Total Net Present Cost Modified for Operating Efficiencies	$ 1,362,590	$ 1,295,805	$ 1,318,226	$ 1,296,752	$ 1,328,344

As shown, the savings that result from the operating efficiencies range from about $4.7 to $10.6 million in NPC. Efficiencies occur in each of the five BPOs, however, BPOs 2 and 7 show the greatest amount of savings because both BPOs are all new construction with a slightly sooner activation. BPO 9, a mix of new construction and renovation, has been conservatively analyzed with a 2% rather than 4% efficiency. It may potentially realize an additional $2 million in savings related to efficiencies. The savings for each BPO are limited to the timeframe after which activation of the facility has occurred through 2033. The impact of these changes on the total operating cost and NPC of these BPOs further supports the lower cost new construction BPOs 2 and 7.

First Year Construction Schedule

The implementation plans for all five BPOs have assumed a funding approval and project start of 2009. This sensitivity analysis moved this date to 2010. Moving the dates out an additional year has the effect of increasing the impact of capital investment escalation rates and introducing some of the operating efficiencies later. The following shows the results on the NPC for each of the BPOs.

BPO Comparison
2003 Net Present Dollars ($000)
Reflects 2003-2033

	BPO 1	BPO 2	BPO 6	BPO 7	BPO 9
Total Net Present Cost	$ 1,367,317	$ 1,306,437	$ 1,323,151	$ 1,307,384	$ 1,333,268
Total Net Present Cost Shortened for First Year Implementation Schedule	$ 1,370,180	$ 1,307,773	$ 1,325,770	$ 1,308,624	$ 1,335,681

As shown, the changes in the assumed funding approval and project start from 2009 to 2010 has no impact on the ranking of the BPOs from lowest to highest NPC. It does, however, have an impact on the total NPC of $1.2 to $2.9 million. BPOs 2 and 7 have an impact of about $1.2 to

$1.3 million, BPO 9 has an impact of about $2.4 million, BPO 6 has an impact of about $2.6, and BPO 1 has an impact of about $2.9 million. The NPC (2003 Net Present Dollars) for the BPOs are marginally more expensive due to the effect of Time Value of Money and due to the fact that the first year funding schedule does not result in significant operating cost savings compared to the 4 year schedule. Capital costs are inflated by 4% and the NPC is calculated using the discount rate of 5.2%.

10-Year Construction Schedule

This sensitivity analysis extends the implementation schedule to 10 years. The reason for this sensitivity analysis is to identify the sensitivity the individual BPOs have to a longer schedule for construction. The longer schedule could be required due to extended timelines for demolition.

BPO Comparison
2003 Net Present Dollars ($000)
Reflects 2003-2033

	BPO 1	BPO 2	BPO 6	BPO 7	BPO 9
Total Net Present Cost	$ 1,367,317	$ 1,306,437	$ 1,323,151	$ 1,307,384	$ 1,333,268
Total Net Present Cost Modified for 10-Year Implementation Schedule	$ 1,366,849	$ 1,306,437	$ 1,329,566	$ 1,307,384	$ 1,339,442

As shown, the rankings of the BPOs do not change, however the cost trends differ by BPO. The NPCs of BPOs 2 and 7 do not change as compared to the 4 year schedule. BPOs 4 and 7 involve all new construction , and are not sensitive to issues concerning demolition that could result in a longer implementation schedule. The NPC (2003 Net Present Dollars) for BPO 1 increases marginally due to the effect of Time Value of Money and that the 10 year funding schedule does not result in significant operating cost increases as compared to the 4 year schedule. Capital costs are inflated by 4% and the NPC is calculated using the discount rate of 5.2%.

The NPCs of BPO 6 and 9 are the most sensitive to the 10 year implementation schedule. Both BPOs involve large amounts of phasing and extensive renovations/demolition. The 10 year implementation schedule results in inefficient buildings remaining in service for a longer period of time than in the 4 year schedule. This results in higher operating costs for BPOs 6 and 9, and subsequently higher NPCs.

Appendix E - 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 reuse plan.
Capital Asset Inventory (CAI)	The CAI includes the location and planning information 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. *(See Workload)*
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 diseases 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. (*See Sector)*
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. *(See Secondary Care and Tertiary Care)*
Reuse	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. *(See Primary Care and Tertiary Care)*
Sector	Within each Market Area are a number of sectors. A sector is one or more contiguous counties. *(See Market Area)*
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. *(See Primary Care and Secondary Care)*
Workload	The amount of CIC units by category determined for each market and facility by the Demand Forecast.