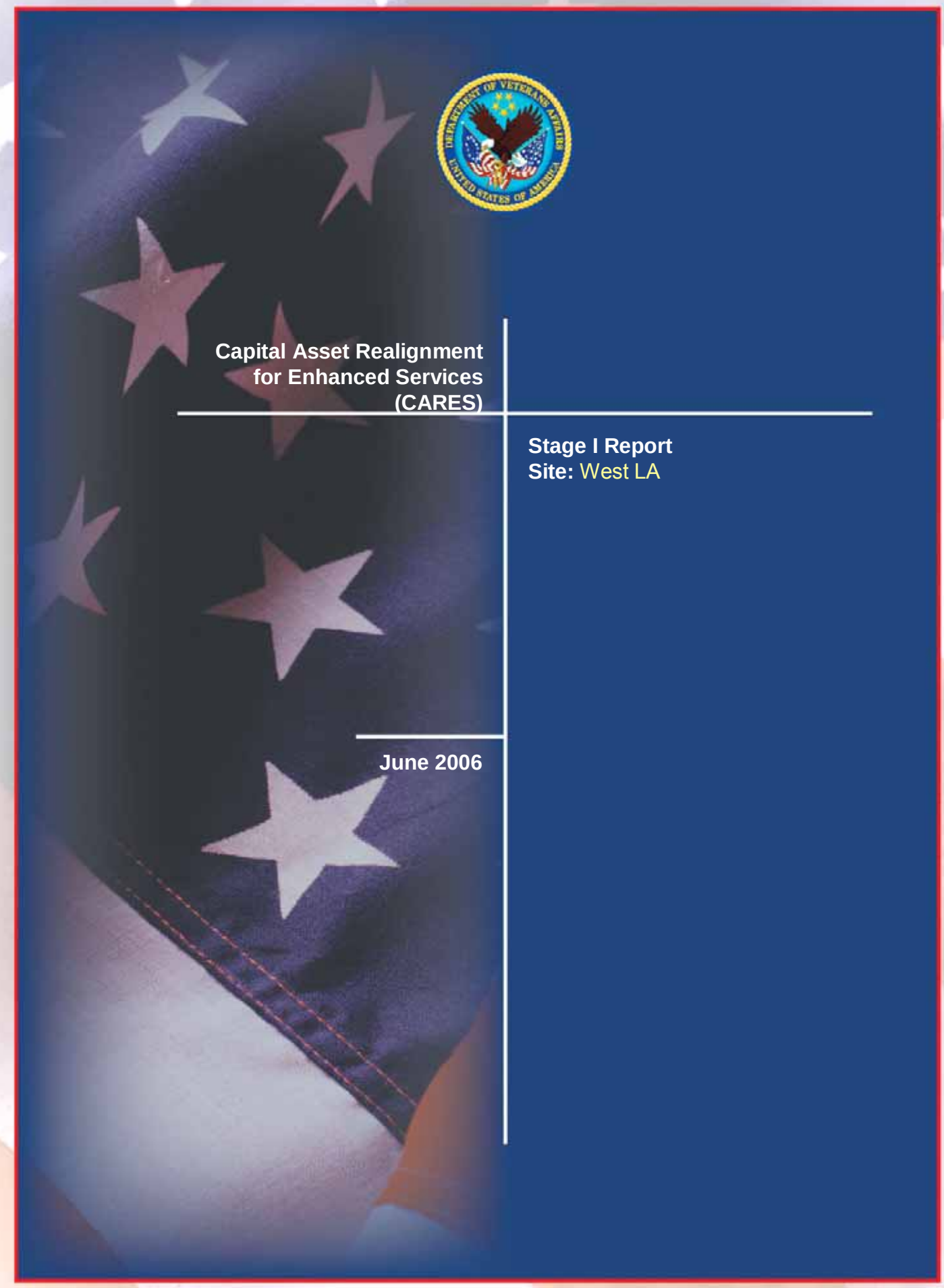

Capital Asset Realignment for Enhanced Services (CARES)

Stage I Report
Site: West LA

June 2006

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, MicroTech LLC, to develop re-use options for inclusion in this study. MicroTech LLC issued its report, *Real Property Baseline (West LA Phase I Re-use) Report,* and as directed by VA, PwC has included information from its report in the following sections in this report: Environment, Out leased Areas/Use Agreements, Real Property, Federal Regulations, Local Regulations, VA Clarifications, Key Observations from Other Government Contractor, and Potential for Non VA Re-use/Redevelopment. PwC was not engaged to review and, therefore, makes no representation regarding the sufficiency of nor takes any responsibility for any of the information reported within this study by MicroTech LLC.

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 Introduction

CARES (Capital Asset Realignment for Enhanced Services) is the Department of Veterans Affairs' (VA's) effort to produce a logical, national plan for modernizing healthcare facilities. The objective is to identify the optimal approach to provide current and projected veterans with healthcare equal to or better than is currently provided in terms of access, quality, and cost effectiveness, while maximizing any potential re-use of all or portions of the current real property inventory owned by VA. The Secretary's Decision Document of May 2004 called for additional studies in certain geographic locations to refine the analyses developed in Phase I of the CARES planning and decision-making process. Team PricewaterhouseCoopers (Team PwC) is assisting VA in conducting VA CARES Business Plan Studies at 17 sites around the United States as selected by the Secretary, which include site-specific requirements for Healthcare Delivery Studies, Capital Plans, and Re-use Plans.

West Los Angeles (West LA), California is one of the CARES study sites and includes capital planning and re-use planning studies, but not healthcare delivery. The Secretary's Decision Document of May 2004 includes the following decisions for West LA:

- Spread across 387 acres in an urban neighbourhood, the West LA campus is a unique resource and it is important that VA preserve the integrity of the land originally granted for use as an Old Soldiers home. VA is committed to maintaining the property for uses that serve to enhance the Department's mission.
- To ensure that VA has a clear framework for managing the vacant and underused property at the West LA campus, VA will develop a Master Plan for the campus in collaboration with stakeholders who will have input into the plan's development.
- VA will maintain the Long Beach and West LA campuses as separate tertiary care facilities, but will continue to consolidate administrative and clinical services.
- VA will meet increased demand for inpatient care through new construction, by converting and renovating existing space, and by using existing authorities and policies to contract for care where necessary.
- VA will develop a nursing home strategic plan based on well-articulated policies. Until VA completes a nursing home strategic plan, it will only proceed with maintenance and life safety projects at existing nursing home facilities that are necessary to ensure the quality and safety of patient care.
- VA will improve patient and employee safety by correcting seismic and life safety deficiencies at the West LA facility.
- VA will explore opportunities to develop new research facilities at the West LA campus that are consistent with its patient care mission.
- VA will explore the feasibility of collocating the Veterans Benefit Administration (VBA) Regional Office at the West LA VAMC. This collaboration will not only improve access to services, but will redirect savings from rental costs into claims processing, vocational rehabilitation and employment, education, loan guaranty, and other VBA priorities.
- VA will collocate a National Cemetery Administration (NCA) columbarium on 20 acres of available land at the West LA campus and pursue additional opportunities for expanding the NCA presence on the West LA campus.

2.0 Purpose of this Report

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

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

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

3.0 Site Overview

The West LA Veterans Affairs Medical Center (VAMC) is located in a highly urbanized portion of Los Angeles. The West LA facility is a tertiary care facility, providing highly specialized medical services, within the VA Greater Los Angeles Healthcare System (GLA). GLA is among the largest integrated healthcare organizations in VA. GLA comprises 945 operating and authorized beds, 3,500 employees, and an operating budget approaching $500 million. GLA and the West LA VAMC serve the California Market of Veterans Integrated Service Network (VISN) 22. The California market contains approximately 332,000 enrolled veterans.

Current Healthcare Provision

West LA is a teaching hospital, providing a full range of patient care services, state-of-the-art technology, and education and research. Comprehensive healthcare is provided through primary care, tertiary care, and nursing home care in areas of medicine, surgery, psychiatry, physical medicine and rehabilitation, neurology, oncology, dentistry, geriatrics, and extended care. West LA currently operates 740 beds, including 261 acute beds, 158 nursing home beds, and 321 inpatient residential and domiciliary beds.

The West LA nursing home is one of two such units in GLA. The second nursing home care unit is provided at Sepulveda Ambulatory Care Center. These units are complemented by an active community nursing home program.

A comprehensive outpatient care program is provided at West LA, as well as the following GLA facilities: Sepulveda, downtown Los Angeles, Santa Barbara, and Bakersfield; CBOCs in Gardena, East Los Angeles, Antelope Valley, Lancaster, Lompoc, Pasadena, Oxnard, San Luis Obispo, Santa Paula, and Ventura; a satellite clinic at Bob Hope Patriotic Hall in downtown Los Angeles; and the Vietnam Veterans Outreach Program's Readjustment Counseling services located in Culver City and Santa Barbara.

Facilities

West LA VAMC is a 387-acre site located at the intersection of Wilshire Boulevard and the San Diego Freeway (Interstate 405) in West Los Angeles, California. The property is roughly rectangular in shape, extending northwest to southeast, along Interstate 405, which borders the northeast side of the property. The property is on an alluvial plain sloping gently down from the north toward the south. There is extensive commercial, office, and retail space located nearby, as well as a mix of housing, schools and parks at the northwest and southwest sides of the property. The University of California, Los Angeles (UCLA) is located within a half mile of the West LA campus to the northeast, and the UCLA baseball stadium is located on its grounds.

The West LA campus (see Figure 1) includes 91 buildings[1] (see Table 1) which are distributed throughout the campus on the north and south of Wilshire Blvd. Overall, most of the West LA VAMC structures are concentrated in three areas of the campus: the historic village (old Brentwood and old Wadsworth campuses, as well as a portion of the campus immediately north of Wilshire Blvd), revitalization area (located west along Interstate 405), referred to as the Brentwood portion of the campus, and the medical campus (located south of Wilshire Blvd), referred to as the Wadsworth campus The majority of the buildings were built in the 1930s and 1940s, but some buildings were built in the 1800s. Two buildings are listed on the National Historic Register: the Chapel (Building 20) and Trolley Station (Building 66).

The total building gross square footage of West LA facilities approaches three million (2,807,039) BGSF. Buildings range in size from a 144 square foot gatehouse to the 900,000 square foot Wadsworth Hospital (Building 500, built in 1976). Nearly half of West LA buildings are less than 10,000 square foot in size and one quarter are in the range of 45,000-65,000 square foot. Sixty-two buildings are single story. Only one building exceeds four stories. Twelve buildings are listed as vacant and 14 are used as staff housing or garage. The majority of the buildings are considerably smaller than modern construction for most building types and may have limited opportunities for re-use based on the inefficiency of the small footprint, overall volume and current configuration.

Existing surface parking is generally adequate, dispersed around the campus, and next to each building which makes it convenient for patients, family, and employees. New surface parking is currently being built at the South campus to provide additional parking near the large hospital (Building 500).

Historic Considerations:[2]

Given the age of the campus (only 15 buildings on campus are less than fifty years old) many buildings may be subject to the National Historic Preservation Act, (NHPA). Section 106 of NHPA requires that the federal government consider the effects of its undertakings on historic properties-- defined as districts, sites, buildings (more than 50 years old), structures and objects included in or eligible for inclusion in the National Register of Historic Places. There are two buildings (the trolley station and chapel) on the Office of Facilities Management's National Register. A further 41 buildings in the Brentwood and Wadsworth districts are considered historically significant.

[1] Source: VA Capital Asset Index provided to Team PwC at beginning of Stage I. New VA Capital Asset Index identifies 91 structures.

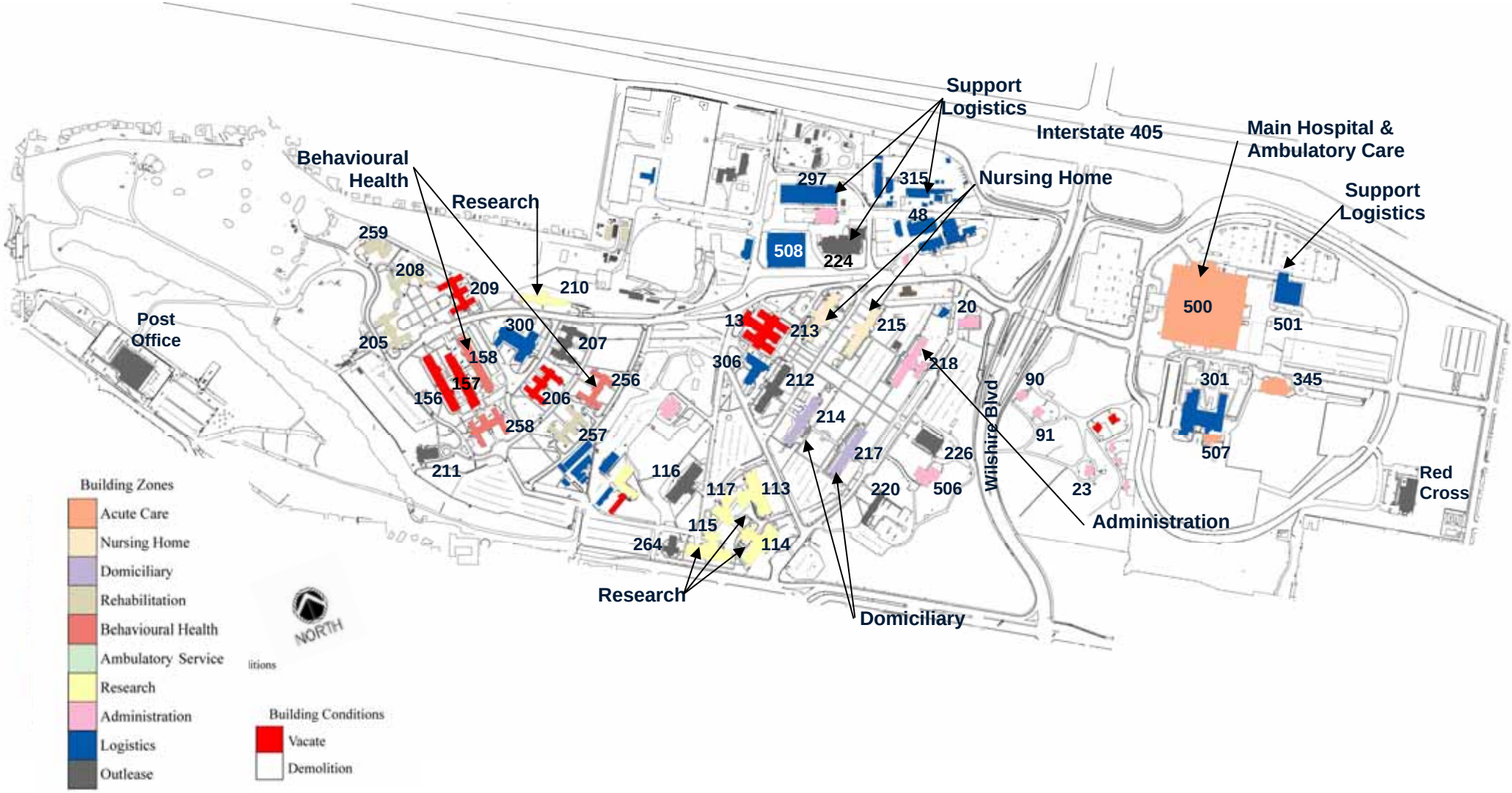
[2] Source: MicroTech LLC. West Los Angeles VAMC, Baseline Report-Phase I, July 2005.

Seismic Considerations:

Veterans Health Administration (VHA) directives establish policy on the seismic safety of VHA buildings; thereby ensuring that VA provides adequate life-safety protection to veterans, employees, and other building occupants.

Fourteen of the 91 buildings have been seismically evaluated by VA as exceptionally high risk and 5 as high risk. In addition, there are 13 non-exempt buildings that should be evaluated before renovation or re-use. Seismic retrofits, if feasible, are likely to add additional cost to renovation and re-use budgets. The historic Old Wadsworth Hospital District consists of 26 buildings, with a gross square footage of 835,518. These buildings comprise research, acute care, nursing home care, administrative, and inpatient rehabilitation and domiciliary facilities. Although these buildings are architecturally attractive, they do not meet contemporary seismic standards.

Figure 1: Existing Site Map[3]



[3] Some Building numbers not identified due to graphic limitations. See Table 1 for a complete Building List.

Table 1: Existing Departmental Distribution by Building[4]

Building	Floor	Function	Year Built	Year Renovation	Floors	Seismic Standards Apply	Building Total GSF
12		Emergency Generator	1989		1	X	1,075
13		Vacant	1929		1	X	52,604
14		Single Garage	1900				
20		Chapel - Vacant	1900		1	X	8,758
23		Quarters	1900		1	EO	3,448
33		Quarters	1893	1995	1	X	1,200
46		Engineering Shop	1922		1	X	11,034
63		Engineering M&O	1959		1	EO	720
66		Trolley House			1	X	600
90		Duplex Quarters	1927	1995	1	EO	4,752
91		Duplex Quarters	1927	1995	1	EO	4,752
104		Garage 2-Car	1928		1	X	500
105		Garage 3-Car	1928		1	X	600
111		Gate House			1		144
113		Animal Research	1930		4	X	60,000
114		Research Lab	1930		4	EHR	69,921
115		Research Lab	1930		3	EHR	60,314
116		Outlease - New Directions	1930	1997	3	X	60,309
117		Research Lab	1930		2	EHR	20,873
156		Vacant	1921		3	X	60,000
157		Vacant	1928		3	X	60,000
158		Vacant	1921		3	X	55,886
199		Vacant	1932		1	X	3,600
205		Mental Health/Outpatient Psychiatry	1937		3	EHR	53,047
	Basement	Recreational Therapy					
	First	Psychiatry Administration & Substance Abuse Clinic					
	Second	Vacant					
206		Mental Heath/Homeless	1940		3	EHR	47,099
	Basement	ACS-Primary Care					
	First	Mental Health Clinic & ACS-Primary Care					
	Second	Mental Health Clinic					
207		Outleased Salvation Army	1940		3	EHR	47,015
208		Mental Health/Voc Rehab Medicine	1945		3	EHR	47,265
	Basement	Medical Research					
	First	Rehab Medicine					
	Second	Mental Health Clinic & Medical Research					
209		Vacant	1945		3	X	46,708

[4] Source: VA Capital Asset Inventory Database

Building	Floor	Function	Year Built	Year Renovation	Floors	Seismic Standards Apply	Building Total GSF
210		Research/MIREC	1945		3	EO	39,677
211		Theater (Brentwood)	1946		1	EO	11,490
212		Salvation Army /Prosthetics	1938		4	EHR	62,560
213		NHCU Pod & Dialysis	1938	1989	4	X	62,560
	Basement	ACS-Specialty Care & Dialysis					
	First	Beds NHC					
	Second	Beds NHC					
	Third	Beds NHC					
214		Domiciliary	1938	1990	4	X	53,000
	Basement	Beds Domiciliary					
	First	Beds Domiciliary					
	Second	Beds Domiciliary					
	Third	Beds Domiciliary					
215		NHCU	1938	1985	4	X	53,000
	Basement	Beds NHC					
	First	Beds NHC					
	Second	Beds NHC					
	Third	Beds NHC					
217		Domiciliary	1941	1990	4	X	58,000
	Basement	Beds Domiciliary					
	First	Beds Domiciliary					
	Second	Beds Domiciliary					
	Third	Beds Domiciliary					
218		Administration Building	1941		4	EO	75,121
220		Dental/Research	1939		4	EO	29,876
	Basement	Vacant					
	First	Medical Research/Dev & Outleased					
	Second	Outleased					
	Third	Geriatrics & Outleased					
222		Mail Out Pharmacy	1938		3	EHR	23,226
224		Outleased Laundry	1946		1	EO	29,257
226		Outleased Wadsworth Theater	1940		1	EO	20,875
233		HAZMAT Building			1	X	840
236		Police HQ	1945		1	HR	7,108
249		Greenhouse			1	X	2,800
250		Lath House Rehab Medicine			1	X	1,200
256		Day Treatment Center Mental Health	1946		3	EHR	47,675
	Basement	Medical Research					
	First	Eye Clinic & Substance Abuse Clinic					
	Second	Mental Health Clinic, Psychology & Medical Research					
257		Mental Health / New Directions / Methadone	1946	1997	3	EHR	57,386

Building	Floor	Function	Year Built	Year Renovation	Floors	Seismic Standards Apply	Building Total GSF
258		Administration /Mental Health	1946		4	EHR	65,575
	First	Psychology, Voluntary Service, Psychiatry Admin., Human Resources, & Social Work					
	Second	Psychology & Outleased					
	Third	Outleased					
	Fourth	Medical Research/Dev					
259		Com Work Therapy	1945		1	HR	8,685
264		FBI (Annex Theater)	1944		2	X	10,080
265		Vacant	1944		1	X	2,400
266		Vacant	1945		1	X	3,234
267		Vacant	1945		1	X	6,648
278		Vacant	1943		1	EO	3,000
292		Water Treatment Plant	1946		1	HR	864
295		Steam Plant	1947		1	HR	5,720
296		Chemical Storage House	1949				219
297		Supply Warehouse	1948		1	X	32,700
298		Vacant	1935		1		4,187
300		Dietetics	1952		3	EHR	68,824
301		AFGE Union	1951		1	X	2,643
304		Research	1957		3	X	89,267
305		Transportation	1955		1	X	1,920
306		Cafeteria/Post Office	1957		2	EO	14,281
307		Single Quarters	1955		1	X	1,200
308		Single Quarters	1955		1	X	1,728
309		Garage	1955		1		400
310		Garage	1955		1		400
311		Mobile House	1994		1	X	1,400
312		Mobile House	1994		1	X	1,400
315		GSA Motor Pool	1948		1	X	3,600
318		Mobile House	1994		1	X	1,400
319		Supply Storage	1956		1	X	800
320		Supply Storage	1951		1	X	1,200
329		Golf Club House					265
330		Nursery Garden	1955		1	X	1,500
337		Research Animal House	1962		1	ER	6,772
345		Radiation Therapy	1982		2	X	15,620
500		Main Hospital	1976		7	EHR	900,000
	Ground	Dental, ACS-Specialty Care, Environ. Manage., Medical Admin., Nuclear Medicine, Radiation Therapy, Radiology and SPD					
	First	ACS-Primary Care, Canteen, Pathology and Rehab. Medicine					

Building	Floor	Function	Year Built	Year Renovation	Floors	Seismic Standards Apply	Building Total GSF
	Second	Nursing Units: 22-Bed Intermediate; 15-Bed Neur-Rehab; 57-Bed Behav. Med; 30-Bed Behav. Med					
	Third	Clinical Svc Admin, EEG/Neurology, Medical Research/ Dev, Mental Health Clinic. Nursing Units: 8-Bed MICU; 63-Bed Neur-Rehab					
	Fourth	Cardiology, Clinical Svc Admin and Endoscopy. Nursing Units: 7-Bed CCU; 12-Bed Neur-Rehab; 28-Bed Neur-Rehab					
	Fifth	Surgical Suite. Nursing Units: 17-Bed 23Hr Observation; 12-Bed SICU; 30-Bed Surgical					
	Sixth	Chaplain, Clinical Svs Admin, Dialysis, Director's Suite, Nursing Svs Admin, and Social Work					
501		B500 Chiller Plant	1976		0	X	30,000
505		Paint Shop	1986		1	X	5,000
506		VA District Council	1992		1	X	9,320
507		MRI Facility	1991		1	X	6,000
508		Laundry	1998		1		45,000
509		Recycling Center	1999		1		3,750
510		Transportation	2002		1		4,782
511		Storage	2003		1		9,638
BB1		Engineering Shops	2000		1		5,000
BB2		Engineering Shops	2000		1		5,000
T79		Plant Nursery			1	X	1,550
T83		Welding shop	1958		1	X	1,300
T84		Laundry Annex	1967		1	X	1,580

Seismic Definitions

EHR	Exceptionally High Risk
HR	High Risk
EO	Non-Exempt
X	Exempt

Facilities Condition

Buildings have received ratings in the full range of '1' to '5' for critical values such as accessibility, code, functional space, and facility conditions.[5] Most of the acute and ambulatory buildings are in the 3.0 to 4.0 range. Most of the behavioral health, research, domiciliary, administration, nursing home care unit and logistic support buildings are in the 2.0 to 3.0 range. Continued use or re-use of each building should be individually determined as acceptable, based on the CAI rating. Generally, according to VA directives, acute, ambulatory, inpatient behavioral health and research buildings should be rated no lower than 3.5 to allow continued use due to their highly technical nature. Similarly, administration, domiciliary, outpatient behavioral health, nursing home care unit and support buildings should be rated no lower than 2.7.

Some campus infrastructure systems are near the end of their useful life. These systems include the storm drainage system, steam distribution, and emergency power. Mechanical, plumbing and electrical systems are well maintained but are substandard for modern delivery of healthcare. Generally, these will be expected to be at the end of their useful life well before the 2023 planning horizon. Most of the older buildings (many already vacant) yield varying levels of asbestos-containing materials (ACMs) and lead-based paint (LBP), which will require remediation.

Renovations to the existing patient care buildings will require substantial capital investment to address upgrades necessary to comply with modern, safe, and secure standards. These include seismic retrofit, as well as fire/life safety, mechanical & electrical system upgrades. Other upgrades to current VA healthcare environment standards and applicable building codes must also be performed (for example, sub-standard patient rooms, Americans with Disability Act compliance, etc.).

Environment[6]

There were several environmental concerns noted for redevelopment/re-use of the West LA site. LBP and ACMs were identified to exist in many key structures. ACMs will need to be removed from steam piping insulation throughout the south end of the site and LBP will also need to be abated throughout the site. These materials are typical of most sites and buildings built prior to the late 1970s.

The north end of the site (Brentwood campus) includes inert radioactive biomedical waste areas. The Environmental Protection Agency (EPA) and the California Department of Health Services agree that this site is closed and no longer active. Annual inspections have continued to confirm this finding. Medical debris (i.e. plastic Petri dishes and syringes without attached needles) was found during the development of the Brentwood School's athletic fields were removed to a suitable off-site disposal area and encapsulated. Any such medical debris found were "melted"

[5] Ibid.

[6] Source: MicroTech LLC. West Los Angeles VAMC, Baseline Report-Phase I, July 2005.

or subjected to treatment prior to burial at the site, based on the direct observation of California Department of Health Services and their review of the VA environmental assessment report.

Development in the areas subject to liquefaction, ground fault rupture, and inundation, in addition to the deep fill areas will be highly dependent on the nature of proposed re-uses. There is little likelihood that the County of Los Angeles will allow any type of new residential development within a defined fault zone although commercial uses are generally allowed in these areas.

Outleased Areas/Use Agreements[7]

Several federal and non-federal governmental organizations have entered into use agreements with the West LA VAMC. The agreements include the following:

- Current Land Agreements:
    - Brentwood School – Land use agreement which is a 20-year Sharing Agreement which expires June 2020
    - American Red Cross – has a 50-year revocable license which expires April 2039
    - BreitBurn Energy – mineral rights lease which is a site revocable license for oil drilling
    - Wadsworth Theater Management – 20-year Enhanced Sharing Agreement which expires December 2025
    - Salvation Army (B 212) – 10-year Enhanced Sharing Agreement which expires July 2014
    - Salvation Army (B 207) – 10-year Enhanced Sharing Agreement which expires April 2015
    - New Directions (B 116) – 50-year federal lease which expires August 2045
    - New Directions (B 257) – Memorandum of agreement which expires August 2012
    - Jackie Robinson Stadium – 10-year Enhanced Sharing Agreement with UCLA for baseball games which expires April 2011
    - Veterans Memorial Park – Memorandum of understanding between VA and Veterans Park Conservancy (December 1997 and July 2001); project is not funded by VA
    - US Postal Service – Outlease of 3.1 acres for use as a US Post Office – Brentwood Village Station and adjacent parking along northwest edge of campus
    - Barrington Park – Outlease of 9.2 acres adjacent to US Post Office facilities to City of Los Angeles for recreational facilities – playground and open space/fields. [8]
    - Brentwood C of C – 1.39 acres for parking

[7] Ibid.

[8] The City of Los Angeles has been operating the park without an Enhanced Sharing Agreement since 1990. There have been negotiations with the new Councilman, Bill Rosendal, to attempt to come to an operational agreement.

Current and Forecast Investment Requirements

Significant capital investments are required for the West LA facility to meet modern, safe, and secure standards. Included in this are significant renovation costs, as well as periodic and recurring maintence costs. According to VA's Facility Condition Assessment Report (updated in October 2004) VA has identified $260,000,000 to correct deficiencies at West LA. The additional cost of rendering these facilities modern, safe, and secure will be determined in Stage II. According to VAMC staff, other major property or site-specific capital improvement projects currently being considered are a new Veterans Benefits Administration Building, new California State Veterans Home, National Cemetery Administration Columbarium and Veterans Park.

Major categories, associated cost estimate and significant examples of work are summarized in Table 2.

Table 2: Current and Forecast Investment Requirements

Type	Amount	Description
Site	$40,000,000	• ADA upgrades throughout the campus are required to meet accessibility criteria • Replace underground storm drainage system • Replace steam and condensate distribution systems • Replace primary power supply cable from Edison substation to building
Architectural	$38,000,000	• Renovate many of the patient toilets and showers to comply with UFAS and VA standards. • Renovate many of the inpatient nursing units to meet patient privacy and accessibility criteria.
Structural	$62,000,000	• Seismic retrofit of many buildings, including: ▪ Retrofit Steel braced frames with concrete and metal deck diaphragms at Building 500. ▪ Retrofit reinforced concrete shear walls and reinforced concrete diaphragms in poured-in-place concrete frame buildings
Mechanical	$61,000,000	• Many older patient care buildings to be provided with a complete new HVAC system in accordance with VA criteria. • Research buildings have inadequate HVAC and fume hood exhaust system and require upgrade and replacement.
Electrical	$41,000,000	• Secondary distribution feeders in Building 500 have exceeded the 20-year lifespan by ten years and should be replaced. • Replace emergency power generator and transfer switches, and provide branch segregation.
Plumbing	$19,000,000	• Replace storm / sewer system piping and basement sewage pumps in Building 500 • Replace CW, HW and HWR piping and valves in various buildings.

Summary of Current Surplus / Vacant Space

There are 21 partially or wholly vacant buildings on the West LA campus including buildings: 13, 20, 156, 157, 158, 199, 205, 208, 209, 218, 220, 233, 258, 265, 266, 267, 268, 311, 312, 318 and 500. Total estimated vacant square feet is currently approximately 335,000 square feet based on review of the CAI information, augmented by on-site verification by the contractor. In addition to vacant space, the CAI indicates approximately 526,000 department gross square feet (DGSF) is underutilized.

Re-Use

This section describes the real estate market and re-use potential of the West LA campus.

Real Property[9]

The market characteristics in Los Angeles create strong demand for a variety of potential re-uses of the West LA campus.

The West LA VAMC is located in a highly urbanized portion of Los Angeles and is close to the campus of UCLA; the UCLA baseball stadium is located on the grounds. There is extensive commercial, office, and retail space located nearby, as well as a mix of housing ranging from apartments to very expensive single family homes, some of which are immediately adjacent to the Brentwood portion of the VAMC.

In terms of the residential market, prices continue to increase for single-family homes, apartments and condominiums. The multifamily residential market in Southern California has grown with an average annual rent increases ranging from 3.5% to 6% since 2004. However, single family use is not considered appropriate for the West LA campus because prospective single family homes would be for lease, which is precluded due to the limitations of ground leases on this campus. Recently, there have been substantial residential conversion projects in the City of Los Angeles that involve older inefficient office buildings being converted to accommodate a residential use. These conversion projects have also added to the growth in the residential market.

There are a limited number of senior housing providers available for senior citizens in West LA. Sunrise and Silverado are the two largest recognized assisted living operators in the area. Commencing in 2006, Sunrise will operate a large new facility as part of the new community Playa Vista, being developed in nearby Marina Del Ray. According to local developers, the market for assisted living may not be very deep. The reason for the shallow market is attributed to an affluent demographic that can afford comparable in-home care.

Land sale values for proposed office buildings are approximately $150 per square foot, but values vary depending on location, density, and probable quality of tenants. Based on a current survey of Los Angeles' 2,000 office buildings, current vacancy rates are around 14% but have been decreasing.

[9] Source: MicroTech, LLC. West Los Angeles VA Campus, Phase 2 Deliverable, August 2005.

The decrease in vacancy rates can be attributed to a steady growth in employment that has increased the demand for office space.

Land sale values for mixed-use projects in Los Angeles range from $150-$250 per square foot depending on the uses designated. Generally, a mixed-use project will contain a retail element. The value of the project will vary based on the remaining uses, density, and location. Generally, a project with a residential and office use will command less value than a project that is comprised of both retail and residential uses. Construction costs for a mixed-use project with subterranean parking should be expected at minimum to be $250 per square foot.

The overall demand in the hospitality market is high with average daily rates (ADR) at $183.53 and occupancy rates of 73.83 percent. Recently the ADR has increased to $196.95 with an occupancy rate of 77.71%. These numbers are indicative of a strong submarket with the ability to expand.

There are few comparable facilities in the Los Angeles area for bioscience uses. Potential private bioscience research entities that may have interest in such a use include Amgen and Genentech. Amgen is headquartered nearby in Thousand Oaks, California. However, most biotech facilities on the West Coast are located in the San Francisco and San Diego areas. Generally, bioscience entities cluster together with similar users and universities that support similar research.

Regulatory Environment

There are several federal and local regulations which constrain the potential re-use/ redevelopment of the West LA campus. There are restrictions to the nature of land use in the original deed as well as in the Cranston Act, and other federal laws which govern non-VA re-use of a substantial portion of the campus. Furthermore, there are several existing land-use agreements that provide substantial obstacles to large-scale re-use/redevelopment.

Background to Regulation of the West LA Campus

Shortly after the end of the American Civil War, the government of the United States responded to the plight of disabled and elderly veterans who were unable to earn a living by establishing a series of National Homes throughout the United States. The West LA VAMC occupies the site of the former Pacific Branch of the National Homes for Disabled Volunteer Soldiers, established in 1888 on Santa Monica ranch lands donated by Senator John P. Jones and Arcadia B. de Baker. Although once exceeding 500 acres, portions of the original site have been made available for expansion of the Los Angeles National Cemetery (114 acres), and construction of a Federal office building, Department of Defense facilities, and the San Diego Freeway (Interstate 405).

Beginning in the 1960s, VA began reexamining the mission of the former Soldiers' Homes and formulating plans to convert them into modern healthcare facilities. The Soldier's Homes which had become VA domiciliaries supported tens of thousands of veterans, residing mainly in barracks-like settings. This change in mission meant that many of the buildings at these facilities, which had formerly housed thousands of veterans at one time, would eventually become vacant. In the early 1980s, vacant land on the grounds of the Los Angeles and nearby Sepulveda VAMCs became the center of controversy when the U.S. Office of Management and

Budget (OMB) announced that it intended to require VA to sell vacant land, including 109 acres on the grounds of the West LA VAMC. Local citizen groups began a sustained campaign to maintain the status quo of the grounds of the medical center and prevent its sale or development. Although it was recognized that many of the buildings and surrounding grounds were not needed to provide healthcare to veterans, the citizen groups stated that the goal of their campaign was to preserve the vacant land for future veterans' needs. At the same time, a number of proposals to enhance or improve services for veterans were suggested for various parts of the site. Local opposition to further development in the vicinity of the West LA VAMC led to the introduction of legislation by former Senator Alan Cranston, then the ranking Democrat on the Senate Committee on Veteran's Affairs. In 1988, Congress adopted Cranston's proposal (section 421 of Public Law 100-322, referred to as the "Cranston Act") requiring Congressional approval of any future disposition of this land.

The City of Los Angeles has not "zoned" the West LA VAMC campus, and there is apparent authority for the United States to decide what, if any, development of the property should take place. Local citizen groups have aligned their interest in preventing future commercial development on the site (e.g., high-rise office buildings or a large shopping mall) with the interests of veterans groups who believe that vacant land could be developed in a manner to enhance services for Los Angeles area veterans. Several years ago, an effort to develop a "master plan" for the site generated substantial controversy, leading former VA Secretary Anthony Principi in a letter[10] to Councilwoman Miscikowski of the Eleventh District, West LA, to promise that there would be no "commercial" development of the West LA VAMC campus.

In addition to the UCLA baseball stadium and an oil drilling site, West LA VAMC is home to community-based organizations (New Directions, Salvation Army) serving homeless veterans, a local Red Cross blood bank, and community and private high school athletic fields. Approximately 12 acres on the northern or Brentwood campus has been set aside to permit the construction of a State of California veterans' nursing home. Thus, although the land was viewed in the 1980s as a potential source of federal revenue, the combination of intensive Congressional oversight, interests of local civic organizations, and approval of the Cranston Act authorizing only development and uses consistent with the needs of aging or homeless veterans has substantially affected the potential re-use value of this site.

Federal Regulations[11]

The “Cranston Act” (PL 100-322, Section 421(b)(2)) limits the transfer of approximately 109 acres (roughly 29% of the total West LA VAMC site area) to other government agencies and prohibits those acres to be declared “excess to the needs of the Veterans Administration”. This act restricts the disposal of the property and places limitations on enhanced-use leasing; enhanced-use sharing agreements that are used directly for veterans needs are compliant with the Act and are possible uses of the entire campus. The Cranston Act parcels are located on both the Wadsworth (south of Wilshire Blvd) and Brentwood campuses. Three of the parcels are located

[10] Letter to Ms. Cindy Miscikowski, Councilwoman, Eleventh District, West LA, February 25, 2002.

[11] Ibid.

in the north portion of the Brentwood campus and encompass Barrington Park, the Barrington Village parking lot, the Brentwood School 20-acre athletic field, the golf course, and the ridge area adjacent to Brentwood Glen. Two additional parcels are located on the West LA campus: the southerly portion of the Wadsworth Hospital historic district, and the undeveloped open space immediately west of the Dowlen Drive ring. The areas of the campus subject to the Cranston Act and barred from re-use or redevelopment by entities other than the Department are illustrated in Figure 2.

For those portions of the VAMC campus outside of the perimeter of the Cranston Act area, VA's legal ability to have its property redeveloped by non-VA entities for non-VA uses is more expansive. Other than federal laws pertaining to environmental and historic preservation, there do not appear to be other federal regulatory enactments that could impede upon the Secretary's discretion as to redevelopment of VA property by non-VA entities.

Current federal environmental and historic preservation laws that would impact a VA enhanced–use lease of properties are:

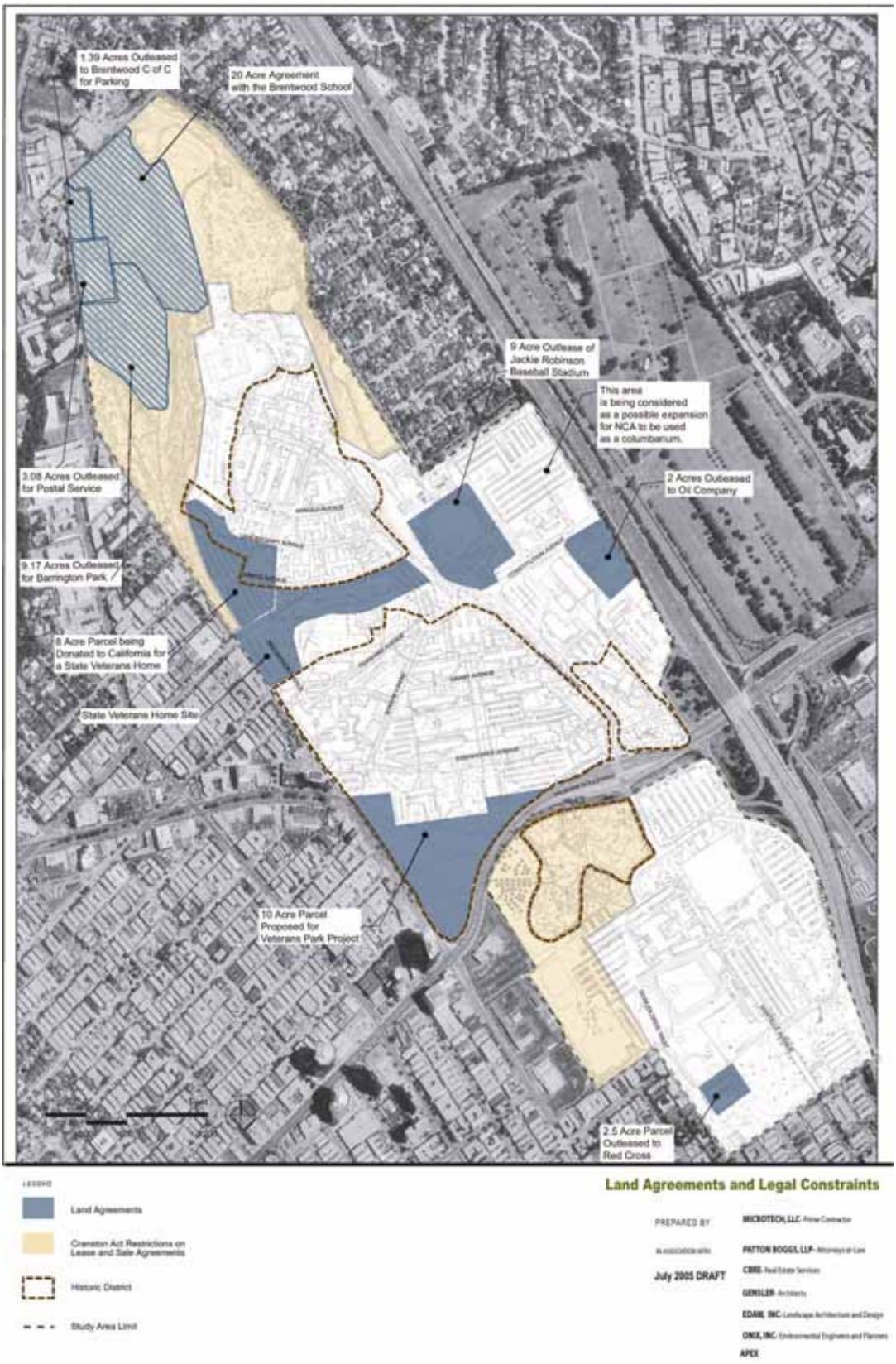
- The National Environmental Policy Act ("NEPA"), 42 USC Section 4321 through 4370c and the Council on Environmental Quality (CEQ) 40 CFR Parts 1500 - 1508; VA implementing regulations 38 CFR Part 26 require that an analyses of potential environmental impacts be conducted prior to implementation of any major federal action.
- Section 106 of the National Historic Preservation Act (40 USC Section 470 through 470w-6) and implementing regulations contained in 36 CFR Part 800.

Both of these laws are "process" oriented, in that they mandate that VA undertake certain actions and consider certain information before or as part of any decision regarding the development and or use of property or facilities within the VAMC campus.

In addition to these process requirements, there is a body of federal law that pertains to the obligations of VA as a federal land holding agency regarding the presence and removal of hazardous substances on/in property under its jurisdiction. These statutes are:

- The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 U.S.C. Sec. 9601 et seq,).
- The Resource Conservation and Recovery Act ("RCRA") (42 U.S.C. 6901, et seq.) and implementing regulations issued by the Environmental Protection Agency 40 CFR Parts 260 – 265.
- EPA Hazardous Substances Reporting Requirements for Selling or Transferring Federal Real Estate, 40 CFR 373.

Figure 2: Areas of West LA Campus Subject to the Cranston Act, Historic Preservation, and Existing Land-Use Agreements



Local Regulations[12]

Public Law amended Section 8166 of Title 38 by specifically including "land use" as a pre-emption category relative to the regulation of uses on federal property under VA control. The section now reads:

> *"a) Unless the Secretary provides otherwise, the construction, alteration, repair, remodeling, or improvement of the property that is the subject of the lease shall be carried out so as to comply with all standards applicable to construction of Federal buildings.* ***Any such construction, alteration, repair, remodeling, or improvement shall not be subject to any State or local law relating to land use, building codes, permits, or inspections unless the Secretary provides otherwise.****"* [Emphasis added]

In this instance, it is noteworthy that the pre-emption issue is technically non-existent. The City of Los Angeles does not have a zoning classification for the VA campus - it is simply identified in LA's Zoning Information and Map Access System as "Government Property." LA's General Plan land use category for this property is also listed as "none." The General Plan is the fundamental land use policy document of the City of Los Angeles. It defines the framework by which the City's physical and economic resources are to be managed and utilized over time. Decisions by the City with regard to the use of land, design and character of buildings and open space, conservation of existing housing and provision for new housing; provisions for the continued updating of the infrastructure; protection of environmental resources; protection of residents from natural and man-made hazards; and allocation of fiscal resources are guided by the General Plan.

Absent a direct municipal regulation over lands within the West LA campus, it is instructive to examine whether there are other municipal land use issues that could impact the ability to use or redevelop the property by non-VA entities.

Other municipal regulations that may affect land use/redevelopment options are as follows:

- The West LA Campus is located in a West Los Angeles Transportation Improvement and Mitigation Specific Plan District that requires that any development include a mitigation plan to be approved by the LA Department of Transportation and City Engineer prior to being able to secure a building permit.
- The property is also apparently within an area covered by the Hillside Grading Exemption Ordinance.
- The campus is located in a municipal "35% density bonus" district. This district provides that a housing development (as defined in the California Government Code containing a requisite number of dwelling units and/or guest rooms which meets certain qualifications as defined in the California Government Code Section) will be granted a density bonus of 35% as a matter of right and will be eligible to utilize these incentives. The bonus will be based on the City Planning Department's determination that the development project is constructed within certain distances of certain uses including major bus centers, transportation corridors, economic centers, and universities.

[12] Ibid.

- West LA is in an area identified by the City to be either a "Methane Zone" or "Methane Buffer Zone". Generally speaking, these areas have a risk of methane intrusion emanating from geologic formations. The areas have developmental regulations that are required by the City pertaining to ventilation and methane gas detection systems depending on designation category. Any development should comply with City of Los Angeles Building Code for construction requirements.
- From a municipal seismic perspective, the West LA campus property is identified within an area that would be subject to the 2003 California Building Code relative to the requirements incorporating various engineering calculations to account for high ground motion near earthquake faults.
- Finally, West LA apparently is not located in any City of Los Angeles historic district or has any city historic overlay designation. There are significant historic and cultural resources that will need to be considered in the context of Section 106.

VA Clarifications

VA has provided clarification on two key areas that impact the development of BPOs:

1. The re-use contractor was directed by VA to proceed with a recommended definition of "commercial" for purposes of redevelopment/re-use planning at West LA. The term "commercial" prohibits the use of the campus for such functions as shopping malls, movie theatres, convenience stores, fast food outlets, industrial/manufacturing activities, and other like operations. However, institutional and office uses that support or complement needs of veterans (e.g., assisted living, transitional housing, recreation, research or educational as well as medical non-medical functions) would be acceptable uses. The re-use contractor has been directed to proceed with this study using the clarified definition of commercial use.

2. A conflict existed between the CARES Business Plan Study uniform re-use strategy and California's Greater Los Angeles State Veterans Home (GLASVH) project. California Department of Veterans Affairs officials raised concern that this strategy placed the GLASVH project in jeopardy. VA officials agreed that a specific 12-acre site was available for California to construct a State Veteran Home (SVH). If the site changed, a $4 million design and environmental assessment would be reassessed requiring additional public funding. Also, delays caused by site changes would result in the delay of other proposed California SVHs. As a result, the Chief of Staff/Deputy Secretary of Veterans Affairs approved this exception to set aside the existing GLASVH site location (Parcel D).

Key Observations from Other Government Contractor[13]

While VA has the apparent authority to exercise discretion as to the type, scope and intensity of land uses on VA Medical Center lands that are non-encumbered by the Cranston Act, it is recommended that in any re-use or redevelopment, VA will need to consider the surrounding land uses in any development analyses of highest and best use.

[13] Ibid.

Given the history between VA and its neighboring entities, it is the re-use contractor's recommendation that any enhanced-use leasing approach be based on VA seeking close coordination with and reliance upon the local government and the local community as partners in the development process.

There are two primary benefits to the project and VA that arise from this approach. First, in order to maximize efficiencies and to minimize development costs to the developer (which are ultimately passed through as a project cost to VA), the re-use contractor recommends that VA rely, to the greatest extent possible, upon local building codes, safety requirements, construction standards, and local government inspection services. While VA may have its own construction standards and criteria for its own facilities, application of federal requirements to non-federal (private) development can lead to confusion in instances where there are conflicting local requirements. More importantly, the developer is assuming the construction and operation risk and thus, is paying for the development. Also, as the legal entity, the developer is assuming responsibility for the conduct and liability of business operations. The VA's interest in the development is that of a ground lessor and potential user instead of that of a joint venturer or partner.

In such instances, the re-use contractor believes it is advantageous to the project and the federal interest that, absent an overriding federal concern or government interest, where there is relatively little or no federal occupancy or use in a privately-funded enhanced use lease facility, the project should be considered in the context of local codes and standards. To address potential liability concerns as a landlord in such instances, VA should require that a developer-provider obtain the necessary insurance and certification of compliance from local municipal building/safety officials. If the project involves direct VA control over the management and operation of the to-be-developed facility or if VA makes a full long-term commitment to occupy or use a significant portion of the enhanced lease facility or its services, the project should be considered in the context of standards applicable to federal activities. In such instances, VA requirements in any particular project should be reviewed in the context of how such standards deviate from applicable local codes and standards.

Depending upon the size of the project, an enhanced leasing development can have a considerable impact upon the local community both in a positive and negative sense. Tax benefits and economic growth resulting from the development of a large private enterprise can be offset by real or perceived increases of noise, traffic, and air quality impacts to the local community. Close integration early in the planning process with local interested parties (e.g., neighborhood associations, municipal offices, businesses) will enable VA to spot any potential community concerns (scope and intensity of the development, compatibility issues, noise, traffic impacts, business impacts, etc.) and to address those issues early on in the planning and development process. This approach will have an immediate beneficial effect on VA's mandated environmental review of the proposed development as it could be shown that VA's actions are in concert with existing land uses and do not constitute a significant change. To that extent, development within existing municipal parameters can dramatically shorten the environmental review process and minimize project costs.

Close coordination with the local government is required; The County Board of Supervisors controls government within Los Angeles County and is comprised of five supervisors. The County assessor, district attorney, and sheriff (all elected positions, with the reminder of district heads appointed by the Board) will allow VA to identify early on in the process potential and

future local government taxes, fees, assessments or other development costs that may affect the project and project economics. While VA may not be directly impacted by these taxes, they do significantly affect the bottom line of the project and are a major concern to the development and financing sectors.

Accordingly, the re-use contractor recommends that it is in VA's interest to actively participate in any discussions with the local government to resolve any such questions or issues.

Potential for Non-VA Re-use/Redevelopment[14]

Figure 3 illustrates the parcels of land on the current West LA campus. (Note that these parcels will be referenced in the BPO Development section of this report and in the corresponding re-use options for assessment in Stage I.) Parcels have been identified as discrete portions of the campus with relatively unique characteristics based on location, topography and, importantly, re-use/redevelopment potential. For West LA, 15 parcels are identified on the site plan below.

Table 3 identifies the parcels for potential re-use. The parcels have been identified based on both the existing vacant land of the West LA campus and the changed footprint of the campus based on implementation of the capital planning options prepared by Team PwC.

[14] Source: MicroTech, LLC. West Los Angeles VA Campus, Phase 2 Deliverable, August 2005; and 2nd LAP Presentation, September 22, 2005.

Figure 3: Map of West LA Campus Parcels

Table 3: Re-use Options, West LA

Name	Description	Acreage	Re-use Potential
Parcel A	Re-use/redevelopment of Parcel A, inclusive of ballpark, golf course and other greenbelt, Brentwood campus.	105	• Community education/recreation • Mixed use residential (limited new construction) • Open space/recreation
Parcels B1 & B2	Re-use/redevelopment Parcel B1, inclusive of Buildings 294, 506, 509. Re-use/redevelopment of Parcel B2, inclusive of utility space and oil derrick.	14	• B1: A columbarium supporting VA's National Cemetery Administration (NCA) is proposed for this parcel • B2: There is an existing lease with BreitBurn Energy for oil drilling on this parcel; portion may be required for NCA columbarium
Parcel C	Re-use/redevelopment of Parcel C, inclusive of occupied/vacated nursing home and mental health structures, and portion of land to be used for CA State Veterans Home.	37	• Affordable/transitional veteran/family/nursing housing • Residential therapy/treatment programs (public/private) • Limited use hospitality (Fisher House) • Administrative support/training • Portion required for use by CA State Veterans Home
Parcel D	Re-use/redevelopment of Parcel D, inclusive of Buildings 116, 236, 237, 264, 265, 266, 337, T32, T33, T77 (and portion of land to be used for CA State Veterans Home).	17	• Majority of the site is designated for the proposed California State Veterans Home Project.
Parcel E	Re-use/redevelopment of Parcel E, inclusive of Nursing Home, Inpatient Rehabilitation and Domiciliary facilities (Buildings 214 and 217), Brentwood Campus, and portion of land to be used for CA State Veterans Home.	47	• Affordable/transitional veteran/family/nursing housing • Residential therapy/treatment programs (public/private) • Limited use hospitality (Fisher House) • Administrative support/training • Portion required for use by CA State Veterans Home
Parcel F	Re-use/redevelopment of Parcel F, inclusive of chapel, Wadsworth Theater and open space at the corner of the campus.	19	• Community education/recreation • Residential (limited new construction) • Open space/greenbelt
Parcels G1 & G2	Re-use/redevelopment of Parcels G1 and G2, inclusive of utility and storage structures near intersection of I-405 and Wilshire Boulevard.	23	• Medical research • Medical office building/veteran-patient pharmacy • Limited use hospitality (Fisher House) • Veteran kitchen/dietary support
Parcel H1, H2 & H3	Re-use/redevelopment of Parcel H1, inclusive of open space along Wilshire Boulevard. Re-use/redevelopment of Parcel H2 and H3, inclusive of open space at intersection of I-405 and Wilshire Boulevard.	20	• H1 is not encumbered and may be used for parking to support expansion of services on Wadsworth campus • H2 is encumbered by the Cranston Act • H3 is encumbered by its historic designation
Parcel I	Re-use/redevelopment of Parcel I, immediately north of existing hospital	3	• Currently used as surface parking • No known legal constraints

Name	Description	Acreage	Re-use Potential
Parcel J	Re-use/redevelopment of Parcel J, including open space and housing units.	14	• Encumbered by its historic designation
Parcel K	Re-use/redevelopment of Parcel K, including but not limited to the existing hospital and ambulatory care facilities and adjacent parking.	67	• Medical research • Medical office building/veteran-patient pharmacy • Limited use hospitality (Fisher House) • Veteran kitchen/dietary support

4.0 Overview of Healthcare Demand and Trends

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

Enrollment Trends

The West LA campus is located in the California Market of VISN 22. The California Market (Table 4) contains approximately 332,000 enrolled veterans. Over the next 20 years, the number of enrolled veterans in Priority Groups 1-6 (veterans with the greatest service-connected needs) is expected to decrease by 12% to approximately 211,000. The number of enrolled veterans in Priority Groups 7-8 is expected to decline by 50%, from 92,000 to approximately 46,000. The enrollment forecast for Priority 7-8 veterans assumes an annual enrollment fee and the continued freeze on new Priority 8 enrollment.

Table 4: Projected Veteran Enrollment for the California Market by Priority Group

Fiscal Year	Enrolled 2003	Projected 2013	% Change (2003 to 2013)	Projected 2023	% Change (2003 to 2023)
Priority 1-6	240,447	249,626	4%	210,745	-12%
Priority 7-8	91,787	52,253	-43%	45,939	-50%
Total	**332,234**	**301,879**	**-9%**	**256,684**	**-23%**

Utilization Trends

Utilization was analyzed for those CARES Implementation Categories (CICs) for which the West LA campus has projected demand. A summary of utilization data is provided for each CIC in the following tables. Acute inpatient utilization is measured in number of beds, while both ambulatory and outpatient mental health utilization is measured in number of clinic stops. A clinic stop is a visit to a clinic or service rendered to a patient.

Considering overall demand for inpatient and outpatient services (Table 5), total inpatient beds clinic stops are expected to decrease by 5% over the 2003- 2023 time period. Total outpatient stops (including radiology and pathology), are forecast to rise at a rate of 28% over the next 20 years

Table 5: West LA Inpatient and Outpatient Utilization Summary.

CARES Implementation Category (CIC)	2003 Actual	2013 Projected	2023 Projected	% Change (2003 to 2013)	% Change (2013 to 2023)	% Change (2003 to 2023)
Total Inpatient Beds	740	755	706	2%	-6%	-5%
Total Clinic Stops	621,247	852,316	793,264	37%	-7%	28%

The demand for inpatient services (acute and long term) varies by CIC (Table 6). It is projected that by 2023, the number of beds will decrease across all inpatient CICs, except for nursing home and inpatient residential and domiciliary care. The need for psychiatry and substance abuse and surgery bed projections show the greatest decline in bed need, while medicine and observation and other VA mental health inpatient programs show minimal declines. Due to a planning assumption by VA, the 158 nursing home beds and 321 inpatient residential and domiciliary beds will remain constant throughout the 2003-2023 time period.

Table 6: Projected Utilization for Inpatient CICs for West LA.

CIC	2003 Actual Beds	2013 Beds Needed	2023 Beds Needed	% Change (2003 to 2013)	% Change (2013 to 2023)	% Change (2003 to 2023)
Medicine & Observation	100	112	99	12%	-12%	-1%
Psychiatry & Substance Abuse	51	42	35	-18%	-17%	-31%
Surgery	59	55	43	-7%	-22%	-27%
Other: VA Mental Health Inpatient Programs	51	67	50	31%	-25%	-2%
Nursing Home	158	158	158	0%	0%	0%
Inpatient Residential & Domiciliary	321	321	321	0%	0%	0%
Total	**740**	**755**	**706**	**2%**	**-6%**	**-5%**

Considering outpatient trends (Table 7), there is a 17% increase in the overall demand for ambulatory (non-mental health) services over the forecast period. These trends reflect the healthcare needs of an aging veteran population. There are net increases indicated for the following ambulatory services:

- Cardiology
- Eye Clinic
- Orthopedics
- Urology

There are marginal net decreases indicated for non-surgical specialties, primary care and related specialties, and surgical and related specialties. Rehabilitation medicine remains constant during the projected period due to a planning assumption by VA.

Table 7: Projected Utilization for Ambulatory CICs for West LA.

CIC	2003 Actual Stops	2013 Projected Stops	2023 Projected Stops	% Change (2003 to 2013)	% Change (2013 to 2023)	% Change (2003 to 2023)
Cardiology	9,581	32,510	31,183	239%	-4%	225%
Eye Clinic	16,388	20,132	20,303	23%	1%	24%
Non-Surgical Specialties	52,537	53,754	52,265	2%	-3%	-1%
Orthopedics	7,973	27,991	27,657	251%	-1%	247%
Primary Care & Related Specialties	115,055	122,244	108,173	6%	-12%	-6%
Rehab Medicine	27,136	27,136	27,136	0%	0%	0%
Surgical & Related Specialties	39,101	38,728	36,711	-1%	-5%	-6%
Urology	9,220	19,516	20,385	112%	4%	121%
Total	**276,991**	**342,011**	**323,813**	**23%**	**-5%**	**17%**

Considering the expected utilization of outpatient mental health services (Table 8), demand will increase substantially (39%) over the first ten years of the forecast period, but then decline during the second ten years for an overall increase of 11%. Over the 2003-2023 period, there are net increases indicated for the following outpatient mental health services:

- Methadone Treatment
- Work Therapy

In contrast, VA outpatient mental health programs that project declines in veteran utilization include:

- Behavioral Health
- Community Mental Health Residential Care
- Day Treatment
- Homeless Program

Table 8: Projected Utilization for Outpatient Mental Health CICs for West LA.

CIC	2003 Actual Stops	2013 Projected Stops	2023 Projected Stops	% Change (2003 to 2013)	% Change (2013 to 2023)	% Change (2003 to 2023)
Behavioral Health	93,765	84,000	80,484	-10%	-4%	-14%
Community MH Residential Care	2,795	2,172	1,378	-22%	-37%	-51%
Day Treatment	3,534	5,415	3,327	53%	-39%	-6%
Homeless	14,322	15,338	11,455	7%	-25%	-20%
Methadone Treatment	8,087	17,663	9,953	118%	-44%	23%
Work Therapy	27,452	84,106	60,159	206%	-28%	119%
Total	**149,955**	**208,694**	**166,756**	**39%**	**-20%**	**11%**

In summary, the analysis of the projected enrollment and utilization data highlights several opportunities and challenges for the West LA campus. Opportunities exist to address the projected utilization needs in outpatient areas such as cardiology, eye clinic, orthopedics, and urology. Opportunities exist to address the unmet market needs for inpatient mental health programs, in particular work therapy and methadone treatment. On the other hand, the West LA VAMC faces challenges resulting from the significant drops in behavioral health and community mental health residential care programs.

The projected workload and building modernization needs result in a 5% shortage of total building area need on campus for the planning horizon of 2023 compared to the baseline year of 2003. The overall campus shortage is 140,518 gross square feet.

Surplus and shortage of square footage is as follows:

- Square footage surplus in behavioral health is 83%.
- Combined square footage shortage in domiciliary and rehabilitation is 60%.
- Combined acute care and ambulatory care square footage need shortage is 19%.
- Combined administration and logistics square footage need shortage is 53%.

The existing campus has significant surplus square footage (335,000 square feet). However, this surplus square footage is generally in substandard buildings that could not be utilized to address the expected workload projections.

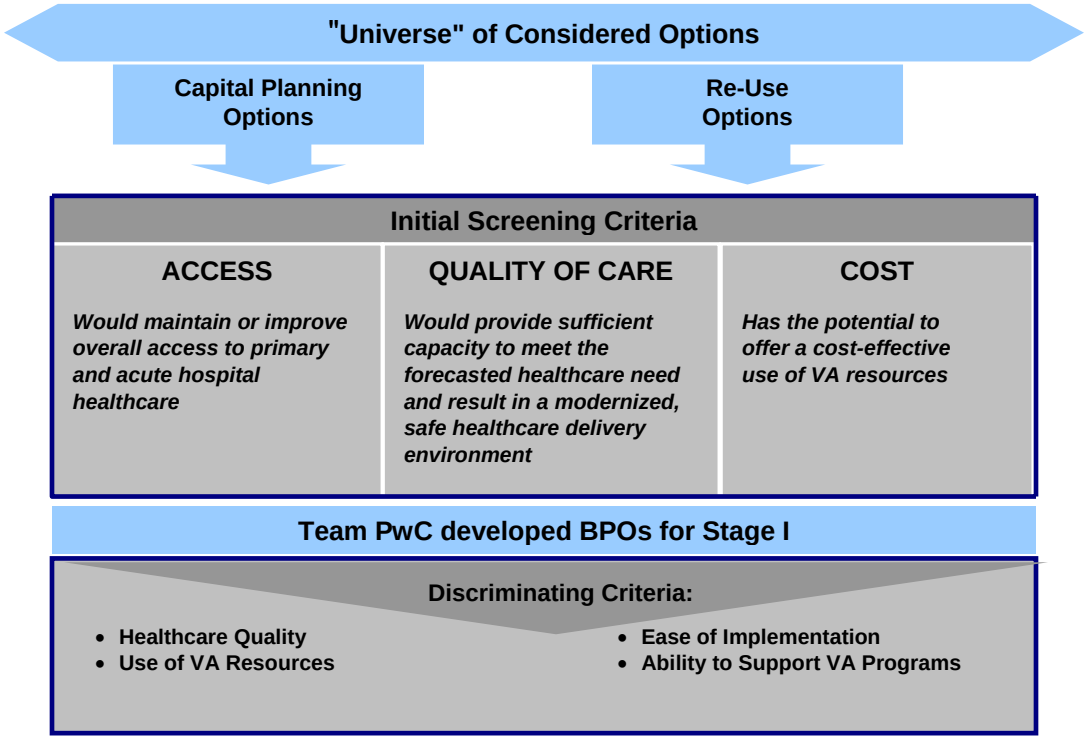
5.0 Business Plan Option Development Approach

Options Development Process

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

The following diagram illustrates the complete options development process:

Figure 4: Options Development Process



Initial Screening Criteria

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

- **Access**: *Would maintain or improve overall access to primary and acute hospital healthcare* – No capital planning study sites involve relocation of healthcare services unless directed by the Secretary's Decision Document, May 2004. If relocation of healthcare services is directed by the Secretary, the relocation would be reflected in the baseline BPO. Although the baseline BPO may result in a change to access from the current state, the CARES methodology states that all options should be compared to the baseline BPO. Therefore, access should be maintained for all capital options as compared to the baseline. Drive-time analysis was not performed to measure impact on access to care for capital planning study sites.

- **Quality of Care:** *Would provide sufficient capacity to meet the forecasted healthcare need and result in a modernized, safe healthcare delivery environment that is compliant with existing laws, regulations, and VA requirements* – This was assessed by consideration of whether the option provides sufficient capacity (space) to meet the CIC workload requirements. Additionally, the physical environment proposed in the option was considered and any material weaknesses identified in VA's space and functional surveys, facilities' condition assessments, and seismic assessments for existing facilities, and application of a similar process to any alternative facilities proposed.

- **Cost**: *Has the potential to offer a cost-effective use of VA resources* – This was assessed as part of Team PwC's initial cost effectiveness analysis. A 30-year planning period was used in the cost effectiveness analysis. Any option that did not have the potential to provide a cost effective physical and operational configuration of VA resources as compared to the baseline[15] failed this test.

Discriminating Criteria

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

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

- **Use of VA Resources** – These criteria assess the cost effectiveness of the physical and operational configuration of the BPO over a 30-year planning horizon. Costs were assessed at an "order of magnitude" level of analysis in Stage I. Detailed costing will be conducted in Stage II. These criteria include:

  - Operating Cost Effectiveness: The ability of the BPO to provide recurring/operating cost increases or savings as compared to the baseline.
  - Level of Capital Expenditures: The amount of investment required relevant to the baseline based on results of initial capital planning estimates.
  - Level of Re-use Proceeds: The amount of re-use proceeds and/or demolition/clean-up cost based on results of the initial re-use study.
  - Cost Avoidance: The ability to obtain savings in necessary capital investment as compared to the baseline BPO.
  - Overall Cost Effectiveness: The initial estimate of net present cost as compared to the baseline.

- **Ease of Implementation** – These criteria assess the risk of implementation associated with each BPO. The following major risk areas were considered:

  - Reputation
  - Continuity of Care
  - Organization & Change
  - Legal & Contractual
  - Compliance
  - Security
  - Political
  - Infrastructure
  - Financial
  - Technology
  - Project Realization

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

- **Ability to Support VA programs** – These criteria assess how the BPO would impact the sharing of resources with DoD, enhance One-VA integration, and impact special considerations, such as DoD contingency planning, Homeland Security needs, or emergency need projections.

Operational Costs

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

The baseline operating costs were provided to Team PwC by VA. The 2004 costs were obtained from the Decision Support System (DSS), VA's official cost accounting system. This information was selected for use because DSS provides the best available data for identifying fixed direct, fixed indirect, and variable costs. The data can be rolled up to the CIC level and the data is available nationally for all VAMCs and CBOCs. These costs are directly attributable costs and generally do not reflect the total costs of the operation.

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

- Total Variable (Direct) Cost: The costs of direct patient care that vary directly and proportionately with fluctuations in workload. Examples include salaries of providers and the cost of medical supplies. Variable direct cost = variable supply cost + variable labor cost. The cost of purchased care is considered a variable direct cost.

- Total Fixed Direct Cost: The costs of direct patient care that do not vary in direct proportion to the volume of patient activity. The word "fixed" does not mean that the costs do not fluctuate, but rather that they do not fluctuate in direct response to workload changes. Examples include depreciation of medical equipment and salaries of administrative positions in clinical areas.

- Total Fixed Indirect Cost: The costs not directly related to patient care, and, therefore, not specifically identified with an individual patient or group of patients. These costs are an allocation of the total other costs (i.e. not direct costs) associated with the operation of the facility. These costs are allocated to individual medical departments through VA's existing indirect cost allocation process. Examples of indirect costs include utilities, maintenance, and administration costs.

FY 2004 operating costs from DSS were deflated to FY 2003 dollars to create the costs for FY 2003 which is the base date for current cost comparison. These costs (fixed and variable) were

then inflated for each year of the study period. Variable costs were multiplied by the forecasted workload for each CIC and summed to estimate total variable costs. Variable costs were also provided by VA for non-VA care. These are based on VA's actual expenses and are used in the BPOs where care is contracted.

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

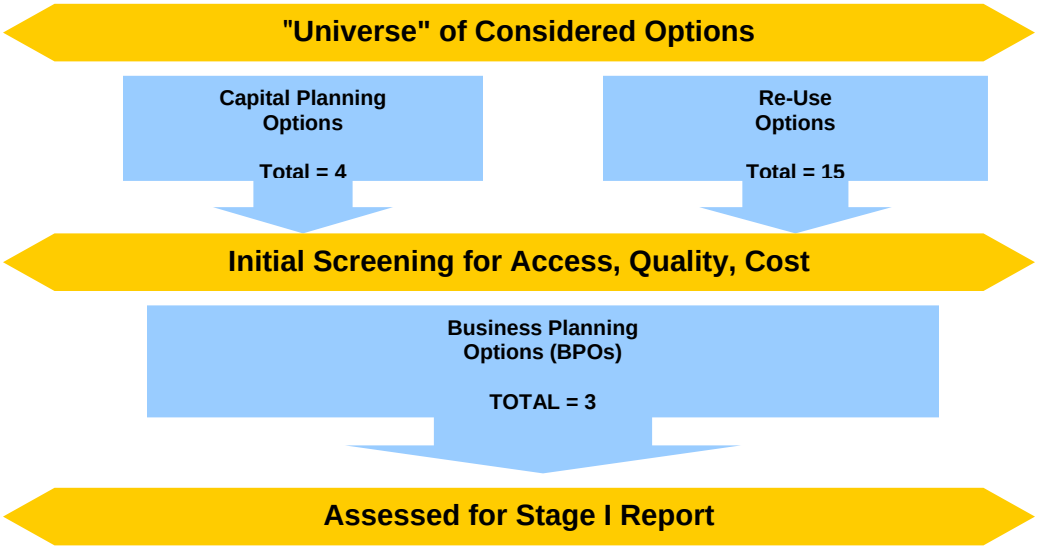
Summary of Business Plan Options

The individual capital planning and re-use options that passed the initial screening were further considered as options to comprise a BPO. A BPO is defined as consisting of a single capital option associated its associated re-use option(s)[16]. Therefore, the formula for a BPO is:

BPO = Capital Planning option + Re-use option(s)

The following diagram (see Figure 5) illustrates the final screening results of all alternate BPOs given consideration:

Figure 5: Final Screening Results of Alternate BPOs



Options Not Selected for Assessment

Four additional options created during the option development process did not pass the initial screening criteria. These are listed in Table 9, together with an explanation for their rejection.

[16] In Stage I re-use options are described in terms of available re-use parcels, their potential re-use (residential, office, etc.) and their potential re-use value (high, medium, low).

Table 9: Capital and Re-use Options Not Selected for Assessment

Label	Description	Screening Results
Full Replacement	Options which called for the complete replacement of all facilities providing care to veterans on the campus.	Options were rejected as they were considered cost prohibitive.
Redevelop/Re-use of all of Parcels K, I, H1, H2, H3, J	Options that redevelop/re-use all of Parcels K, I, H1, H2, H3, and J for non-VA re-use	Options were rejected because the majority of the West LA's south (Wadsworth) campus is preserved for the consolidation of VA acute clinical care programs. These programs need to be more convenient to the existing acute care hospital and ambulatory care services currently on Parcel K.
Re-use Parcel D	Options that redeveloped/re-used Parcel D	Options were rejected as this site has been preserved for the California Department of Veterans Affairs State Veterans Home (SVH) project, corresponding with the Secretary's clarification notice.
Re-use for commercial purposes	Options that redeveloped/re-used the West LA campus for "commercial" purposes	Options were rejected as they did not comply with the clarification notice from the Secretary on redevelopment/ re-use of the West LA campus.

Baseline BPO

Based upon Team PwC's methodology, the baseline BPO advances in the Stage I process. The baseline is the BPO under which there would not be significant changes in either the location or type of services provided at the West LA campus. In the baseline BPO, the Secretary's May 2004 Decision and forecasted long-term healthcare demand forecasts and trends, as indicated by the demand forecasted for 2023, are applied to the existing healthcare provision solution for the West LA campus.

Specifically, the baseline BPO is characterized by the following:

- Healthcare continues to be provided as currently delivered, except to the extent healthcare volumes for particular procedures fall below key quality or cost effectiveness thresholds.
- Capital planning investments rectify any material deficiencies (e.g., seismic deficiencies) in the existing facilities in order to provide a modern, safe, and secure healthcare delivery environment.
- Life cycle capital costs provide on-going preventative maintenance and life-cycle maintenance of existing facilities.
- Assumes that in order to maintain quality of care, meet VA thresholds for clinical volume and demand exceeding capacity, VA will make necessary operational adjustments (e.g. staffing, or contract arrangements).

Evaluation System for BPOs

Each BPO is evaluated against the baseline option in an assessment table providing comparative rankings across several categories and an overall attractiveness rating. The results of the BPO

assessment and the Team PwC recommendation are provided in subsequent sections. Table 10 summarizes the evaluation criteria used to compare BPOs to the baseline BPO.

Table 10: Evaluation System Used to Compare BPOs to baseline BPO

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

Overall cost effectiveness (based on initial net present cost calculations)	
↓↓↓↓	Very significantly higher net present cost compared to the baseline BPO (>1.15 times)
↓↓	Significantly higher net present cost compared to the baseline BPO (1.10 – 1.15 times)
↓	Higher net present cost compared to the baseline BPO (1.05 – 1.09 times)
-	Similar level of net present cost compared to the baseline (+/- 5% of baseline)
↑	Lower net present cost compared to the baseline (90-95% of Baseline)
↑↑	Significantly lower net present cost compared to the baseline BPO (85-90% of baseline)
↑↑↑↑	Very significantly lower net present cost compared to the baseline BPO (<85% of baseline)
Ease of Implementation of the BPO	
↑	The BPO has the potential to provide a slightly improved state compared to the baseline BPO based upon the level of impact and likelihood of occurrence of risks to its implementation plan.
↔	The BPO has the potential to provide materially the same state as the baseline based upon the level of impact and likelihood of occurrence of risks to its implementation plan.
↓	The BPO has the potential to provide a slightly lower or reduced state compared to the baseline BPO based upon the level of impact and likelihood of occurrence of risks to its implementation plan.
Overall "Attractiveness" of the BPO Compared to the baseline	
↑↑↑↑	Very "attractive" – highly likely to offer a solution that improves quality and/or access compared to the baseline while appearing significantly more cost effective than the baseline
↑↑	"Attractive" - likely to offer a solution that at least maintains quality and access compared to the baseline while appearing more cost effective than the baseline
-	Generally similar to the baseline
↓↓	Less "attractive" than the baseline - likely to offer a solution that while maintaining quality and access compared to the baseline appears less cost effective compared to the baseline
↓↓↓↓	Significantly less "attractive" – highly likely to offer a solution that may adversely impact quality and access compared to the baseline and appearing less (or much less) cost effective than the baseline

Stakeholder Input: Purpose and Methods

VA determined at the beginning of the CARES process that it would use the Federal Advisory Committee Act (FACA) process to solicit stakeholder input and to provide a public forum for discussion of stakeholder concerns because "[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 Local Advisory Panel is required to hold at least four public meetings at which stakeholders would have an opportunity to present testimony and comment on the work performed by Team PwC and the deliberations of the LAP.

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

The time in which stakeholder input was collected during Stage I can be divided into two input periods – Input Period One and Input Period Two. The intent of Input Period One was to collect general stakeholder input to assist in the development of potential BPOs, while Input Period Two allowed stakeholders to comment on the specific BPOs presented at the public LAP meeting. Input Period One started in April 2005 and ended on the day that the comment form with specific BPOs was available for public comment on the CARES website. For both periods, stakeholder input was reviewed and categorized into nine categories of concern which are summarized in Table 11.

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

Table 11: Definitions of Categories of Stakeholder Concern

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

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

Stakeholder Input to Business Plan Option Development

Approximately 140 members of the public attended the first LAP meeting held on May 6, 2005 as well as the second LAP meeting held on September 22, 2005. A total of 367 forms of stakeholder input (general comments on the study as well as specific BPOs) were received between April 20 and October 2, 2005. The concerns of stakeholders who submitted general comments not related to specific BPOs are summarized in Table 12:

Table 12: Analysis of General Stakeholder Concerns (Periods One and Two)

Key Concern	Number of Comments [10]		
	Oral	Written and Electronic	**Total**
Effect on Access	1	11	**12**
Maintain Current Service/ Facility	27	8	**35**
Support for Veterans	13	26	**39**
Effect on Healthcare Services and Providers	2	0	**2**
Effect on Local Economy	1	3	**4**
Use of Facility	45	130	**175**
Effect on Research and Education	3	3	**6**
Administration's Budget or Policies	0	4	**4**
Unrelated to the Study Objectives	14	7	**21**

6.0 Business Plan Options

The option development process resulted in a multitude of discrete capital and re-use options, which were subsequently screened to determine whether a particular option had the potential to meet or exceed the CARES objectives (i.e., access, quality, and cost). Overall, there were three BPOs (comprising capital and re-use components) which passed initial screening and were developed for Stage I (see Figure 5).

Each BPO was assessed at a more detailed level according to the discriminating criteria. Each BPO examines an alternate approach to constructing, renovating and upgrading facilities to modern, safe and secure standards, while at the same time consolidating the footprint of the campus in order to make surplus land available for potential non-VA re-use (see Table 13).

Two additional BPOs (BPO 5 and 6) were proposed by the LAP at the second LAP Public Meeting. These BPOs were variations of BPO 3, which was originally proposed by Team PwC.

Site plans and preliminary schedules have been included for the BPOs developed by Team PwC (see Figures 6, 7, and 8). The site plan for the baseline BPO (BPO 1) is the existing site plan (see Figure 1). The site plans are for reference only. They illustrate the magnitude of land and buildings required to meet projected utilization and are not designs.

[10] Totals reflect the number of times a key concern was expressed, and not the total of individuals who provided input.

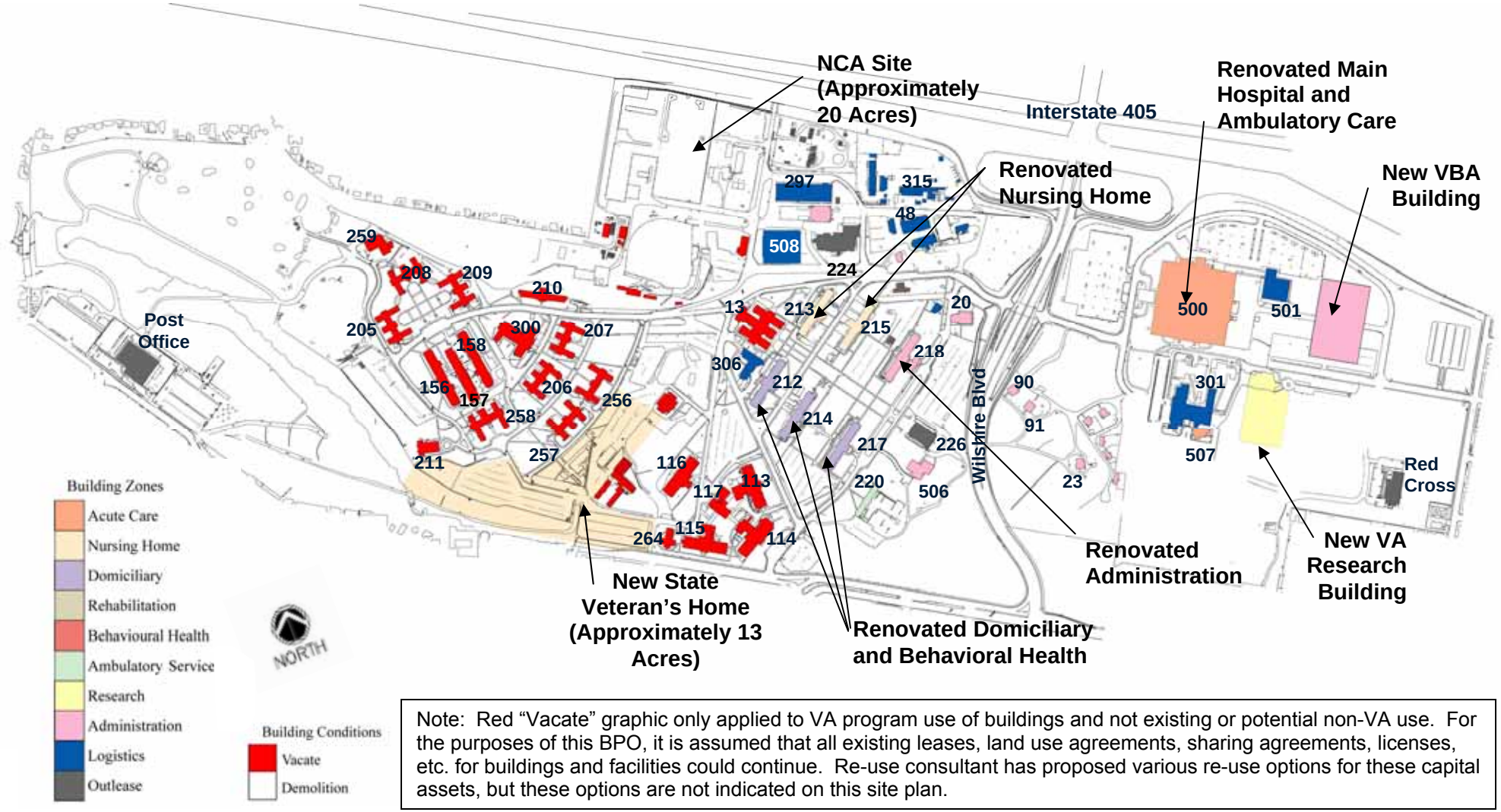
Table 13: Business Plan Options

BPO 1: Baseline
Current state workload projected out to 2023 without any changes to facilities or programs, but accounting for projected utilization changes, and assuming same or better quality, and necessary maintenance for a safe, secure, and modern healthcare environment. Vacant buildings are to be maintained with no additional renovation, yet are to be secured to ensure that they pose no danger to veterans, patients, employees and visitors. Current agreements are to be maintained (i.e., out leases and other similar sharing agreements, including accommodation of the CA State Veterans Home, currently under development). Seventy two buildings will be renovated, 21 buildings vacated, no buildings will be demolished, and no new construction. Existing surface parking is generally adequate. There is no re-use available under this BPO.
BPO 2: Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities
Consolidate acute inpatient services and ambulatory care services in renovated hospital building and ambulatory facilities on the Wadsworth campus (Building 500). Assume surplus demand will be met through other GLA facilities and community providers. Consolidate specialty care (SCI/D) on the Wadsworth campus in renovated facilities. Consolidate projected nursing home and psychiatry care programs in facilities on the Brentwood campus. Vacate existing research facilities on the Brentwood campus and construct new VA Research facility on the Wadsworth campus, convenient to core acute patient care activities. Construct new VBA facility on the Wadsworth campus (Parcel K) and construct new columbarium for NCA on the Brentwood campus (Parcel B1). Construct new CA State Veterans Home on the Brentwood campus (Parcel D). Forty buildings will be renovated, 53 buildings will be vacated, one building will be demolished, and a new research building and VBA building will be constructed. Parking will need to be reconfigured. Expected parking at the North campus will be on the grade and contiguous to the new or renovated buildings. Expected parking at the South campus may need to be in a multi-story parking structure(s). The location and amount of parking has not yet been determined. Parcels not preserved for continued VA use and redevelopment would be made available for non-VA re-use and include: Parcels A, C & E, F, G1, G2, a portion of K.
BPO 3: Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities
Consolidate projected inpatient acute care workload in a replacement bed tower on the Wadsworth campus. Consolidate projected ambulatory workload in renovated ambulatory care facilities (including within existing hospital) on the Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on the Wadsworth campus in new and renovated facilities. Consolidate projected nursing home and psychiatric care programs in facilities on the Brentwood campus. Construct new research facilities on the Wadsworth campus, vacating existing space on Brentwood campus. Construct new VBA facility on the Wadsworth campus (Parcel K) and construct new columbarium for NCA on the Brentwood campus (Parcel B1). Construct new CA State Veterans Home on the Brentwood campus (Parcel D). Forty buildings will be renovated, 53 buildings will be vacated, three buildings will be demolished, and a new research building, VBA building and acute care tower will be constructed. Parking will need to be reconfigured. Expected parking at the North campus will be on grade and contiguous to the new or renovated buildings. Expected parking at the South campus may need to be in a multi-story parking structure(s). The location and amount of parking has not yet been determined. Parcels not preserved for continued VA use and redevelopment would be made available for non-VA re-use and include: Parcels A, C & E, F, G1, G2, and a portion of K.

BPO 4: Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities
Consolidate projected inpatient acute workload in a replacement hospital (comprised of inpatient acute care beds), and consolidate projected ambulatory acute workload in replacement ambulatory care facilities (including within existing hospital) on the Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on the Wadsworth campus in new and renovated facilities. Consolidate projected nursing home and psychiatric care programs in facilities on the Brentwood campus. Construct a new VBA facility on the Wadsworth campus (Parcel K) and construct a new columbarium for NCA on the Brentwood campus (Parcel B1). Construct a new CA State Veterans Home on the Brentwood campus (Parcel D). Forty buildings will be renovated, 53 buildings will be vacated, three buildings will be demolished and a new outpatient building and acute care tower will be constructed. Parking will need to be reconfigured. Expected parking at the North campus will be on grade and contiguous to the new or renovated buildings. Expected parking at the South campus may need to be in a multi-story parking structure(s). The location and amount of parking has not yet been determined. Parcels not preserved for continued VA use and redevelopment would be made available for non-VA re-use and include: Parcels A, C & E, F, G1, G2, and a portion of K.
BPO 5: Construct New Acute Bed Tower, Research; Renovate Building 500 for Ambulatory Care Facilities and VBA; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities
All services will remain on campus. Acute inpatient workload will be located in the new acute bed tower on the Wadsworth campus. Ambulatory care will be located in the renovated hospital building (Building 500). The VBA will relocate into the renovated Building 500. Construct new VA Research facilities on Parcel K. The Nursing home/mental healthcare will be located in renovated existing facilities. In addition, a columbarium is to be constructed for the NCA on the Brentwood campus The CA State Veterans Home is to be constructed on the Brentwood Campus. The location and amount of parking has not yet been determined. Re-use parcels are the same as BPO 3.
BPO 6: Construct New Acute Bed Tower, Ambulatory Care, Research Facilities and VBA; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities
All services remain on campus. Inpatient workload will be located in the new acute bed tower and ambulatory care located in a new building on the Wadsworth campus. VA Research would be relocated from existing facilities into replacement facilities on Parcel K. The Nursing home/mental health will be located in renovated existing facilities. The LAP did not address the future state of current buildings on campus. A new VBA building will be built on the Wadsworth Campus. In addition, a columbarium is to be constructed for the NCA on the Brentwood campus. As in the baseline BPO, the CA State Veterans Home is to be constructed on the Brentwood Campus (Parcel D). Parking will need to be reconfigured. Expected parking at the North campus will be on grade and contiguous to the new or renovated buildings. Expected parking at the South campus may need to be in a multi-story parking structure(s). The location and amount of parking has not yet been determined. Re-use parcels are the same as BPO 3.

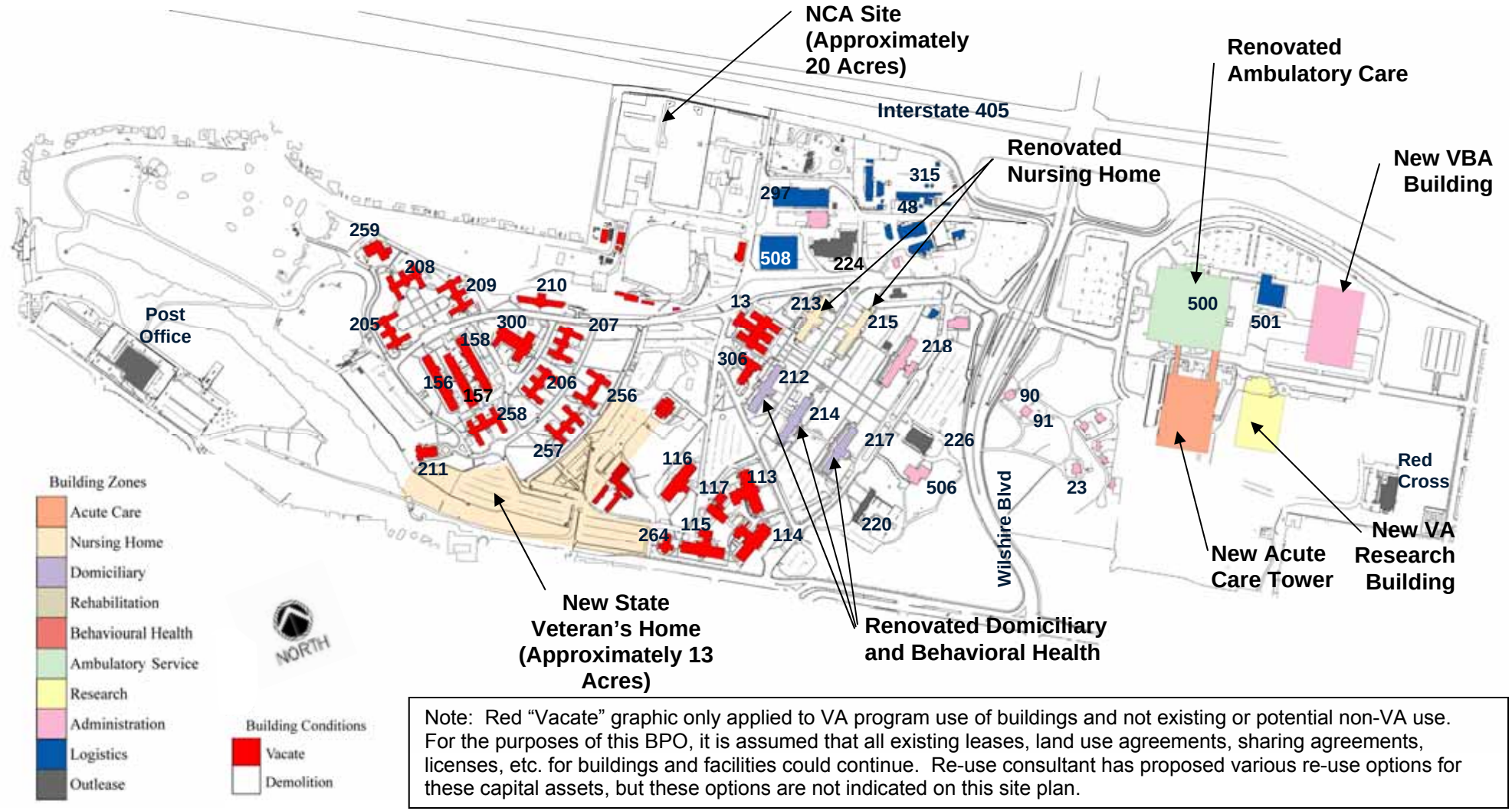
BPO Site Plans

Figure 6: BPO 2 (Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities)



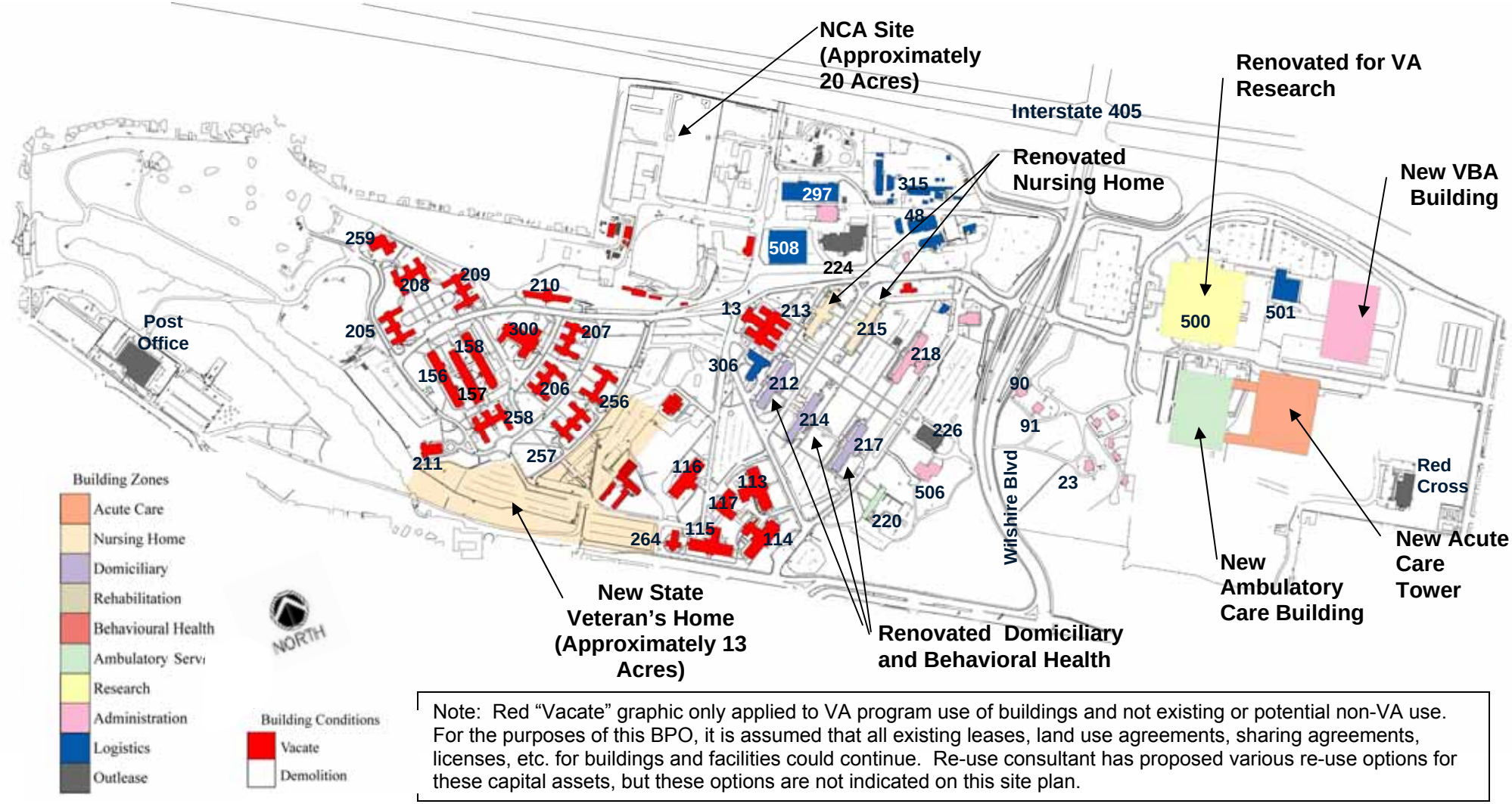
Note: Red "Vacate" graphic only applied to VA program use of buildings and not existing or potential non-VA use. For the purposes of this BPO, it is assumed that all existing leases, land use agreements, sharing agreements, licenses, etc. for buildings and facilities could continue. Re-use consultant has proposed various re-use options for these capital assets, but these options are not indicated on this site plan.

Figure 7: BPO 3 (Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities)



Note: Red "Vacate" graphic only applied to VA program use of buildings and not existing or potential non-VA use. For the purposes of this BPO, it is assumed that all existing leases, land use agreements, sharing agreements, licenses, etc. for buildings and facilities could continue. Re-use consultant has proposed various re-use options for these capital assets, but these options are not indicated on this site plan.

Figure 8: BPO 4 (Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities)

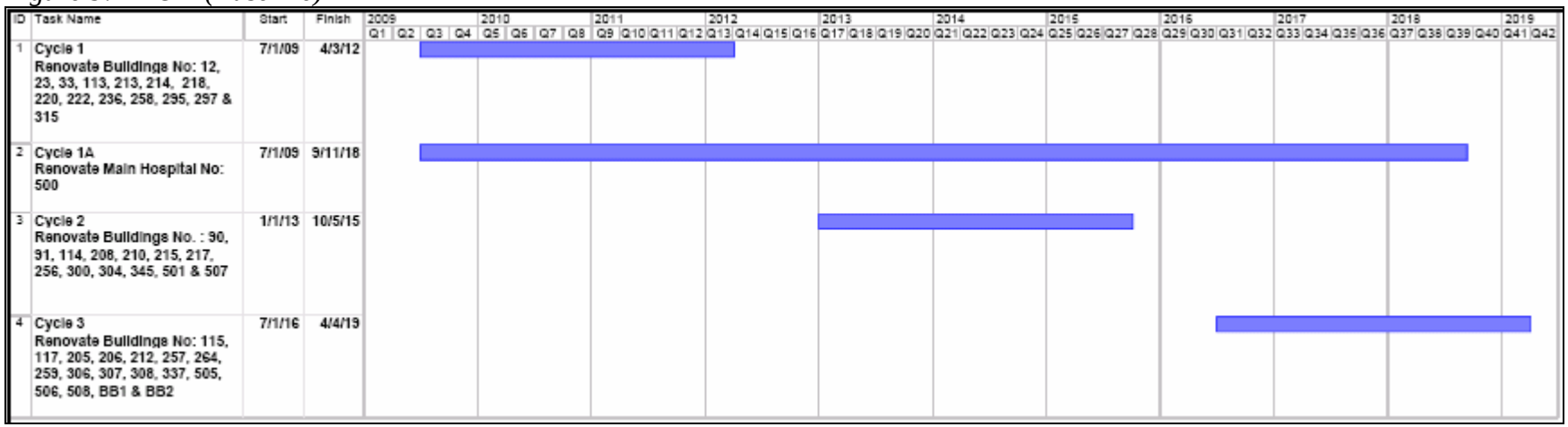


Note: Red "Vacate" graphic only applied to VA program use of buildings and not existing or potential non-VA use. For the purposes of this BPO, it is assumed that all existing leases, land use agreements, sharing agreements, licenses, etc. for buildings and facilities could continue. Re-use consultant has proposed various re-use options for these capital assets, but these options are not indicated on this site plan.

BPO Schedules

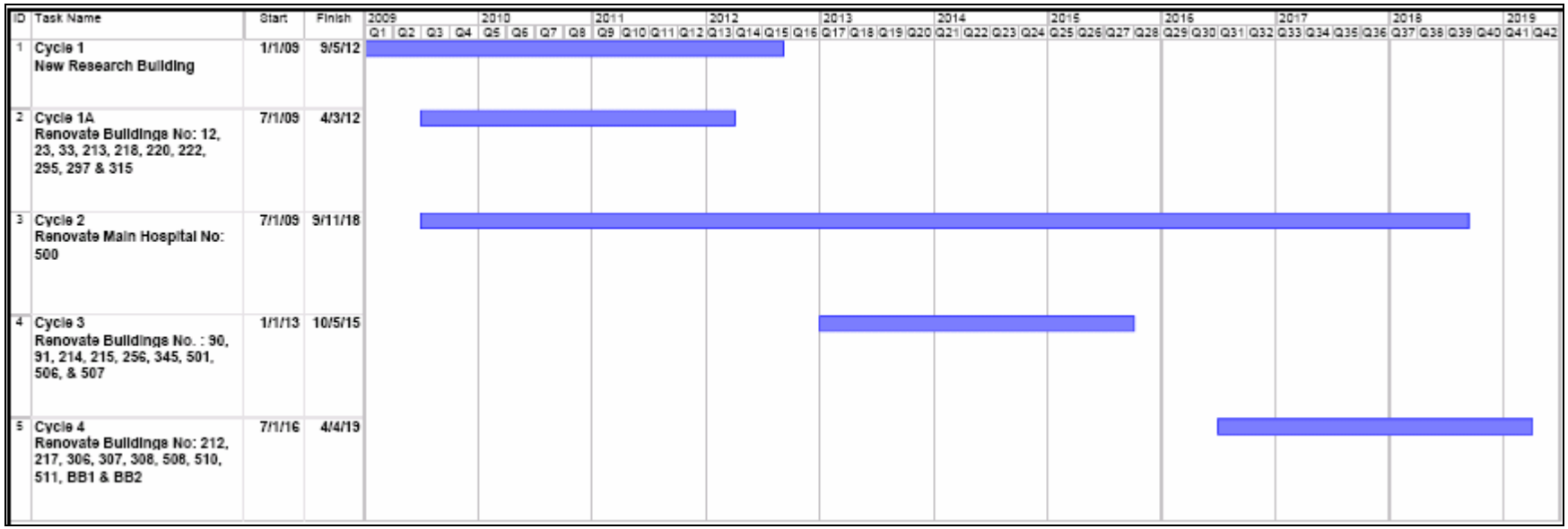
The following schedules were developed for the Baseline and alternate BPOs. All schedules are preliminary and tentative.

Figure 9: BPO 1 (Baseline)



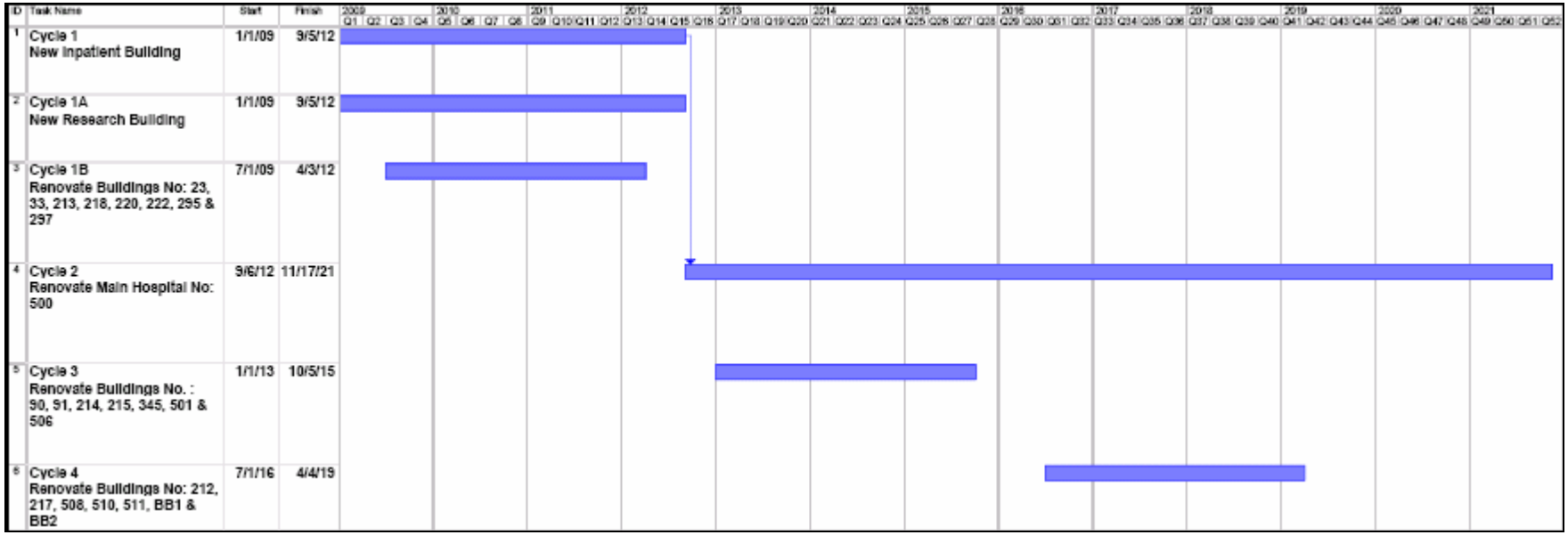
Note: Some structures are not noted in the above schedule including those that are vacant, outleased or less than 3,000 square feet in area.

Figure 10: BPO 2 (Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities)



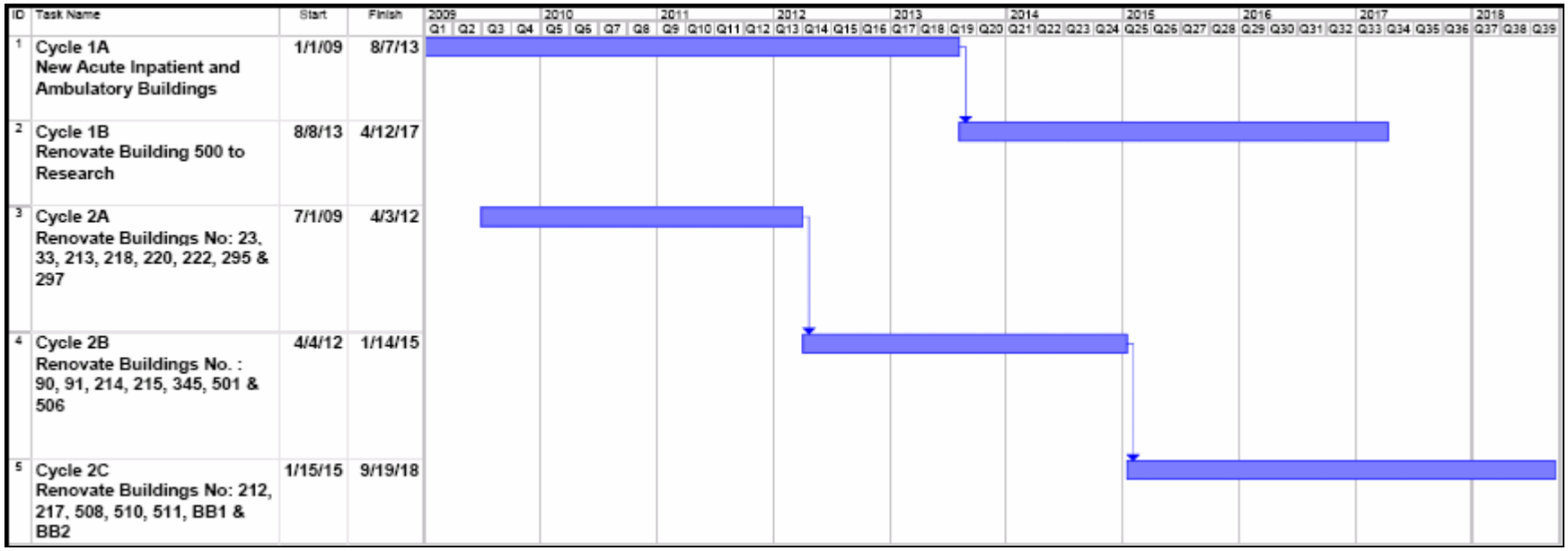
Note: Some structures are not noted in the above schedule including those that are vacant, outleased or less than 3,000 square feet in area.

Figure 11: BPO 3 (Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities)



Note: Some structures are not noted in the above schedule including those that are vacant, outleased or less than 3,000 square feet in area.

Figure 12: BPO 4 (Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities)



Note: Some structures are not noted in the above schedule including those that are vacant, outleased or less than 3,000 square feet in area.

Assessment Drivers

West LA is a tertiary care facility, providing highly specialized medical services, within the VA Greater Los Angeles Healthcare System.

Over the next 20 years, the number of enrolled veterans for the California market is expected to decline by 23% from 332,000 to 257,000. Enrollment of Priority 1-6 veterans (those with the greatest service-connected needs) is projected to experience a smaller decline of 12%, from 240,000 to 211,000.

Projected utilization for inpatient services experiences a small decline of 5% over the forecast period. Specifically with regard to inpatient care:

- Bed needs for nursing home and inpatient residential and domiciliary care remain constant over the forecast period
- Bed needs for inpatient medicine and other mental health inpatient programs remain virtually constant over the same period
- Bed needs for surgery and psychiatry and substance abuse decline over the same period

Projected utilization for outpatient services experiences an overall increase of 28% over the forecast period. Significant increases are projected for cardiology, eye clinic, orthopedics and urology. Significant increases are also projected for outpatient mental health programs in work therapy and methadone treatment.

These long-term healthcare trends for the California market, together with four major drivers, were considered for the West LA study site. These drivers represent factors particularly noticeable at the West LA campus that must be balanced in the development and evaluation of business plan options. They are:

1). The West LA campus requires significant capital expenditure over the next 20 years to upgrade facilities to modern, safe, and secure standards – in particular, seismic upgrades to many structures
2). Substantial vacant and underutilized space currently exists at the West LA campus. Business plan options need to enable a more effective use of VA resources
3). Need to maximize the re-use potential of surplus buildings and land at West LA, while fulfilling the mission of the West LA facility and complying with federal/local regulations and VA policy
4). Opportunities exist to further One-VA integration and improve access to services through co-location of VBA and the NCA columbarium on the West LA campus.

These four drivers are described further below.

Capital Investment to Achieve Modern, Safe and Secure Standards - Renovations to existing patient care buildings will require substantial capital investment to modernize these buildings and render them safe, secure, and compliant with applicable building codes. Seismic retrofits for many older buildings will increase this cost. Additionally, some campus infrastructure systems

are near the end of their useful life; others will require upgrades or replacement during the projection period. VA has identified $260 million to correct building deficiencies at the West LA campus. Notwithstanding the substantial capital investment, the majority of campus buildings will remain considerably smaller than building types for modern healthcare delivery and will not be as cost effective to operate as newly constructed buildings.

Effective Use of VA Resources - The West LA campus is a large, 387-acre site with many (predominantly smaller and older) buildings distributed throughout the campus. Currently, West LA has 21 partially or wholly vacated buildings, which corresponds to 335,000 square feet of vacant space and 526,000 square feet of underutilized space. Future patient workload for the site, combined with building modernization and life safety needs, will create a 5% shortage in building space in 2023. This future deficit in building space results from the difficulty in using small, sub-standard buildings to meet future workload in a modern healthcare setting. Business plan option development must consider alternate approaches (e.g., new construction) to provide a modern healthcare delivery environment, consolidate the campus footprint, and reduce the costs of renovating and maintaining many smaller and older buildings that will continue to be inefficient to operate.

Re-use Potential - Analysis of the re-use potential for the West LA campus indicates that it is well located for a variety of re-use plans. The campus is located in a highly urbanized setting where market demand is strong. Determining the most appropriate approach to re-use and redevelopment of surplus land and buildings at this site poses considerable challenges. The combination of intensive Congressional oversight, interests of local civic organizations, and approval of the Cranston Act authorizing only development and uses consistent with the needs of aging or homeless veterans has substantially affected the potential re-use value of this site. Although these constraints create uncertainties for the re-use value of the site it is likely that re-use proceeds will provide a substantial offset to the significant capital investments required to render facilities modern, safe, and secure. It is prudent to maximize the potential value of vacant buildings and underutilized land to increase resources available to meet future veterans healthcare needs. Compatible development options that reduce underutilized portions of the campus have the potential to generate resources to provide additional services and/or pay for improvements to VA owned facilities.

Opportunities to Further One-VA Integration - The Secretary's CARES Decision document of May 2004 directs VA to consider opportunities to develop new research facilities at West LA, and explore the feasibility of collocating the VBA and an NCA columbarium on-site. Business plan option development must be responsive to these directives.

Assessment Results

The following section summarizes the results of applying discriminating criteria to each BPO and comparing them to the baseline in accordance with the Evaluation System for BPOs (Table 14). Subsequent sections describe the reactions of the Local Advisory Panel and stakeholders to these BPOs, Team PwC's screening assessment of LAP BPOs, and Team PwC's overall recommendations for each BPO.

Table 14: Baseline Assessment

Assessment Summary	Description of Impact
Healthcare Quality	
Ensures forecast healthcare need is appropriately met	There is a 5% shortage in total building space needed on campus to accommodate projected demand and modernization through 2023. Although the current campus has significant surplus in square footage, much of it is in substandard buildings that could not be utilized to meet expected demand. Assume VA will utilize other GLA facilities and/or community providers to meet surplus demand.
Modern, safe, and secure environment	Building conditions on the West LA campus vary. Most of the acute and ambulatory buildings are in the 3.0 to 4.0 range. Most of the behavioral health, research, domiciliary, administrative, nursing home care unit and logistical support buildings are in the 2.0 to 3.0 range. The baseline improves site safety by addressing seismic deficiencies and bringing buildings up to code.
Use of VA Resources	
Operating cost effectiveness	Renovation of facilities should improve operating costs from the current state. However, given the original design limitations of the existing facilities, renovations to achieve a modern, safe, and secure environment do not realize efficiencies in staffing, supplies, heating, and power, which would be available under new construction alternatives.
Level of capital expenditures estimated	Significant capital expenditure is required to renovate and upgrade facilities to modern, safe, and secure standards. These include seismic retrofit, as well as fire, safety, mechanical and electrical system upgrades, and other upgrades to current VA healthcare environmental standards and building codes.
Level of re-use proceeds	There is no re-use potential in this option
Cost avoidance opportunities	In the baseline, it is assumed that renovation, and periodic and recurring maintenance costs (estimated at $260M in the CAI as being required to correct deficiencies at West LA) may be avoided for some vacated buildings
Overall cost effectiveness	Not applicable for the baseline.
Ease of Implementation Ease of BPO implementation	The risk factor for implementation is relatively low since the baseline represents the least level of change to the current state with improvements to meet modern, safe, and secure standards and meet demand projections. The baseline BPO presents implementation risk in terms of the following major areas: ▪ Continuity of care, since renovation of patient care facilities may disrupt provision of care. ▪ Infrastructure, since facilities may unveil unforeseen environmental, systematic and/or structural issues during renovation. ▪ Security, since renovation may not be able to conform the building to all code requirements given physical constraints of the buildings ▪ Project realization, since renovations present exposure to delays, budget variances and transition complications.

Assessment Summary	Description of Impact
Ability to support VA Programs	
DoD sharing	No DoD sharing arrangements are expected in the baseline.
One-VA Integration	The baseline option does not further integrate with VBA nor provide land for the NCA columbarium.
Special Considerations	The baseline does not impact DoD contingency planning, Homeland security needs, or emergency need projections.
Overall Attractiveness	Not applicable for the baseline.

Table 15 provides an overall summary of the BPOs assessed for comparative purposes.

Table 15: BPO Assessment Summary[18]

Assessment Summary	BPO 2	BPO 3	BPO 4
	Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities
Healthcare Quality			
Ensures forecast healthcare need is appropriately met	↑	↑	↑
Modern, safe, and secure environment	↔	↑	↑
Use of VA Resources			
Operating cost effectiveness	—	—	—
Level of capital expenditures estimated	—	—	—
Level of re-use proceeds	↑↑↑	↑↑↑	↑↑↑
Cost avoidance opportunities	—	—	—
Overall cost effectiveness	—	—	—
Ease of Implementation			
Ease of BPO implementation	↔	↓	↓
Ability to Support VA Programs			
DoD sharing	↔	↔	↔
One-VA Integration	↑	↑	↑
Special Considerations	↔	↔	↔
Overall Attractiveness	↑↑	↑↑	↑↑

[18] BPOs 5 and 6 are not included in the Assessment Summary Table. They were created during the second LAP meeting at the suggestion of the LAP and, therefore, only the initial screening criteria of access, quality, and cost were applied to determine if the BPOs have the potential to meet or exceed the CARES objectives. If BPO 5 or 6 are selected for Stage II, a more detailed analysis will be completed.

BPO 5: Construct New Acute Bed Tower and Research Facilities; Renovate Building 500 for Ambulatory Care and VBA; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities

The initial screening criteria of access, quality, and cost were applied to this new BPO to determine if this BPO, created by the LAP, has the potential to meet or exceed the CARES objectives.

Table 16: Screening Results for BPO 5

Criteria	Screening Result
Access	Since all services will remain on the campus, this BPO will provide the same level of access as the baseline.
Quality	As this BPO is very similar to BPO 3 with respect to the facilities created, this BPO improves quality since the combination of new construction and renovation for acute/outpatient services provides modernized healthcare facilities.
Cost	This BPO will likely be similar to BPO 3 in overall cost-effectiveness. The capital expenditure required to construct new acute care and research facilities, as well as upgrade facilities to modern, safe, and secure standards, and the equivalent operating costs over the forecast period results in similar net present cost compared to the baseline.

BPO 6: Construct New Acute Bed Tower, Ambulatory Care, Research and VBA Facilities; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities

The initial screening criteria of access, quality, and cost were applied to this new BPO to determine if this BPO, created by the LAP, has the potential to meet or exceed the CARES objectives.

Table 17: Screening Results for BPO 6

Criteria	Screening Result
Access	Since all services will remain on the campus, this BPO will provide the same level of access as the baseline.
Quality	As this BPO is very similar to BPO 3 with respect to the facilities created, this BPO improves quality since new construction for acute/outpatient services provides modernized healthcare facilities.
Cost	The capital expenditure required to construct new acute care, ambulatory and research facilities will likely be greater than BPO 3 or the baseline.

Local Advisory Panel and Stakeholder Reactions/Concerns

Local Advisory Panel Feedback

The West LA LAP consists of 10 members: Dean Stordahl (Chair); Alan Robinson, MD; Harry Corre; Roger Brautigan; Steve Peck; Flora Gil Krisiloff; Dean Norman, MD; Cindy Miscikowski; Barbara Tenzer; and Stewart Liff. Barbara Tenzer and Stewart Liff were not present at the second LAP meeting on September 22, 2005. Two of the members are VA staff,

the balance of the LAP are representatives from the community, veteran service organizations, a medical/research affiliate (UCLA) and the Department of Defense.

At the second LAP meeting on September 22, 2005, following the presentation of public comments, the LAP conducted its deliberation of the BPOs. The LAP deliberated separately on the capital and re-use components of each BPO. During the discussion of capital options, the LAP proposed two new BPOs (BPOs 5 and 6) which represent modifications to BPO 3 presented by Team PwC. The LAP proposed BPO 5 as an alternative approach to co-locating ambulatory care and the VBA in Building 500. The LAP proposed BPO 6 as an alternative approach to modernizing facilities, through new construction of acute, ambulatory, VBA and research buildings, with the remainder of the buildings to be renovated.

Table 18 presents the results of LAP deliberations. All capital options were recommended by the LAP for further study.

Table 18: LAP BPO Voting Results

BPO	Label	Yes	No
1	Baseline	8	0
2	Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	8	0
3	Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	8	0
4	Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	8	0
5*	Construct New Acute Bed Tower and Research Facilities; Renovate Building 500 for Ambulatory Care and VBA; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities	8	0
6*	Construct New Acute Bed Tower, Ambulatory Care, Research and VBA Facilities; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities	8	0

* New BPO proposed by LAP

The LAP then deliberated on the re-use options. The LAP discussed and unanimously approved the following guiding principles for re-use:

> **Guiding Principle 1:** VA will strictly adhere to Section 421 (b)(2) of the Veterans' Benefits and Services Act of 1988 [PL 100-322] and Section 401 of the Veterans' Benefits Programs Improvement Act of 1991 [PL 102-86], commonly referred to as the Cranston Act.
>
> **Guiding Principle 2**: Any use of the land should be for direct benefits of veterans.

Guiding Principle 3: Motion to use Secretary's Principi's letter[19] as definition for no commercial use.

Guiding Principle 4: Motion to maintain current land agreements and the lease arrangements including the two that are not listed in the summary.

Guiding Principle 5: Henry Waxman's letter, Page 3/139, describes excess land for non-VA use and, as indicated, that it should be determined that there is no excess land for non-VA use on the West LA campus.

Guiding Principle 6: Motion to abide by National Historic Preservation Act (NHPA). Must go through the process and meet the legal requirements of the national historic preservation as it applies to the campus.

The LAP conducted deliberations on the proposed re-use options. The voting results for re-use are presented in Table 19, together with major LAP and stakeholder comments on each re-use option. One re-use option (Parcel A) was not supported by the LAP. The remainder of the parcels were supported by the LAP, with specific clarifications on potential re-use.

Table 19: LAP Deliberations on Re-use Parcels

Parcel(s)	LAP Deliberations on Re-use Parcels
Parcel A - North Brentwood Campus	• Community education/recreation • Support open space recreation, potential option for Parcel A, passed and will move forward. o Motion to not endorse community education, seconded. o Unanimous vote to not endorse 'community education' as recommendation to the Secretary for further consideration in Stage II as possible non-VA re-use in Parcel A. • Mixed used residential: Move to remove mixed use residential. Seconded. • Vote: 7 for and 1 against recommendation to Secretary to include 'mixed use residential' as possible non-VA re-use in Parcel A.
Parcels C & E – North Central & West Central Brentwood Campus	• Affordable/transitional veteran/family/nursing housing • Change from 'nursing housing' to 'direct patient care staff and family housing' as possible non-VA re-use of Parcels C and E. o Vote: Unanimous vote. All favor endorsing this revised definition for non-VA housing re-use of Parcels C and E. • Motion to change 'Long-term veteran housing' to 'long-term therapeutic supportive housing for veterans'. o Vote: Unanimous vote. All favor endorsing this revised definition for non-VA long-term re-use of Parcel C. • Residential therapy/treatment programs o Vote: Unanimous vote. All favor endorsing this revised consideration for non-VA re-use of Residential Therapy/Treatment Programs in Parcel C and E. • Limited use/hospitality (Fisher House) o Motion to have Fisher House in Parcel E but eliminate as consideration in

[19] Letter to Ms. Cindy Miscikowski, Councilwoman, Eleventh District, West LA, February 25, 2002.

Parcel(s)	LAP Deliberations on Re-use Parcels
	Parcel C. o Vote: Unanimous vote. All favor endorsing this revised consideration for non-VA re-use of Limited Use Hospitality (Fisher House) in Parcel E and not in Parcel C. • Parcel E: Administrative Support/training o LAP decides to keep it in for consideration by the Secretary for further exploration in Stage II. o Vote: Unanimous vote. All favor of considering non-VA re-use of Parcel E for Administrative Support/Training.
Parcels G1, G2 & K – Southeast Brentwood Campus & portion of South Wadsworth Campus	• Medical Research o Motion to move forward for consideration by the Secretary for further exploration in Stage II. o Vote: 1 opposed, 7 in favor to recommend to the Secretary Medical Research for benefit to veterans in Parcels G1, G2 and portion of K for further study as non-VA re-use option. • Medical Office Building/Veteran-Patient Pharmacy o Motion to not study further o Vote: Unanimous vote to not recommend to Secretary Medical Office Building/Veteran-Patient Pharmacy in Parcels G1, G2 and portion of K for further study as non-VA re-use option. • Limited Use Hospitality (Fisher House) in Parcel G2 and Portion of K o Vote: Unanimous vote to recommend to Secretary Limited Use Hospitality (Fisher House) in Parcel G2 and portion of Parcel K for further study in Stage II as non-VA re-use option.
Parcel F – Southwest Brentwood Campus	• Open Space Green Belt o Vote: Unanimous vote to recommend to Secretary Open Space/Greenbelt in Parcel F for further study in Stage II as non-VA re-use option. • Open Space Recreation o Vote: Unanimous vote to recommend to Secretary Open Space/Recreation in Parcel F for further study in Stage II as non-VA re-use option. • Residential (limited new construction), specifically the Fischer House as clarified in comment by re-use contractor (Brian Murphy). o Vote: Unanimous vote to recommend to Secretary Limited Use Hospitality (Fisher House) in Parcel F for further study in Stage II as non-VA re-use option. • Community Education for Veterans o Change to: "Consideration for Veterans Training/Vocational Training (Parcels C and E)" o Vote: Unanimous vote to recommend to Secretary Veterans Training/Vocational Training on Parcels C and E for further study in Stage II as non-VA re-use option.

Stakeholder Feedback on BPOs

In addition to raising specific concerns, stakeholders were provided with the opportunity to provide feedback regarding the BPOs presented at the second LAP meeting. Through the VA CARES website and comment forms distributed at the public meeting, stakeholders were able to

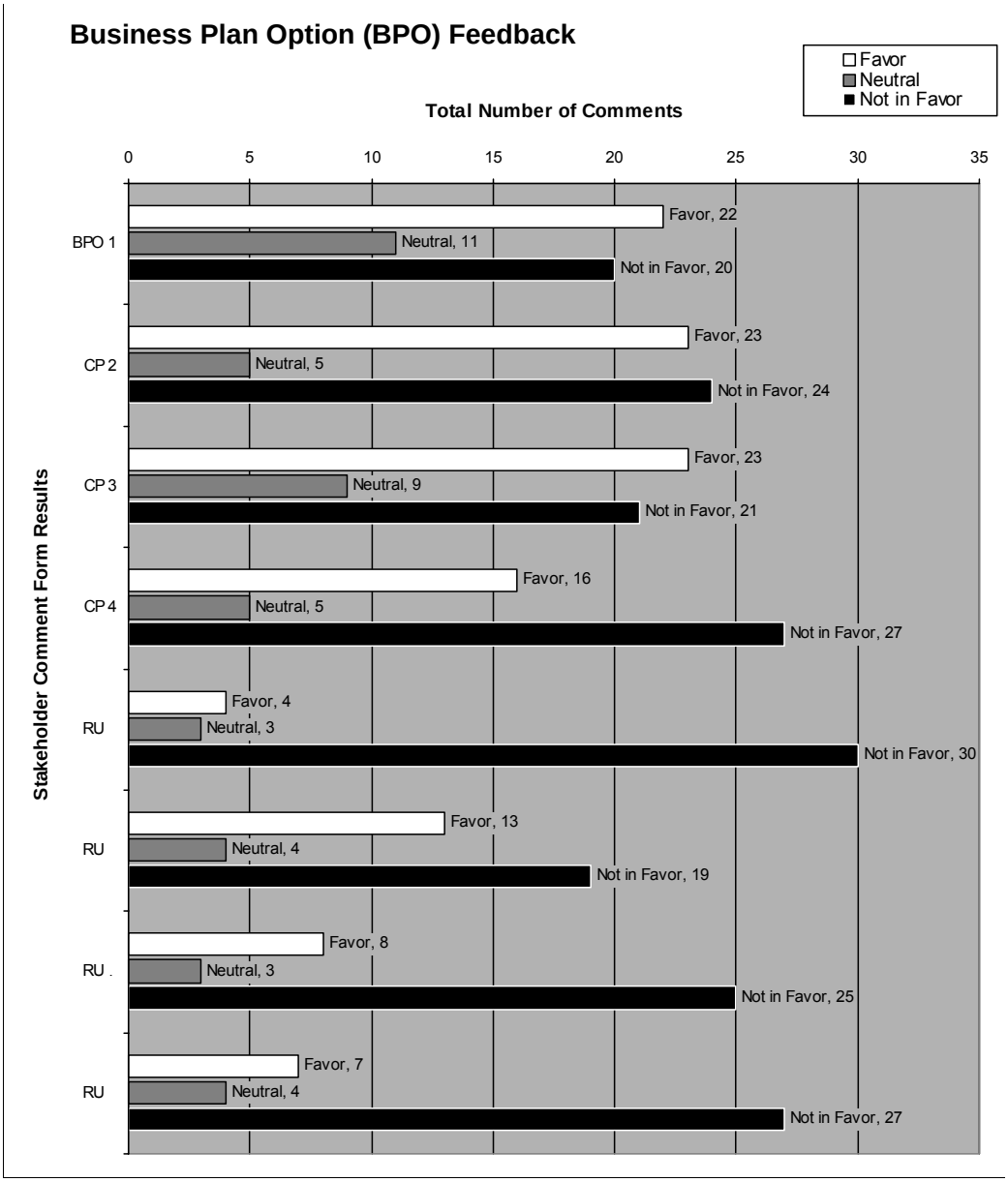
indicate if they “favor”, are “neutral”, or are “not in favor” of each of the BPOs. The results of this written and electronic feedback are provided in Figure 13.

Stakeholders reviewed the BPOs before the second public LAP meeting and showed support for BPOs 1-3. Of the total number of responses received from stakeholders regarding each BPO, 42% favored BPO 1, 44% favored BPO 2, and 42% favored BPO 3. Stakeholders showed the most support for Parcels C and E, however the majority of stakeholders who commented did not support any of the re-use options.

Figure 13: Stakeholder Feedback on BPOs[12]

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

The feedback received from the Options Comment Forms for the West LA study site is as follows:



Baseline

Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

Parcel A - North Brentwood Campus

Parcels C & E - North Central & West Central Brentwood Campus

Parcels G1, G2 & K - Southeast Brentwood Campus and Portion of South Wadsworth Campus

Parcel F - Southwest Brentwood Campus

[12] Stakeholder feedback is reflected in this chart only for the options which were presented by Team PwC at the LAP meeting (capital options 1-4 and re-use options 1-4), and not the BPOs created by the LAP at the second public meeting. Any stakeholder feedback regarding additional options was captured in the open text boxes on the comment forms.

BPO Recommendations for Assessment in Stage II

Team PwC's recommendation of BPOs to be further assessed in Stage II was determined based on several factors. Team PwC considered the pros and cons of each option, together with the results of assessments against discriminating criteria to determine the overall attractiveness of each BPO. Views and opinions of the LAP and oral and written testimony received from veterans and other interested groups were also considered. All of these inputs contributed to the selection of the BPOs to be recommended for further study in Stage II, which are summarized in Table 20 with pros and cons identified for each option.

The BPOs recommended for further study share some key similarities. All of them would provide an attractive solution to upgrading the campus to a modern, safe, and secure standards, promote One-VA integration, and right-size the campus for future demand.

The BPO which Team PwC eliminated from further consideration was BPO 6. BPO 6 was proposed by the LAP and involved the highest construction cost and highest implementation risk of all BPOs. In addition, it appeared to be an ineffective use of VA assets (Building 500).

Table 20: BPO Recommendations

BPO	Pros	Cons	Rationale
BPOs Recommended by Team PwC for Further Study			
BPO 1: Baseline	• Campus is made modern, safe and secure	• Operating inefficiencies and higher maintenance costs persist for older, dispersed buildings • Does not further One-VA integration • Limits the re-use/redevelopment of the site	• The baseline is the BPO against which all other BPOs are assessed
BPO 2: Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	• Consolidates the existing campus • Provides a state-of-the-art research facility • Achieves One-VA integration • Greater re-use/redevelopment potential as compared to the baseline	• Operating inefficiencies and higher maintenance costs persist for older, dispersed buildings	• Consolidates the existing campus and makes surplus land and buildings available for re-use • Achieves One-VA integration
BPO 3: Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	• Provides state-of-the-art acute care and research facilities • Collocates all ambulatory care services in one building • Consolidates the existing campus • Greater re-use/redevelopment potential as compared to the baseline • Achieves One-VA integration	• Acute care building will be more efficient to operate; however, operating inefficiency and higher maintenance costs of older renovated buildings will persist • Implementation risk is greater than the baseline	• Consolidates the existing campus and makes surplus land and buildings available for re-use • Achieves One-VA integration
BPO 4: Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities	• Provides state-of-the-art acute and ambulatory care facilities • Consolidates the existing campus • Greater re-use/redevelopment potential as compared to the baseline • Achieves One-VA integration	• Acute care and ambulatory buildings will be more efficient to operate; however, operating inefficiency and higher maintenance costs of older renovated buildings will persist • Implementation risk is greater than the baseline	• Consolidates the existing campus and makes surplus land and buildings available for re-use • Achieves One-VA integration
BPO 5: Construct New Acute Bed Tower and Research Facilities; Renovate Building 500 for Ambulatory Care and VBA; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities	• Provides state-of-the art acute care and research facilities • Collocates ambulatory care services and VBA services in one building • Consolidates the existing campus • Greater re-use/redevelopment potential as compared to the baseline. • Achieves One-VA integration	• Acute care building will be more efficient to operate; however, operating inefficiency and higher maintenance costs of older renovated buildings will persist • Implementation risk is greater than the baseline	• Consolidates the existing campus and makes surplus land and buildings available for re-use • Achieves One-VA integration

BPO	Pros	Cons	Rationale
BPOs Not Recommended by Team PwC for Further Study			
BPO 6: Construct New Acute Bed Tower, Ambulatory Care, Research and VBA Facilities; Renovate Existing Nursing Home/Mental Health/Domiciliary Facilities	• Provides state-of-the-art facilities for acute care, ambulatory care, and research • Improved operating efficiency through new construction • Greater re-use/redevelopment potential as compared to the baseline • Achieves One-VA integration	• Highest construction costs • Operating inefficiencies and higher maintenance costs persist for older, dispersed buildings • Least effective use of Building 500 • Highest level of implementation risk with most significant construction	• Highest cost option • Ineffective use of VA assets (Building 500) • Highest level of implementation risk

Appendix A - Assessment Tables

BPO 1: Baseline

Assessment of BPO 1	Description of Impact
Healthcare Quality	
Ensures forecast healthcare need is appropriately met	There is a 5% shortage in total building space needed on campus to accommodate projected demand and modernization through 2023. Although the current campus has significant surplus in square footage, much of it is in substandard buildings that could not be utilized to meet expected demand. Assume VA will utilize other GLA facilities and/or community providers to meet surplus demand.
Modern, safe, and secure environment	Building conditions on the West LA campus vary. Most of the acute and ambulatory buildings are in the 3.0 to 4.0 range. Most of the behavioral health, research, domiciliary, administrative, nursing home care unit and logistical support buildings are in the 2.0 to 3.0 range. The baseline improves site safety by addressing seismic deficiencies and bringing buildings up to code.
Use of VA Resources	
Operating cost effectiveness	Renovation of facilities should improve operating costs from the current state. However, given the original design limitations of the existing facilities, renovations to achieve a modern, safe, and secure environment do not realize efficiencies in staffing, supplies, heating, and power, which would be available under new construction alternatives.
Level of capital expenditures estimated	Significant capital expenditure is required to renovate and upgrade facilities to modern, safe, and secure standards. These include seismic retrofit, as well as fire, safety, mechanical and electrical system upgrades, and other upgrades to current VA healthcare environmental standards and building codes.
Level of re-use proceeds	There is no re-use potential in this option
Cost avoidance opportunities	In the baseline, it is assumed that renovation, and periodic and recurring maintenance costs (estimated at $260M in the CAI as being required to correct deficiencies at West LA) may be avoided for some vacated buildings
Overall cost effectiveness	Not applicable for the baseline.
Ease of Implementation	
Ease of BPO implementation	The risk factor for implementation is relatively low since the baseline represents the least level of change to the current state with improvements to meet modern, safe, and secure standards and meet demand projections. The baseline option presents implementation risk in terms of the following major areas: ▪ Continuity of care, since renovation of patient care facilities may disrupt provision of care. ▪ Infrastructure, since facilities may unveil unforeseen environmental, systematic and/or structural issues during renovation.

Assessment of BPO 1	Description of Impact
	▪ Security, since renovation may not be able to conform the building to all code requirements given physical constraints of the buildings ▪ Project realization, since renovations present exposure to delays, budget variances and transition complications.
Ability to support VA Programs	
DoD sharing	No DoD sharing arrangements are expected in the baseline.
One-VA Integration	The baseline option does not further integrate with VBA nor provide land for the NCA columbarium.
Special Considerations	The baseline does not impact DoD contingency planning, Homeland security needs, or emergency need projections.
Overall Attractiveness	Not applicable for the baseline.

BPO 2: Construct New VA Research and VBA Facilities; Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

Assessment of BPO 2	Impact on Baseline	Description of Impact
Healthcare Quality		
Ensures forecast healthcare need is appropriately met	↑	Further consolidation of the campus is achieved than is possible under the baseline, since many sub-standard and vacant buildings are made available for re-use. Future demand is accommodated on campus or, when capacity is exceeded, through other GLA facilities and community providers.
Modern, safe, and secure environment	↔	Similar to the baseline, renovation of patient care facilities improves site safety by addressing seismic deficiencies and bringing buildings up to code.
Use of VA Resources		
Operating cost effectiveness	—	Results in similar operating cost savings compared to baseline (95-105%). Staffing efficiencies may be achieved for the new research facility; other renovated acute inpatient, ambulatory, nursing home, mental health and domiciliary buildings will have equivalent operating costs to the baseline.
Level of capital expenditures estimated	—	Combination of renovations and new construction (Research) results, overall, in a similar level of investment required relative to the baseline (80% - 120% of baseline) since the baseline already requires heavy renovation of existing facilities to make them all modern, safe, and secure.
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to baseline, since parcels A, C, E, F, G1, G2, and part of K are made available for re-use.
Cost avoidance opportunities	—	It is assumed that renovation and periodic and recurring maintenance costs for vacated buildings can be avoided. Although, cost avoidance savings relative to the baseline are not material.
Overall cost effectiveness	—	Although re-use proceeds are significantly higher than the baseline, the capital expenditure required to upgrade facilities to modern, safe, and secure standards and the equivalent operating costs over the forecast period results in similar net present cost compared to baseline.

Assessment of BPO 2	Impact on Baseline	Description of Impact
Ease of Implementation		
Ease of BPO implementation	↔	There are incremental risks associated with new construction of research and VBA facilities in the categories of Infrastructure and Project Realization. Overall this BPO represents similar risk compared to the baseline. The following major categories of risk have been identified: • Continuity of care, equivalent to the baseline. Renovation of patient care facilities may disrupt provision of care as services are transitioned to existing available structures on the campus or other GLA facilities until renovated or new accommodations are completed for occupancy. • Infrastructure, equal or slightly higher than baseline. Since facilities may unveil unforeseen environmental, systematic and/or structural issues during renovation. • Security, equivalent to the baseline, since renovation may not be able to conform the building to all code requirements given physical constraints of the buildings • Project realization, slightly higher than the baseline, since project management of new construction is greater than in the baseline, and may be more vulnerable to delays, budget variances and transition complications.
Wider VA Program Support		
DoD sharing	↔	No material impact is expected since no DoD relationships are expected. However, the BPO does not preclude any potential collaboration between VA and DoD.
One-VA Integration	↑	One VA-integration is enhanced through collocating new VBA facility and construction of NCA columbarium on campus.
Special Considerations	↔	No material impact expected in terms of special considerations since the capital plan neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.
Overall Attractiveness	↑↑	BPO 2 is attractive compared to the baseline. This BPO is likely to offer a solution that at least maintains access and improves quality for a similar net present cost as the baseline.

BPO 3: Construct New Acute Bed Tower, VA Research and VBA Facilities; Renovate Building 500 for Ambulatory Care; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

Assessment of BPO 3	Impact on Baseline	Description of Impact
Healthcare Quality		
Ensures forecast healthcare need is appropriately met	↑	Further consolidation of the campus is achieved than is possible under the baseline, since many sub-standard and vacant buildings are made available for re-use. Future demand is accommodated on campus or, when capacity is exceeded, through other GLA facilities and community providers.
Modern, safe, and secure environment	↑	Renovation and construction improves site safety by addressing seismic deficiencies and bringing buildings up to code. New construction provides physical layouts and unit sizes for acute care that reflect modern healthcare practice.
Use of VA Resources		
Operating cost effectiveness	—	Results in similar operating cost savings compared to baseline (95-105%). Staffing efficiencies may be achieved for the new acute care and research facility; other renovated ambulatory, nursing home, mental health and domiciliary buildings will have equivalent operating costs to the baseline.
Level of capital expenditures estimated	—	Combination of renovation and new construction for Acute Care and Research results, overall, in a similar level of investment required relative to the baseline (80% - 120% of baseline) since the baseline already requires heavy renovation of existing facilities to make them all modern, safe, and secure.
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to baseline, since A, C, E, F, G1, G2, and part of K are made available for re-use.
Cost avoidance opportunities	—	It is assumed that renovation and periodic and recurring maintenance costs for vacated buildings can be avoided. Although, cost avoidance savings relative to the baseline are not material.
Overall cost effectiveness	—	Although re-use proceeds are significantly higher than the baseline, the capital expenditure required to construct new acute care and research facilities, as well as upgrade facilities to modern, safe, and secure standards, and the equivalent operating costs over the forecast period results in similar net present cost

Assessment of BPO 3	Impact on Baseline	Description of Impact
		compared to baseline.
Ease of Implementation		
Ease of BPO implementation	↓	The BPO is riskier than the baseline in terms of the following major categories: • Continuity of care, equal to or slightly higher than baseline in terms of transitioning acute care and ambulatory services between Buildings 500, 507, 345 and the new acute care tower. Renovation of nursing home, mental health and domiciliary patient facilities may disrupt provision of care as services are transitioned to existing available structures on the campus or other GLA facilities until renovated or new accommodations are completed for occupancy. • Infrastructure, given the greater amount of new construction for the Acute Bed Tower and Research facilities, and renovation of remaining patient care facilities, yielding greater unforeseen environmental, systemic and/or structural issues. • Security, equivalent to the baseline, since renovation may not be able to conform the building to all code requirements given physical constraints of the buildings • Project realization, since project management of new construction is greater than in the baseline, and may be more vulnerable to delays, budget variances and transition complications.
Wider VA Program Support		
DoD sharing	↔	No material impact is expected since no DoD relationships are expected. However, the BPO does not preclude any potential collaboration between VA and DoD.
One-VA Integration	↑	One VA-integration is enhanced through collocating new VBA facility and construction of NCA columbarium on campus.
Special Considerations	↔	No material impact expected in terms of special considerations since the capital plan neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.

Assessment of BPO 3	Impact on Baseline	Description of Impact
Overall Attractiveness	↑↑	BPO 3 is attractive compared to the baseline. This BPO is likely to offer a solution that at least maintains access and improves quality for a similar net present cost as the baseline.

BPO 4: Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Building 500 for Research; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

Assessment of BPO 4	Impact on Baseline	Description of Impact
Healthcare Quality		
Ensures forecast healthcare need is appropriately met	↑	Further consolidation of the campus is achieved than is possible under the baseline, since many sub-standard and vacant buildings are made available for re-use. Future demand is accommodated on campus or, when capacity is exceeded, through other GLA facilities and community providers.
Modern, safe, and secure environment	↑	Renovation and construction improves site safety by addressing seismic deficiencies and bringing buildings up to code. New construction provides physical layouts and unit sizes for acute care that reflect modern healthcare practice.
Use of VA Resources		
Operating cost effectiveness	—	Results in similar operating cost savings compared to baseline (95-105%). Staffing efficiencies may be achieved for the new acute care and ambulatory facility; other renovated research, nursing home, mental health and domiciliary buildings will have equivalent operating costs to the baseline.
Level of capital expenditures estimated	—	Combination of renovation and new construction for Acute Care and Ambulatory buildings results, overall, in a similar level of overall investment required relative to the baseline (80% - 120% of baseline) since the baseline already requires heavy renovation of existing facilities to make them all modern, safe, and secure. Though the level of new construction is greater than in BPOs 2 and 3, the overall cost over the projection period is estimated to be similar.
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to baseline, since A, C, E, F, G1, G2, and part of K are made available for re-use.
Cost avoidance opportunities	—	It is assumed that renovation and periodic and recurring maintenance costs for vacated buildings can be avoided. Although, cost avoidance savings relative to the baseline are not material.
Overall cost effectiveness	—	Although re-use proceeds are significantly higher than the baseline, the capital expenditure required to construct new acute care and ambulatory facilities, as well as upgrade facilities to modern, safe, and secure standards,

Assessment of BPO 4	Impact on Baseline	Description of Impact
		and the equivalent operating costs over the forecast period results in similar net present cost compared to baseline.
Ease of Implementation		
Ease of BPO implementation	↓	The BPO is riskier than the baseline in terms of the following major categories: • Continuity of care, equal to or slightly higher than baseline in terms of transitioning acute care and ambulatory services between Buildings 500 and new facilities. Renovation of nursing home, mental health and domiciliary patient facilities may disrupt provision of care as services are transitioned to existing available structures on the campus or other GLA facilities until renovated or new accommodations are completed for occupancy. • Infrastructure, given the greater amount of new construction for the Acute Bed Tower and Ambulatory facilities, and renovation of remaining patient care facilities, yielding greater unforeseen environmental, systemic and/or structural issues. • Security, equivalent to the baseline, since renovation may not be able to conform the building to all code requirements given physical constraints of the buildings • Project realization, since project management of new construction is greater than in the baseline, and may be more vulnerable to delays, budget variances and transition complications.
Wider VA Program Support		
DoD sharing	↔	No material impact is expected since no DoD relationships are expected. However, the BPO does not preclude any potential collaboration between VA and DoD.
One-VA Integration	↑	One VA-integration is enhanced through collocating new VBA facility and construction of NCA columbarium on campus.
Special Considerations	↔	No material impact expected in terms of special considerations since the capital plan neither precludes nor enhances DoD contingency planning, Homeland Security needs, or emergency preparedness.

Assessment of BPO 4	Impact on Baseline	Description of Impact
Overall Attractiveness	↑↑	BPO 4 is attractive compared to the baseline. This BPO is likely to offer a solution that at least maintains access and improves quality for a similar net present cost as the baseline.

Appendix B - 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)*
Re-use	An alternative use for underutilized or vacant facility space or VA owned land.

Risk	Any barrier to the success of a Business Planning Option's transition and implementation plan or uncertainty about the cost or impact of the plan.
Secondary care	Medical care provided by a specialist or facility upon referral by a primary care physician that requires more specialized knowledge, skill, or equipment than the primary care physician has. *(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.

Mental Health Indicators

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