


## CARES Contracts and Reports

Request 3: VA documents given to PwC/ MicroTech & documents generated by PwC/ MicroTech

Documents Produced by Contractors



Documents produced by MicroTech

31. Phase II. Comprehensive Reuse Studies for West Los Angeles (Aug 15, 2005)

TABLE OF CONTENTS

Executive Summary

I. Project Overview..... 1  
II. Potential Range of Uses..... 2  
III. Recommended Options..... 3

Preliminary Identification of Potential Range of Uses

I. High Level Market Assessment ..... 4  
II. Private Financing and Lending Climate..... 19  
III. Political and Regulatory Climate..... 24

Recommended Options

I. Re-Use Scenarios  
a. Scenario A: Status Quo..... 35  
b. Scenario B: Cares Decision..... 37  
c. Scenario C: Medical Consolidation and Redevelopment..... 43  
d. Scenario D: Medical Consolidation, Redevelopment, and Development..... 49  
II. Rough Order of Magnitude..... 55

Endnotes..... 56

Appendix..... x

Appendix A - C

- Appendix A – Los Angeles Office Statistics
- Appendix B – LA Bioscience Industry
- Appendix C – New Directions Proposal

TAB

1

---

## EXECUTIVE SUMMARY

### *Project Overview*

#### Objective

The objective of this process is to develop a realistic and executable reuse/redevelopment plan that will ground prospective land use decision making in a rational framework corresponding to VA policy, key VA stakeholder input, and the marketplace. The process began with a successful collection of data and an initial planning analysis culminating in the completion of Phase 1.i This report completes the Phase 2 stage of the process. The objective of Phase 2 is to provide an initial assessment of a broad range of potential reuse/redevelopment options for the West Los Angeles Veterans Administration campus (hereinafter, the campus) with the understanding that the end product is conceptual and will require more detailed analysis in Phase 3.

#### Defined Scope of Work & Assumptions

The defined scope of work for Phase 2 limits the work product to a "high level" market assessment supported by a broad range of market values as well as an introductory study of the lending climate, political and regulatory environment. Furthermore, preliminary conceptual recommendations for reuse/redevelopment will be presented.

It is assumed that Business Plan Options, as articulated in PwC's Chapter 5 methodology, have not been elaborated upon since our collaboration meeting with the PwC team on July 13th 2005. This analysis is not, nor does it incorporate, an appraisal in accord with MAI guidelines. The range of uses examined below are those allowable under the Principi letter definition of commercial use. Existing land use agreements will not be terminated pursuant to reuse/redevelopment options proposed below. Further study is required to analyze the terms and conditions of existing land use agreements as well as their legal impact on reuse/redevelopment scenarios discussed below. Such analysis is beyond the scope of this study. Buildings protected by Historic designations will not be recommended for demolition pursuant to reuse/redevelopment options. Only high level costs of construction will be presented in this analysis. Operating costs, development phasing, scheduling, and net operating income estimates are not addressed in this analysis. Furthermore, development phasing and scheduling issues are not addressed. It is assumed that a transfer of fee ownership will not be considered and that the maximum land use interest considered will be a seventy-five year ground lease.



## *Potential Range of Uses*

### Options

#### Hospitality

Full service hotel:

The Principi letter as well as VA policy is assumed to limit the development of a full service hotel.ii However, a limited service hotel or hospitality venue that does not provide meeting facilities as well as food and alcoholic beverages may be a consideration.

#### Residential

Single Family Housing:

There will be no transfer of fee ownership considered on this campus, Single family housing is an inappropriate use for the land.

Multifamily Residential:

Strong consideration is recommended for multifamily residential uses limited to a market-rate or near market-rate housing for veteran senior housing, and transitional users. Consideration is also recommended for medical staff/resident/faculty housing.

#### Retail

Retail use is excluded by the Principi letter's definition of commercial; however, a retail use may be appropriate to support a modest mixed-use concept outlined below.

#### Office

General commercial office use is excluded by the Principi letter; however, a mid-rise medical-office is considered below.

#### Research & Development/ Bio-Sciences

This use will be considered. While there is minimal market data of this type of use in Los Angeles, it is similar enough to an office product to warrant a comparable assessment. iii

#### Recreation

We do not asses all ranges of recreational uses. However, we do present a high level value for a Golf course use and recommend that the underutilized parcels could provide enhanced recreational uses.

## Restrictions

The campus is subject to many restrictions for prospective reuse/redevelopment. 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 cover a substantial portion of the campus. Furthermore, there are several existing land-use agreements that provide substantial obstacles to large scale reuse/redevelopment.

## *Recommended Options*

### Scenario A

This scenario assumes the status quo and there is no reuse/redevelopment considered.

### Scenario B

This scenario reflects the implementation of the CARES decision with no additional reuse/redevelopment of vacated parcels or under-utilized parcels.

### Scenario C

This scenario recommends the redevelopment of *existing* buildings vacated by a consolidation of all healthcare facilities onto the south campus. The predominate use recommended is multi-family residential with a range of Veteran and support staff qualified tenants. Some consideration is also recommended for a hospitality use accommodating a Fisher House or similar operation.

### Scenario D

This scenario recommends *new* construction in addition to the redevelopment of existing buildings vacated by a consolidation of all healthcare facilities onto the south campus. All redevelopment recommended in Scenario C will remain intact. Additional, but limited, residential density is recommended to accommodate assisted living housing. Further consideration should be directed to an R&D/Biosciences facility, industrial/support consolidation, hospitality, medical offices, a modest mixed use project, and an expansion of the existing golf course.

TAB

2



## PRELIMINARY IDENTIFICATION OF POTENTIAL RANGE OF USES

### *High Level Market Assessment*

#### Overview of Market Trends and Values

##### Los Angeles

Overview: Los Angeles is the dominant population and economic center in Southern California. The local economy has expanded from its core in Los Angeles County to outlying Orange County to the south, Riverside and San Bernardino counties to the east, and Ventura County to the west.



Established in 1850, Los Angeles County encompasses approximately 4,083 square miles. The county consists of 87 incorporated cities that comprise 35 percent of the county. The remaining 65 percent is unincorporated.

---



Regional History: Defense related manufacturing facilitated rapid population and economic growth in Los Angeles prior to and during World War II. The economy matured and diversified with professional services and consumer goods production in a post war environment. Expansion and diversification continued until a substantial recession commenced in the early 1990's. Defense related manufacturing decreased 54 percent between 1987 and 1996.iv

With renewed homeland security and defense spending after the events of September 11, 2001 and the commencing of military actions in Iraq and Afghanistan, the economy has begun to rebound. Employment in defense related industries in the Los Angeles area has consequently increased 24 percent above the 1996 statistic mentioned above.

Demographics: Currently Los Angeles County hosts a population of approximately 9,519,338 million people with much of the projected regional population growth occurring to the east in San Bernardino and Riverside counties.

Population Trends						
County	1980 Census	1990 Census	2000 Census	2010 Projection	Annual % Change 1990/2000	Annual % Change 2000/2010
Los Angeles	7,477,421	8,863,164	9,519,338	10,604,452	0.70%	1.10%
Orange	1,932,708	2,410,556	2,846,289	3,163,776	1.70%	1.10%
San Bernardino	895,016	1,418,380	1,709,434	2,187,807	1.90%	2.50%
Riverside	663,199	1,170,413	1,545,387	2,125,537	2.80%	3.20%
Ventura	529,174	669,016	753,197	854,580	1.20%	1.30%

Source: US Census and California State Department of Finance

Employment by Industry: Recent trends have been dominated by a decline in wholesale trade, mining, and manufacturing with modest increases in government and retail employment.

Los Angeles County Non-Farm Employment By Industry						
Industry	1991 Employment	Percent of Total	2003 Employment	Percent of Total	2006 Employment	Percent of Total
Mining	6,800	0.2%	3,800	0.1%	3,800	0.1%
Construction	130,700	3.3%	133,500	3.3%	159,200	3.4%
Manufacturing	750,900	18.9%	500,000	12.5%	656,800	14.0%
Durable Goods <sup>1</sup>	474,200	11.9%	277,500	7.0%	359,500	7.7%
Non-durable Goods <sup>1</sup>	276,800	7.0%	222,500	5.6%	297,300	6.3%
Transportation & Utilities	160,000	4.0%	163,300	4.1%	278,700	5.9%
Wholesale Trade	222,300	5.6%	214,400	5.4%	290,100	6.2%
Retail Trade	393,100	9.9%	399,500	10.0%	680,700	14.5%
F.I.R.E.	266,300	6.7%	438,600	11.0%	437,460	9.3%
Services	1,512,700	38.0%	1,538,000	38.5%	1,549,500	33.0%
Government	539,900	13.6%	599,200	15.0%	637,300	13.6%

Total	3,982,700	100.0%	3,990,300	100.0%	4,693,560	100.0%
* Percentage is of manufacturing employment and is not included in the total						
Source: State of California Employment Development Department						

**Largest Private Employers:** The following table documents the largest private employers (excludes government employment) in Los Angeles county.

LARGEST PRIVATE EMPLOYERS - LOS ANGELES COUNTY			
Rank	Company	Los Angeles Employees	Core Business
1	Kaiser Permanente	27,635	Health Maintenance Organization
2	Boeing North America Inc.	23,468	Aircraft and Aerospace Manufacturing
3	Ralphs Grocery Co.	17,211	Supermarket Operator
4	Bank of America	11,943	Commercial Bank
5	Target	10,993	Department Retailer
6	SBC Pacific Bell	10,670	Telephone, Wireless, Internet, Cable TV
7	CPE	10,245	Employee Benefits Consultants
8	Northrop Grumman Corp.	10,000	Aircraft and Aerospace Manufacturing
9	University of Southern California	9,297	Private University
10	ABM Industries Inc.	9,200	Building Services
11	Cedars-Sinai Medical Center	8,582	Medical Center
12	Federated Department Stores Inc.	7,326	Retail Department Stores
13	Kelly Services	6,500	Temporary & Fulltime Placement Firm
14	Medical Management Consultants Inc.	6,419	Healthcare Outsourcing/Staff Leasing Services
15	Washington Mutual F.A.	6,157	Commercial Bank
16	Edison International	5,565	Utility Company
17	Sempra Energy	5,099	Energy Services/Utility Company
18	Providence Health System	5,000	Full-Service Medical Facilities
19	Countrywide Credit Industries Inc.	3,856	Residential Lending
20	Lockheed Martin Corp.	3,827	Aircraft and Aerospace Manufacturing
21	WellPoint Health Networks Inc.	2,981	Healthplans
22	Costco Wholesale	2,610	Bulk Retail Sales
23	Toyota Motor Sales, Inc.	2,600	National Headquarters for Toyota Motor Corp.
24	Health Net Inc.	2,299	Hospital and Medical Insurance
25	Farmers Insurance Group	2,190	Insurance
Source: Los Angeles Journal The 2003 Lists			

Los Angeles County Higher Education: Higher education institutions in the Los Angeles area include University of California campuses at Los Angeles, Irvine, and Riverside. The area also hosts California Institute of Technology, University of Southern California, and eight California State Universities.

### West Los Angeles

Overview: The campus subject to this study is located in West Los Angeles. West Los Angeles is bounded by the Fairfax Avenue/La Cienega Boulevard to the east, Los Angeles International Airport to the south, the Pacific Ocean to the west, and the Santa Monica Mountains to the north. It is one of the most affluent and densely populated areas in the region. Beverly Hills, West Hollywood, Santa Monica, Malibu, and Culver City are incorporated cities that are within West Los Angeles along with unincorporated communities such as: Westwood, Century City, Pacific Palisades, Hollywood, Bel Air, and Brentwood. The area benefits from its unique proximity to the Pacific Ocean, corresponding good weather, and extensive transportation infrastructure.

Transportation: The San Diego Freeway (405) and Santa Monica Freeway (10) are West Los Angeles' primary freeways with the San Diego Freeway provides the major north/south route and Santa Monica the major east/west route. The San Diego Freeway is incorporated into the Golden State Freeway (5) which is the primary north/south artery in California and along the United States west coast. The local roads providing north/south access are Sepulveda, Lincoln, Robertson, and La Cienega Boulevards. East/west access is provided by Wilshire, Sunset, Olympic, Santa Monica, Venice, Pico, Washington, Venice, Manchester, Jefferson, and Century Boulevards.



**Demographics:** The following table illustrates the affluent and growing demographic in the West Los Angeles area surrounding the campus.

Demographic Report	11301 Wilshire Blvd 1 mile radius	11301 Wilshire Blvd 3 mile radius	11301 Wilshire Blvd 5 mile radius
2004 Estimated Population	50,115	205,924	536,889
2009 Projected Population	52,693	216,239	563,429
2000 Census Population	48,308	197,900	515,817
1990 Census Population	42,635	188,710	497,309
Growth 2000-2004	3.74%	4.05%	4.09%
Growth 2004-2009	5.14%	5.01%	4.94%
2004 Estimated Median Age	27.17	35.75	36.94
2004 Estimated Average Age	33.56	39.30	39.33
2004 Estimated Households	20,892	95,905	253,700
2009 Projected Households	22,346	101,519	267,198
2000 Census Households	19,745	91,421	242,861
1990 Census Households	17,995	86,588	232,335
Growth 2000-2004	5.81%	4.90%	4.46%
Growth 2004-2009	6.96%	5.85%	5.32%
2004 Est. Average Household Size	1.86	2.01	2.05
2004 Est. Median Household Income	\$47,497	\$61,418	\$56,665
2009 Prj. Median Household Income	\$51,453	\$67,338	\$63,012
2000 Cen. Median Household Income	\$44,501	\$56,971	\$52,080
1990 Cen. Median Household Income	\$35,165	\$43,641	\$39,918
2004 Est. Average Household Income	\$79,022	\$104,239	\$95,232
2004 Estimated Per Capita Income	\$34,792	\$49,321	\$45,470
2004 Estimated Housing Units	21,893	100,657	266,143
2004 Estimated Occupied Units	20,892	95,905	253,700
2004 Estimated Vacant Units	1,002	4,752	12,443
2004 Est. Owner Occupied Units	4,452	37,107	91,650
2004 Est. Renter Occupied Units	16,440	58,798	162,050
2004 Est. Median Housing Value	\$506,001	\$666,150	\$605,416
2004 Est. Average Housing Value	\$649,729	\$750,821	\$711,350

© 2005 CB Richard Ellis. All rights reserved. This report contains information from sources we believe to be reliable, but we make no representation, warranty or guarantee of its accuracy. Opinions, assumptions and estimates constitute CBRE's judgment as of the date this report is first released and are subject to change without notice. CBRE holds all right, title and interest in this report and the proprietary information contained herein. This report is published for the use of CBRE and its clients only. Redistribution in whole or part to any third party without the prior written consent of CBRE is strictly prohibited.



Market Values:

The figures mentioned below are high level ranges based on interviews with local real estate professionals and comparable transactions. Due to the size and scope of potential reuse/redevelopment of the campus there are not specific comparable transactions within the area. With nearly 400 acres of low density development surrounded by the most valuable high density development in the Los Angeles area, the campus offers an unparalleled reuse/redevelopment opportunity. A high level attempt to value specific scenarios is especially speculative at this stage of analysis.

Definition of Market Value: Market value is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. The following elements are assumed transactional conditions:

1. Generally, buyer and seller are motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure to the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Exposure/Marketing Time: Exposure time is an estimated period required to dispose of a property in an open and free market. Since it is assumed that an enhanced use lease agreement for prospective reuse/redevelopment projects would be subject to a seventy-five year ground lease, a unique variable is introduced.

Under current market conditions, an estimated six to twelve months is reasonable exposure time. However, additional time should be expected in an enhanced use lease due to transactional constraints of this property.

Reuse Options:

Overview:

The range of reuse/redevelopment options is substantially limited by legal constraints and VA policy. Specific guidance for this study has been provided by the Principi Letter. The Principi letter excludes all commercial and industrial development. "Commercial" is defined as a use that

---

provides products and/or services exclusively to the general public. However, a use that supports or compliments the needs of veterans may be permissible.

The figures below represent values in the open market. If the VA elects to proceed with an end user that is atypical in the open market then adjustments will need to be considered based on the net operating income achievable for a unique use. For example, if the VA elects to enter into a ground lease with a developer who will provide transitional housing for low income veterans then the value of that lease will not correspond to an open market price, as the values below do, but rather to the operating income achievable by the unique end user identified.

Furthermore, it must be noted that all construction cost ranges below may be subject to the Davis Bacon Act. If the Davis Bacon Act is applicable to prospective construction on the campus, its "prevailing wage" requirement may add twenty to twenty-five percent to construction costs. Generally, the Davis Bacon Act is applicable to the construction of public buildings. It is recommended that the VA determine whether the Act applies to private development for purposes of an enhanced use lease. Determining the applicability of the Act is beyond the scope of this report.

Hospitality: Hotel developers will look at total development costs on a per room basis relative to Average Daily Rate [ADR] and occupancy in the specific sub-market. A rough rule of thumb is that for each \$1,000 in development costs, the hotel should get \$1 in rate; e.g., if total costs are \$150,000/room, the market needs to support an average rate of \$150/night.

An upscale limited service use may be most appropriate to the campus. Generally, a limited services use hotel does not provide food and beverage, meeting space, or alcohol. The development costs could be as low as ~ \$55-65,000/room for a brand such as a Hampton Inn & Suites up to ~ \$140,000/room for a Residence Inn, Sierra Suites, etc. excluding land costs. This is a wide range but professionals expect the site would garner widespread interest, depending on specific location, visibility and access.

According to PKF Trends report, the ADR in the West L.A. area for 2004 was \$183.53 with an occupancy of 73.83%. Currently, the ADR is at \$196.95 at 77.71%, indicating a very strong sub-market.

Theoretically, total development costs including land could approach \$180,000 per room and still be sufficient for market conditions. Hypothetically, assume a hotel developer will need 2.5 acres to build 140 rooms and his costs, exclusive of land, will run between \$80,000 to \$140,000 per room. If an average cost of \$110,000 per room is assumed, the developer could spend another \$60-70K/room for land. At 140 rooms = \$9,100,000 for 2.5 acres = \$84/s.f.

Hotel developers will be concerned with this kind of price per room for land, but professionals speculate that land values in the Wilshire/405 area are in that range, or even higher. Another way to analyze the potential would be to determine what the current fair market value for the

land for the hotel site is, and then back into the cost per room. Then a determination can be made if hotel market justifies that price, and will also assist in identifying specific franchises/hotel types that can afford it. If there is interest in pursuing this type of product, more analysis will be required.

Residential:

Single Family: This use is not considered appropriate for the campus because prospective single family homes would be for lease due to the limitations of a ground lease.

Condominium: This use is assumed not viable for the same reasons above for single family housing.

Leased Apartments: The multifamily residential market in Southern California is a strengthening market with average annual rent increases ranging from 3 ½ to 6% since 2004.

Leased apartments in proximity to the campus command average rents of \$2,300 a month for a 2 bedroom unit. However the real driver of the residential market has been for condominiums. Sale prices for condos in the surrounding Brentwood community range from \$850-900 a square foot. Land values could achieve more than \$200 per square foot depending on the density allowed for a condominium project. Proposed rental apartment land sites have sold in range of \$150-200 per square foot.

There has been substantial recent residential conversion projects in downtown Los Angeles. Typically, older inefficient office buildings are being converted to accommodate a residential use. All known projects have been for condominium occupants. However, a range of value for these conversion projects is \$70-100.00 per square foot. West LA is a stronger market than downtown and values would likely be higher. Despite the locational variance, the downtown projects are comparable conversion scenarios and consequently serve as a helpful benchmark.

Construction costs should be analyzed from both new construction and reuse of existing building scenarios. A high level range for new residential construction with sub-terranean parking is approximately \$250-350 a square foot. The range will shift to \$125-150 for the reuse of existing buildings, exclusive of historic designation related costs.

Assisted Living: Assisted living will only be appropriate for new construction. Local operators such as Sunrise and Silverado have rigorous special use requirements for facilities to accommodate their services that are ill suited for rehabilitated buildings. Both Sunrise and Silverado are active in West Los Angeles. Commencing in 2006, Sunrise will operate a large new facility as part of the massive new community Playa Vista being developed in Marina Del Rey. Without special care such as Alzheimer care it is not



uncommon to achieve a monthly income per room of \$6,000.

An assisted living use is not without its problems. Obtaining permitting for construction and occupancy is challenging due to the nature of use. Furthermore, there are frequent ambulance requirements for deaths and medical emergencies. Many facilities also require substantial "wandering paths" to accommodate senior exercise but if the facility houses Alzheimer patients there may be consequent challenges accommodating such paths. Local developers also point out that the market for such use may not be very deep. The reason for the shallow market is attributed to an affluent demographic that can afford comparable in-home care.

According to local developers familiar with assisted living projects the land value per square foot ranges from \$60-65. Such facilities generally require 1 ½ acres which include wandering paths.

Mixed-use with Retail:

Land sale values for mixed use projects in Los Angeles range from \$150-250 a 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 with retail and residential. Construction costs for a mixed-use project with sub-terranean parking should be expected at minimum to be \$250 per square foot.

Office: Land sale values for proposed office buildings are approximately \$150.00 a square foot depending on location, density, and probable quality of tenants. Construction costs for an office project ranges from \$100-125 per square foot for a building in core and shell condition. An additional \$35-40 per square foot should be budgeted for interior design and build out.

The Los Angeles office market consists of 2,080 buildings with total rentable square footage of 200,223,000 square feet which indicates an average building of approximately 95,000 square feet. The majority of the buildings in Los Angeles were built prior to 1990. Current vacancy rates are around 14% but have been decreasing."

It is assumed that under the constraint of the Principi letter, conventional multi-tenanted office buildings for lease to private entities will not be considered. However, a medical office building housing doctors, related staff, and vendors supporting the campus with products and services may be appropriate. According to local professionals, annual rent for a medical office use may command as much as \$42.00 annually per square foot. A recent transaction indicates that a land sale value slightly higher than \$250 per square foot can be achieved. Medical office use requires substantially more parking than conventional office buildings due to the high level of patient traffic.



Research & Development/Biosciences: There are few comparable facilities in the Los Angeles area for Bio-Science uses.vii Potential private Bioscience 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 want to cluster together with similar users and universities that support similar research. Of the uses explored in this report, this use potentially may most closely approximate "commercial" as defined in the Principi letter consequently generating the most controversy. In fact, Los Angeles County supervisor Zev Yaroslavsky is specifically opposed to a Bioscience facility operated by a private entity. UCLA has expressed interest in exploring the concept of having a Research & Development facility on the campus, and they are likely to much more warmly receive by the surrounding community than a private user.

Due to the unusual nature of use for the surrounding market, more detailed study is required to estimate costs and market value. However, for purposes of this study, most professionals interviewed agree that the land value is comparable to a general office use scenario which is approximately \$150 per square foot. Lease rates should be proximate to conventional office use in the surrounding area at \$36.00 per square foot per year at a Full Service Rate.viii However, Tenant Improvement allowance packages are an important departure from conventional office economics. Where a conventional office transaction, if generous, may provide \$20-30.00 per square foot for a tenant improvement allowance; a Bioscience facility may command \$110 a square foot. ixThis is because such facilities are usually provided as a cold dark shell - akin to a warehouse. Since more investment is required to construct the interior of the space, Bioscience tenants usually sign longer term leases than conventional office transactions. A Tenant may invest as much as \$50-100 additional dollars into the interior construction.

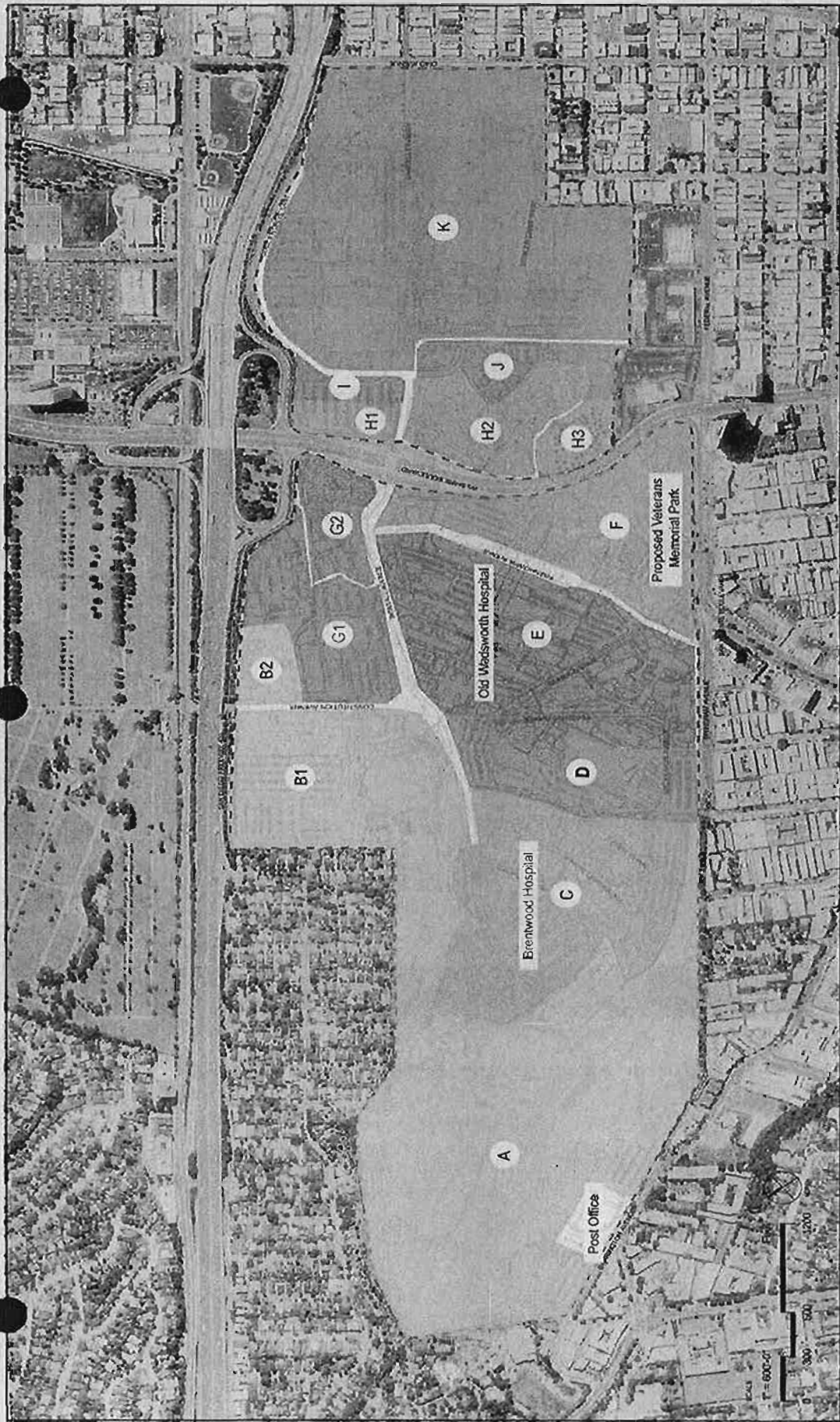
Recreation/ Athletic Fields: The local VA in West LA has considered expanding the nine-hole golf course to an eighteen-hole course. There have been discussions with the famed Robert Trent Jones Company to design the course. There are limited options in proximity to the campus that accommodate Golf. The existing course is on the highest elevation of the campus and offers majestic views. Such use may be a palatable amenity to the surrounding community. With stringent community opposition expected to any change in the status quo on the campus, offering an amenity such as this may be especially helpful in mitigating opposition to other reuse scenarios.

Furthermore, additional recreational space should be considered for the green space in the North Campus. UCLA has expressed interest in additional space for athletic activities. Even if additional athletic fields are not considered, walking and running trails may be an added amenity generating further goodwill from the surrounding community.

A range of land value for a golf course use would be approximately between \$2-3.00 a square foot.x Nationally, the golf course development market is in a depression. New development has decreased from a high of 500 courses per year in 2001 to 60 in 2004. A recent trend has been the







**Department of  
Veteran Affairs  
West Los Angeles Campus**

Contract No. 101-X50031

Los Angeles, CA

BPO C Other Options for Exploration.  
Overlay on Options B1 or B2.

- ZONES**
- A C-7 Expansion of Golf Course
  - B1 B2 C-8 Brentwood Senior Equipment
  - C C-3 Medical Resident Nurse Staff Housing  
C-4 Affordable Veteran Housing
  - D C-14 CA Strata Veterans Home

- E C-2 Homeless/ Residential Care
- C-3 Medical Resident Nurse Staff Housing
- C-4 Affordable Veteran Housing
- C-5 Fisync House
- C-6 Transitional Housing/ New Directions
- C-9 Relocation of Rehab to Long Beach
- F C-11 Veterans Memorial Park
- G-1 G-2 C-1 Business Research Institute
- C-12 Medical Office Building

- HIGHWAYS**
- I C-5 Fisher House
  - J C-1 Business Research Institute
  - K C-5 Fisher House
  - C-10 YF/CA
  - C-12 Medical Office Building
  - C-13 Kadena

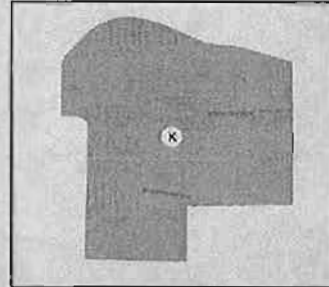
**PREPARED BY**

MACROTECH LLC, Prime Consultant  
 M ASSOCIATES  
 JULY 2005 DRAFT

CBRE - Real Estate Services  
 GENSLER - Architect  
 EDAW, INC. Landscape Architecture and Design  
 ONDL, INC. Environmental Engineering and Planning  
 APEX

31-16

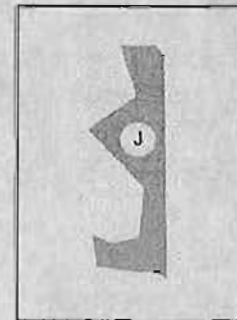
Zone K has approximately 67 acres and 6 buildings with a gross square footage of 1,040,887. With the Wadsworth Hospital, the largest and most modern medical facility on the campus, expansive surface parking, access off Wilshire Blvd, and underutilized land, this zone presents ample development opportunity.



Legal constraints challenging prospective development on this Zone include a land use agreement with the American Red Cross. The terms and conditions of that agreement require additional study. Furthermore, the Cranston Act encumbers a portion of this zone in its western reach adjacent to the National Guard facilities.

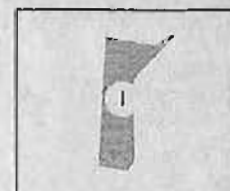
In the most recent study of this area, presented in 2001, a recommendation was made to attempt to recapture the Army and National Guard facilities to the west of the zone fronting Federal Avenue. Exploring the viability of such a recapture is beyond the scope of this study but may be of interest in prospective studies.

Zone J has approximately 14 acres and 7 buildings with a gross square footage of 7,928. It is largely a green area peppered with housing. The most prominent of which is the historic Governors House.



The central legal constraint to reuse/redevelopment on this zone is its inclusion on the National Register of historic districts. Consequently, any prospective reuse/redevelopment must be aligned with the architectural style and density. In depth analysis of potential exceptions and precedent of the effect of this historic designation are beyond the scope of this study but may be appropriate for further analysis.

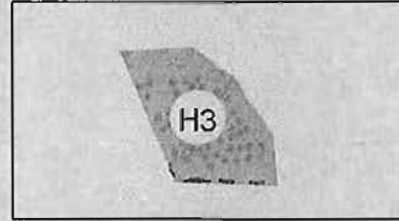
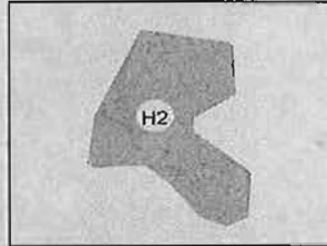
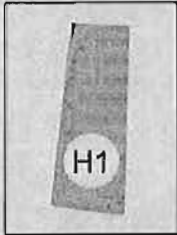
Zone I has approximately 3 acres and is currently used as surface parking in support of the Wadsworth Hospital in the south campus. There are no known legal constraints to reuse/redevelopment of this zone.



Zone H1, H2, H3 consists of 20 acres and is currently used for surface parking, residential, and green space. Zone H3 is encumbered by the Cranston Act and Zone H2 is encumbered by its historic designation. Zone H1 is not encumbered. Zone H2 abuts Wilshire and provides a pleasant and unique green space along the Wilshire corridor. This zone along with the adjacent Zone J to



the south is constrained by its historic designation. Zone H3 consists exclusively of a green area populated with attractive trees.



Zone F has approximately 19 acres and is mostly green space fronting Wilshire and San Vicente. The majority of this zone is allocated for a proposed Veterans Park developed by The Veterans Park Conservancy. The Conservancy has requested an enhanced use lease agreement for the park, but the local VA leadership has indicated that they are concerned with ceding too much control to this organization. Some local professionals speculate that the Conservancy may have proposed this use as a preemptive strike against prospective redevelopment. The intersection of San Vicente and Wilshire is a premier location and would likely command significant interest from developers.



Legal constraints are unknown as we have not analyzed the terms and conditions any existing land use agreement for the proposed park.

Zone E is consistent with the Old Wadsworth Hospital District. This area has approximately 47 acres and 26 buildings with a gross square footage of 835,518. The zone currently hosts facilities with research, acute care, nursing home care, administrative, and domiciliary uses. Salvation Army currently occupies a building in the northerly section of this zone. This zone is constrained by the historic designation discussed above. The buildings are architecturally attractive but do not meet contemporary seismic standards. New Directions, an entity providing vocational training and rehabilitation services, is also located on this site. They have expressed interest in expanding their operations into new construction, providing low-income senior veterans housing, adjacent to their existing building.xii

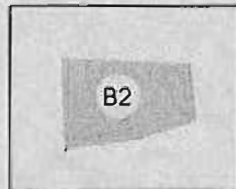


Zone G1, G2, G3 has approximately 23 acres and 15 buildings with a gross square footage of 160,485. This area is currently used for quasi industrial uses such as engineering shops and laundry. Many of the existing buildings are inefficient and spread out. The zone abuts Wilshire and

the San Diego Freeway as well as Constitution. A portion of the zone fronting Wilshire Boulevard is designated a historic district.



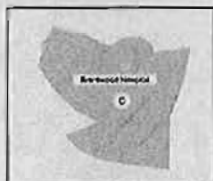
Zone B1 and B2 is approximately 14 acres and 3 buildings with a gross square footage of 12,937. This zone is adjacent to a low density single family housing neighborhood. Reuse/redevelopment for this area when considered in the most recent 2001 land use plan was met with the greatest amount of controversy. This was due to the low density of the adjacent residential neighborhood. Currently, a columbarium supporting the National Cemetery Administration is proposed for the zone. Zone B2 is adjacent to Zone G and is currently leased to Brietburn Energy who utilizes the site for oil drilling. The legal constraint on the site is the existing lease with Brietburn energy. The terms and conditions of that agreement require further study.



Zone D approximately 17 acres and 5 buildings with a gross square footage of 26,162. The majority of the site is designated for the proposed California State Home and as such will not be considered for reuse/redevelopment by this study.

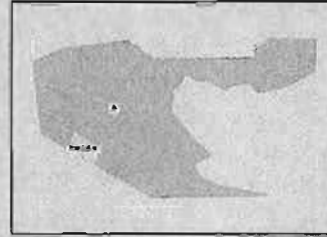


Zone C is approximately 37 acres and 16 buildings with a gross square footage of 684,735. This zone is consistent with the historic Brentwood Hospital District which currently is used for medical support services, homeless facilities, and rehabilitation. Although we have not reviewed a proposal, it is our understanding that discussions have taken place to redevelop three of the northernmost buildings to a transitional/homeless veterans use. At the time of this report, additional information on this proposal is unavailable. The central legal constraint on this campus is its historic designation as discussed above.



Zone A is approximately 105 acres and 13 buildings with a gross square footage of 14,980. This area is predominately recreational in nature. UCLA leases the ground where it has its Jackie Robinson stadium. UCLA has indicated strong preference to retain the stadium in addition to expanding their use of other prospective recreational grounds. The Zone also hosts a therapeutic

garden as well as a Japanese garden adjacent to a 9 hole golf course. The Golf course is positioned on the highest point of the campus and has impressive views. In contrast to the prevailing recreational use in the Zone, a portion of the campus abuts the Brentwood Village commercial corridor. This portion is currently a surface parking lot servicing the Brentwood shopping area and is subject to a lease agreement with Brentwood C of C. There is some ambiguity about the ownership interest the US Post Office has in its land. Further study is recommended to ensure the deed has been transferred properly.



At one time it was part of the VA campus, but further study is required to evaluate and clarify the current ownership status.

The Brentwood School leases a 20 acre site supporting its athletic programs. The school informed us that it has entered into an agreement with the VA to lease an additional parcel of land adjacent to their existing parcel. They are considering constructing a swimming pool. The Brentwood school is beginning a master planning process and may have more specific proposals upon the completion of that process.

## PRIVATE FINANCING AND LENDING CLIMATE

Enhanced Use Leasing (EUL) allows the Department of Veterans Affairs (VA) to out lease available non-excess real property (land and facilities) to the private sector in return for cash and in-kind consideration. The income from such leases can be used to fund a wide range of programmatic requirements and projects such as maintenance, protection, repair and improvement of existing government facilities; construction or acquisition of new facilities; and restoration of land or facilities to include environmental restoration. Utilizing EUL authority can result in projects such as new or renovated offices, warehouses, hospitals, and veteran care facilities. The leveraging of private capital for VA purposes can be used to provide facility related requirements. In addition, EULs may improve utilization of property; stimulate the local job market; foster cooperation between the installation and the private sector; and introduce valuable federal property into the local economy.

EUL is part of the asset management program in the VA and can include a variety of different leasing arrangements (e.g. lease/develop/operate, build/develop/operate). The Lease/Develop/Operate (LDO) or Build/Develop/Operate (BDO) are partnerships arrangements where, the private party leases or buys an existing facility from a public agency; invests its own capital to renovate, modernize, and/or expand the facility; and then operates it under a contract with the public agency. A number of different types of municipal transit facilities have been



leased and developed under LDO and BDO arrangements. Under both scenarios the EUL decision is almost exclusively driven by economics. The economics of a EUL transaction take on many different forms and should not be thought of merely as financial investments. The economics of every project are different and return expectations are different as well; with the bottom line being the financial return generated by the redevelopment asset must be competitive with prevailing market returns.

The economics on a transaction require that the VA must receive cash or "in kind" consideration equal to fair market value for the leasing of real property. The level of capital investment on a project a developer is able to secure on a transaction is determined in part on the conditions in the bond market conditions. Developers typically obtain non-recourse financing without VA funds or appropriated funds obligated or committed to finance, construct, operate, and maintain the VA leased asset. A negotiated return in the form of a ground rent or dollar valued service is often provided to the VA. The Developer/Lessee issues taxable bonds known as Taxable Lease Revenue Bonds.

In order for an EUL project to be competitive in a given market it must compete economically with every other potential development, redevelopment and investment opportunity. The project must produce the same risk/return values that the market is commanding in that location. Outlined below are the prevailing, Market and Real Estate Financing Conditions that will impact a developers bond financing.

### *Market Overview*

The U.S. economy during the week of July 25 - July 29, 2005 expanded at a 3.8% annual rate in the first quarter (Q1), matching the pace in the previous three months. This estimate follows the preliminary GDP announcement of 3.5% last month. The Q1 GDP price index rose at a 2.9% annual rate, less than the 3.2% median forecast. Bloomberg consensus estimates show Q2 Advance Annualized GDP increasing 3.4% and the Q2 Advance Price Index increasing by 2.5%.

Economic Announcements Calendar, July 25 - July 29, 2005 <sup>xliii</sup>		
	Bloomberg Survey	Last Announcement
25 -July		
Existing Home Sales (June)	7.14M	7.13M
26-July		

Consumer Confidence (July)	106.1	105.8
27-July		
Durable goods Orders (June)	-1.0%	5.5%
Durables Ex. Transportation (June)	1.0%	-0.3%
New Home Sales (June)	1300K	1298K
28-July		
Initial Jobless Claims (July 23)	320K	303K
28-July		
GDP Annualized (Q2A)	3.4%	3.8%
Personal Consumption	3.4%	3.6%
GDP Price Index (Q2A)	2.5%	2.9%
U. of Michigan Confidence (July F)	96.5	96.5

The Treasury market on July 28, 2005 was trading slightly lower in the morning, but judging by the activity, investors could be "seeing the light" about the value of the bond market.<sup>xiv</sup> The twelve reporting districts of the Federal Reserve offered in their report that the economy was growing nearly everywhere, but that price pressures were minimal. Even though they reported that housing remained strong, they also pointed out that the growth in the labor force was mixed and wage pressures were moderate. All of this likely adds up to solid growth, but low inflation. This raises questions about the long end of the bond market. The housing numbers came in stronger than expected yesterday. Close attention to the 2-year note auction revealed that it took close to 4.00% to sell the \$20 billion in notes, but when you look at the bid-to-cover ratio (2.38 to 1 vs. 2.23 to 1 last month) and the indirect bidding (35.0% vs 28.0%), it is a potential indication of something different. It appears as if there is a broad value in all areas of the yield curve that lately has not been prevalent with investors. If you look at the numbers the Chinese continue to see a reason to invest in the U.S. bond market. The next few days will likely be a very important day for bond and stock traders as the 2nd quarter GDP (exp. 3.4% vs 3.8%) and the Employment Cost Index (exp. Up 0.8% vs 0.7%) are released. This may reflect that smart money already knows the long end of the bond market has value.<sup>xv</sup>

## *Real Estate Financing Conditions*

### Commercial-Mortgage Securities Are Headed Toward a Record Year As Real-Estate Financing Shifts

Investors' love affair with real estate is producing a record year for commercial mortgage-backed securities, signaling a further shift in real-estate financing from banks to Wall Street.

Cash is flooding into the market, where mortgages for skyscrapers, strip malls and other commercial properties are bundled together and sold off as bonds to investors varying from pension funds and insurance companies to hedge funds and wealthy investors.

That strong demand, however, is driving down the yields investors receive. And some bankers fear the rush into the bonds may even loosen lending standards, allowing real-estate buyers to borrow more and thus drive up property prices.

In other words, investors could be putting themselves at risk if their zealotry to lend by purchasing mortgage bonds causes property buyers to overreach.

"What is supporting real-estate prices?" asks Rob Brennan, who runs Credit Suisse First Boston's real-estate finance and securitization group. "It's the availability of competitively priced debt. That's thanks to the public CMBS market."

Real-estate owners borrowed \$72 billion through CMBS debt in the first half of 2005, compared with a record \$94 billion for all of 2004, according to the Commercial Real Estate Securities Association. The CMBS market has grown tenfold during the past decade, with about \$500 billion of securities outstanding.

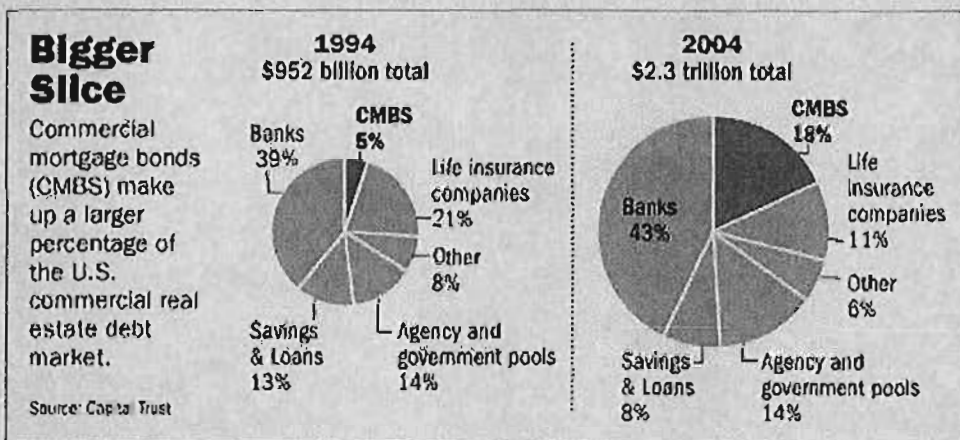
"CMBS is slowly eating away market share from traditional real-estate lenders like banks and life-insurance companies," said John Westerfield, a Morgan Stanley managing director responsible for real-estate lending. That may be why traditional lenders Bank of America Corp. and Wachovia Corp. now also happen to run the leading CMBS operations.

Sam Zell, a well-known real-estate investor and chairman of Equity Office Properties Trust, the biggest office-building owner in the country, believes that the CMBS market has removed some of the clubbiness in the industry, allowing people to raise funds even if they don't have relationships with bankers. "It's made the overall commercial real-estate market more viable to everybody," Mr. Zell said.



For CMBS investors, the insatiable thirst for yield in a low-yield world is driving much of the demand. While yields on CMBS bonds have fallen, they still offer higher payouts than most government and corporate bonds. But with so many players flooding the CMBS market, returns for investors also are less rewarding than in the past: According to J.P. Morgan, the yield on a single-A-rated CMBS dropped to 5.23% from 5.88% three years ago, while the yield premium the bonds pay above Treasury securities dropped to one percentage point from 1.35 percentage points.

"People are taking more risk for less reward," said Ken Cohen, a Lehman Brothers managing director who puts together CMBS deals.



Still, the yield advantage to other bonds is still attractive enough for many investors. Putnam Investments, for example, now holds

CMBS in more than 10% of its active accounts, compared with less than 1% two years ago. "As long as [yield] spreads stay where they are, we're going to be heavily involved," said Rob Bloemker, managing director and team leader of the mortgage-backed securities and government group for Putnam.

Which is why some in the industry fear that real-estate owners will keep borrowing more and more, a real problem should the property market pull back. But it isn't just property buyers who are piling in.

"The real pressure is coming from the developers," said Mark Finerman, who heads the real-estate finance group for RBS Greenwich Capital. Indeed, gung-ho developers can get a loan to break ground on a new building in Manhattan for as little as a 5% down payment on the property.

The CMBS market grew out of the Resolution Trust Corp., which was created to sell off assets of failed savings and loans in the late 1980s and early 1990s. The RTC issued nearly \$15 billion of commercial mortgages, which Wall Street firms soon found a way to turn into bonds, with each bond divvied up into individual "tranches" that allow buyers to pick their preferred level of risk.

But conventional developers were slow to adopt CMBS financing. They already had age-old relationships with traditional bankers and insurance companies. While CMBS offered better rates, developers disliked the restrictions against paying off debts early and making changes to buildings and having less contact with bankers.

"We stayed away from them for years," said Gentry Hoyt, executive vice president of capital transactions for national office landlord Shorenstein Co. That was then: Recently, Shorenstein used CMBS debt to buy office towers like 125 Park Ave. in New York City and 45 Fremont St. in San Francisco.

The CMBS market seized up along with other credit markets in the wake of the 1998 Russian debt crisis, and the Sept. 11, 2001, attacks also scared off some investors who didn't want to own bonds backed by loans on any one property market. But the market came back, helped by the fact that more loans now routinely back each bond. That makes the bonds less susceptible to the fortunes of a few buildings.<sup>xvi</sup>

## POLITICAL AND REGULATORY CLIMATE

### *Federal Regulatory Issues*

Section 8162 of Title 38 United States Code provides, in part, that, "The Secretary may exercise the authority provided by this subchapter notwithstanding ...any other provision of law (other than Federal laws relating to environmental and historic preservation) inconsistent with this section." While this language provides substantial weight and authority to the primacy of this authority in connection with the Secretary's discretion regarding the use of lands under VA use/control, the next sentence in 8162, puts a significant encumbrance on the Secretary's authority with respect to certain lands. That sentence reads:

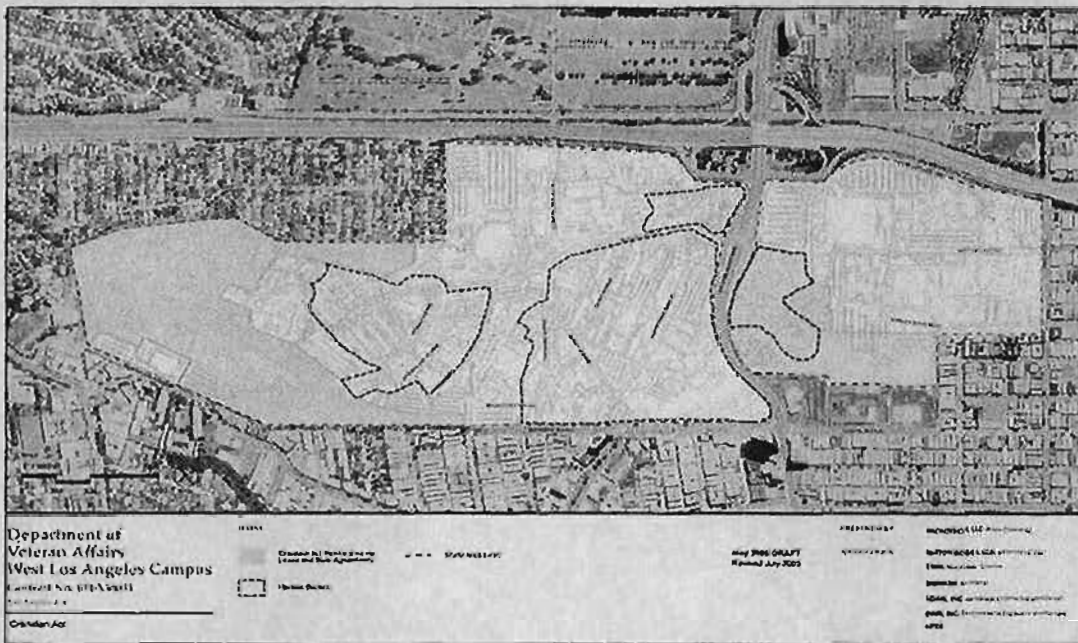
"The applicability of this subchapter to section 421(b) of the Veterans Benefits and Service Act of 1988 (Public Law 100-322; 102 Stat. 553) is covered by subsection (c).

Subsection (c) provides that except for child care services, "the entering in to an enhanced-use lease covering any land or improvement described in section 421(b) of the Veterans Benefits and Service Act of 1988 (Public Law 100-322; 102 Stat. 553) shall be considered to be prohibited by that section unless specifically authorized by law." Section 421(b) of the Veterans Benefits and Service Act of 1988 provides:

The Administrator may not declare excess to the needs of the Veterans' administration, or otherwise take any action to dispose of, the land and improvements at the Veterans' Administration Medical Center, West Los Angeles, California (consisting of approximately 109 acres) . . . described in letters dated February 5, 1986 (and enclosed maps), from the

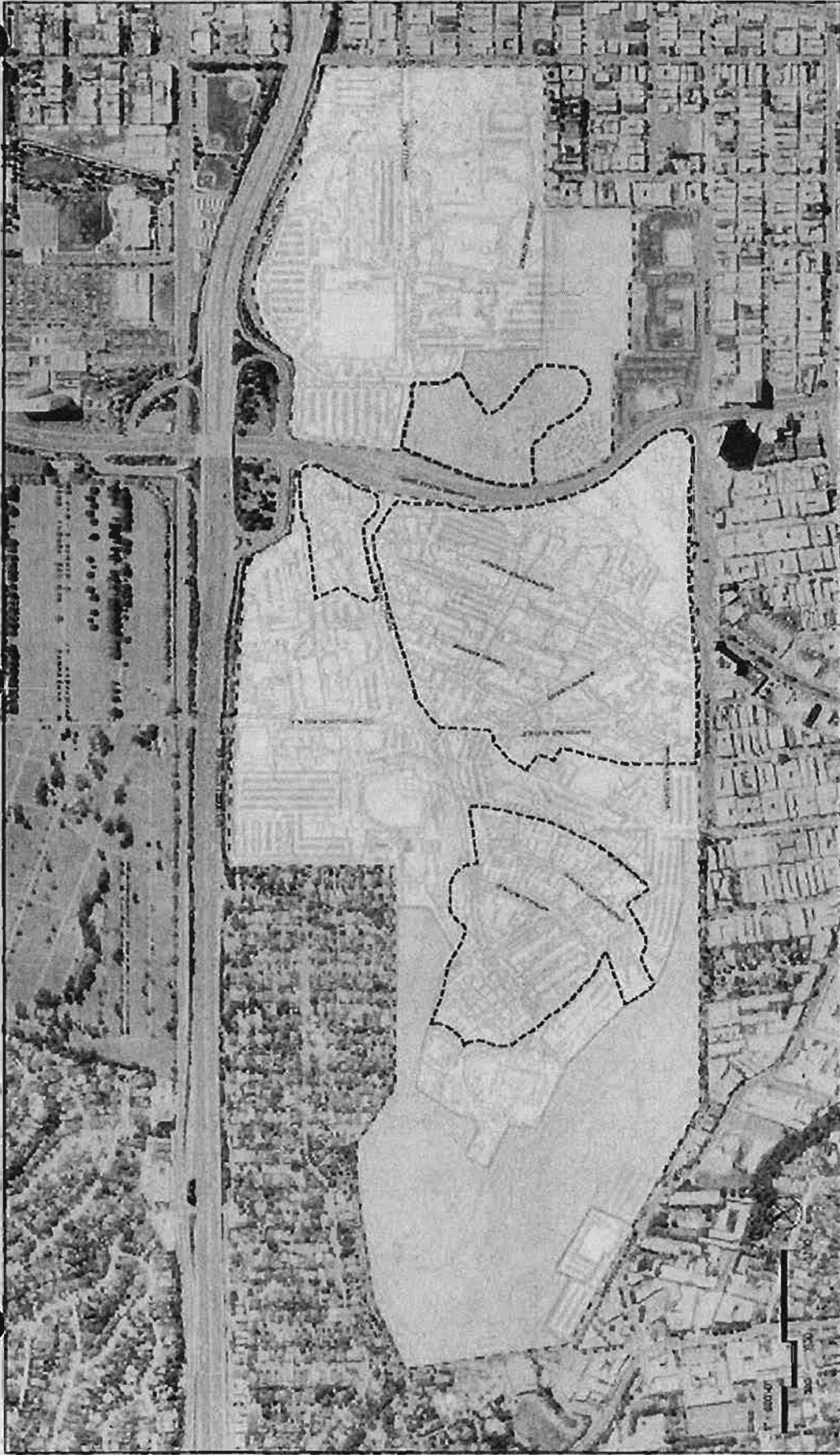
Administrator to the Committees on Veterans' Affairs of the Senate and House of Representatives pursuant to section 5022(a)(2) of title 38 United States Code, as in effect on that date." [Emphasis supplied]

We have not been able to locate the original document showing the VA property subject to the Cranston Act limitations. However, assuming that the illustration of the land encumbered by the Cranston Act is a correct representation of such document, the "Cranston Act," places an absolute bar on any proposed redevelopment or use of property within the shaded area by any entities other than the Department.



See following page 26 for larger scale graphic





**Department of  
 Veteran Affairs  
 West Los Angeles Campus**  
 Contract No. J11-A3003  
 San Diego, CA  
 C-0550r Act

Change Act Provisions on  
 Loans and Base Agreements  
 Haskel Corp.  
 3000 AKA, LOR  
 Haskel Corp.

**May 2005 DRAFT**  
 Revised 01/2005

PREPARED BY:  
 MICROTERR LLC, Project Manager  
 MATTHEW BOGGS LLP, Architectural Firm  
 CRE, Inc. Engineering  
 GARDNER & THEOBALD, Landscape Architect  
 EDLUP, INC. Civil/Structural/Architectural/Utility  
 OBER, INC. Environmental/Soil Remediation  
 ARIZ

31-27

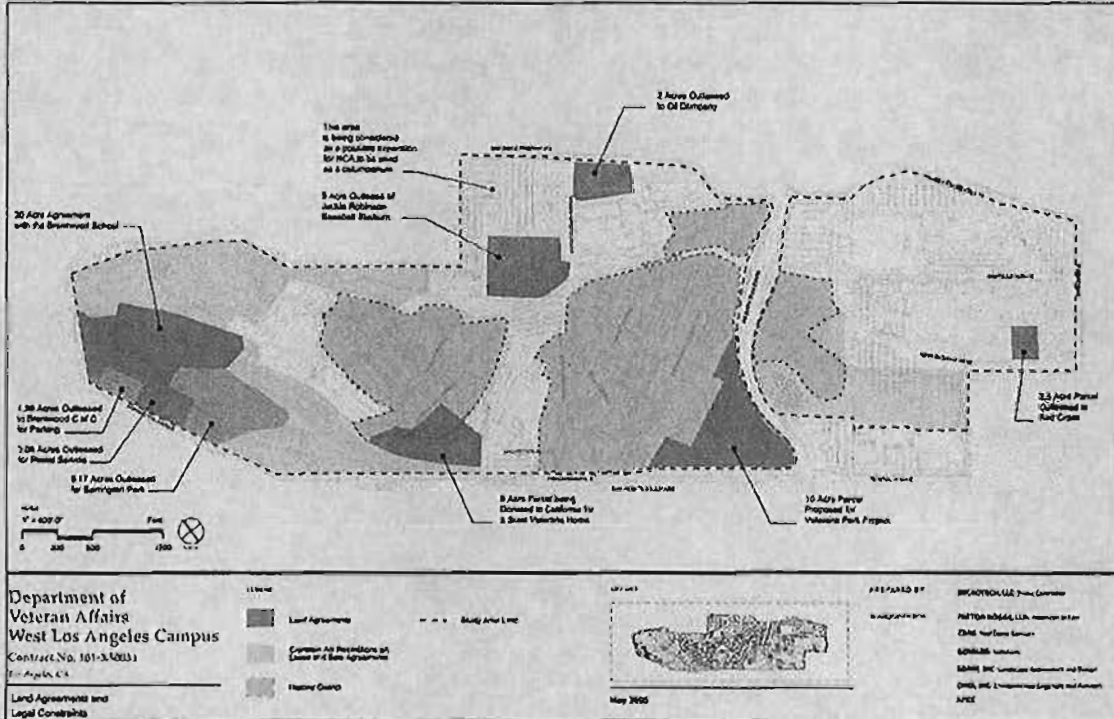
For those portions of the Medical Center campus outside the of perimeter of the Cranston Act area, VA's legal ability to have its property redeveloped by non-VA entities for non-VA uses is more expansive. As set forth in section 8162 above, other than federal laws pertaining to environmental and historic preservation, there are no other federal regulatory enactments that could impede upon the Secretary's discretion as to redevelopment of VA property by non-VA entities. Section 8162(a) (1) and (4) exempt VA properties designated for enhanced use leases from the various federal laws and regulations that would otherwise pertain to federal agency property conveyances such the provisions in the Federal Property and Administrative Services Act (40 U.S.C. Section 202 and Section 203 excess/surplus property) and the Stewart B. McKinney Act Homeless Assistance Act (42 U.S.C. Section 11411).

### *Historic Designation and Impact on Re-Use*

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

- 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 implementing regulations require that an analysis 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 VA Medical Center campus.

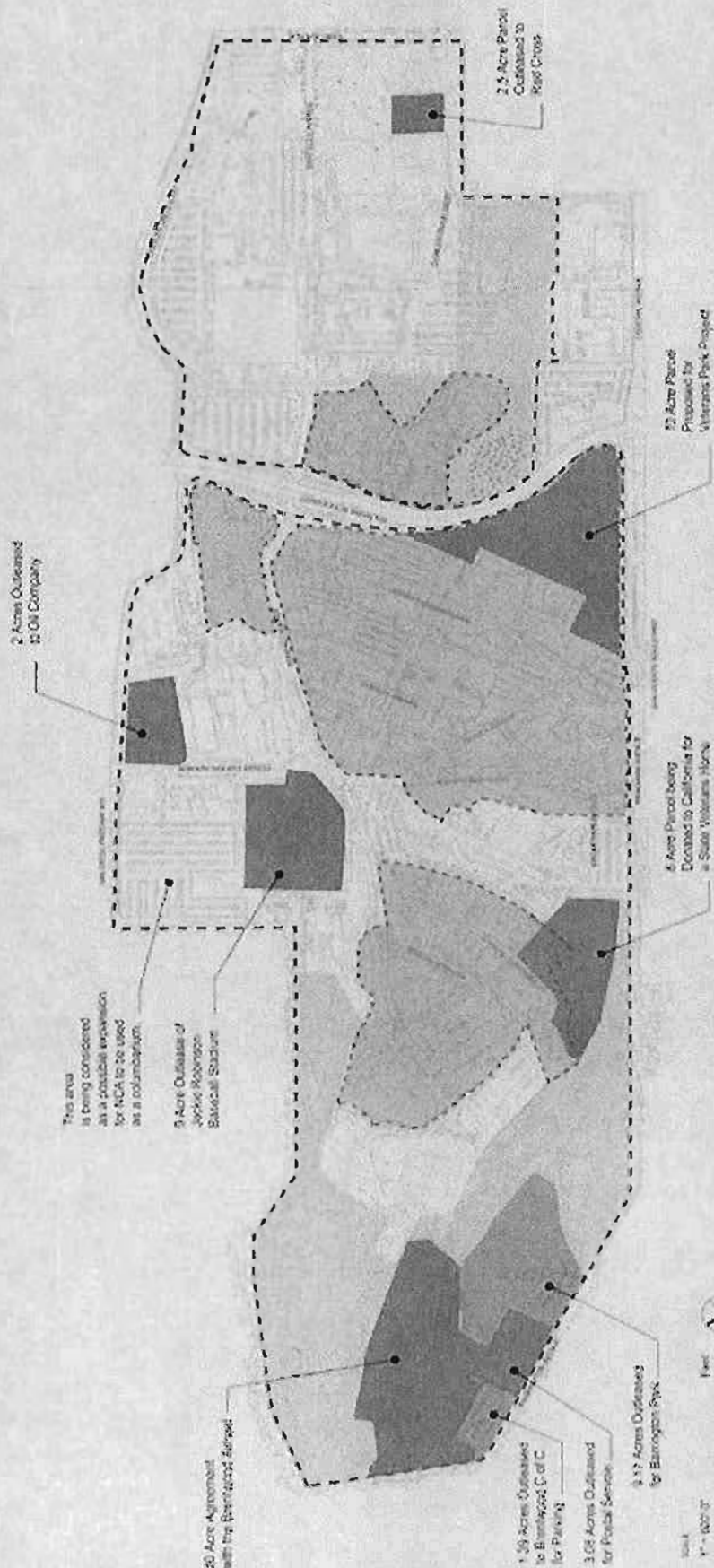


See following page 29 for larger scale graphic

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





**Department of  
Veteran Affairs  
West Los Angeles Campus**

Contract No. 400-AD0031

San Francisco, CA

Land Agreements and  
Legal Construction

**PREPARED BY:**

- WICKIDICE LLC Firm Operator
- FAYATONBOGGS LLP Firm Operator
- CBSE Inc. (State) Architect
- GANGLIN Architects
- EDMIR, INC. (Military) Architecture and Design
- ONEL, INC. Environmental, Engineering and Planning
- AP/EI

DATE: MAY 2005



May 2005

31-30

---

### *Local Regulatory Issues:*

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 interesting to note 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 Plan.

Absent a direct municipal regulation over lands within the VA Medical Center, 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.

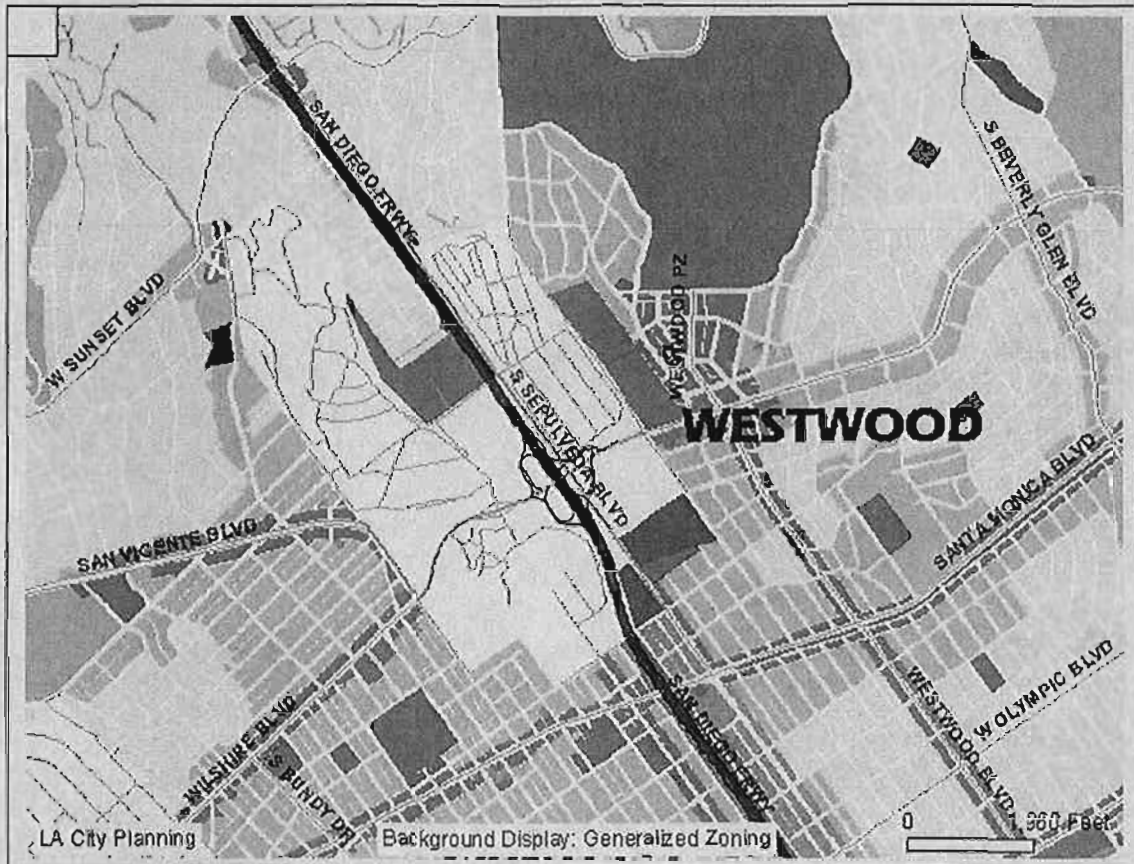
Other municipal regulations that may affect land use/redevelopment options are as follows:

- The WLA Campus is located in a West Los Angeles Transportation Improvement and Mitigation Specific Plan District that requires that any development develop 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. Basically, 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 percent 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.
- The VA Medical Center apparently 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 property is identified within our area that would be subject to the 1997 Uniform Building Code relative to the requirements incorporating various engineering calculations to account for high ground motion near earthquake faults.
- Finally, it apparently is not located in any city 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.

At this point, it does not appear that any of the subject property falls within property under the jurisdiction of the California Coastal Commission. However, going back to LA's zoning code, while the property does not have a zoning classification, there is a variety of different zoning uses surrounding the WLA campus. The graphic on the following page outlines the zoning designations of the surrounding areas.





**Generalized Zoning**

	OS	Open Space Zone
	A	Agricultural Zone
	R1	One-Family Zone
	R4	Multiple Dwelling Zone
	C4	Commercial Zone
	M1	Limited Industrial Zone
	P	Automobile Parking Zone
	PF	Public Facilities Zone
	HILLSIDE	

While VA has the apparent authority to exercise wide 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 highly recommended that in any reuse or redevelopment, VA will need to consider the surrounding land uses in any development analysis of highest and best use.

Given the turbulent history between VA and its neighboring entities, it is our strong 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 full 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), we recommend 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 their 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 and, as the legal entity, 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 than that of a joint venturer or partner.

In such instances, we believe it is most 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 the 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.

The second and perhaps the more important reason why enhanced-use leasing or similar type of leasing should involve local government and local community involvement is to mitigate against the risk of litigation or an adverse decision should litigation occur. 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 off-set 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 in of themselves 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 (A five member Board of Supervisors controls government within Los Angeles County. The Board is responsible for quasi-judicial, legislative, and executive duties. The assessor, district attorney, and sheriff are all elected positions, with the remainder 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, we recommend that it is in VA's interest to actively participate in any discussions with the local government to resolve any such questions or issues.



TAB

3

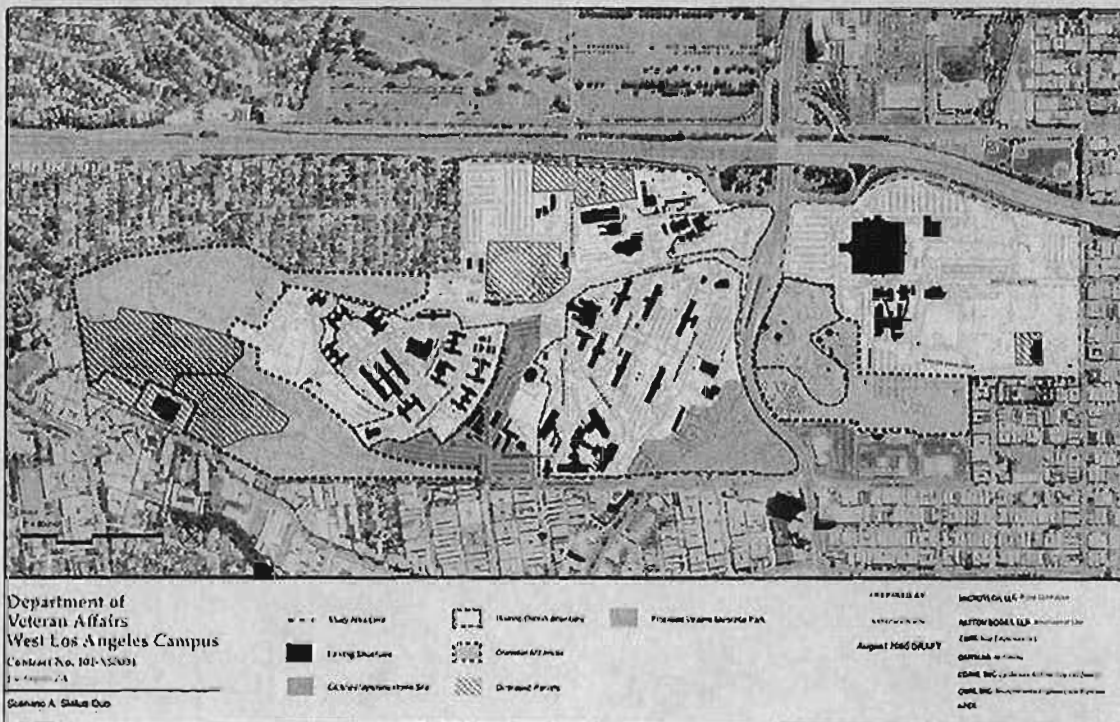
## RECOMMENDED OPTIONS

### *Re-Use Scenarios*

#### Scenario A: (Status Quo)

##### Overview:

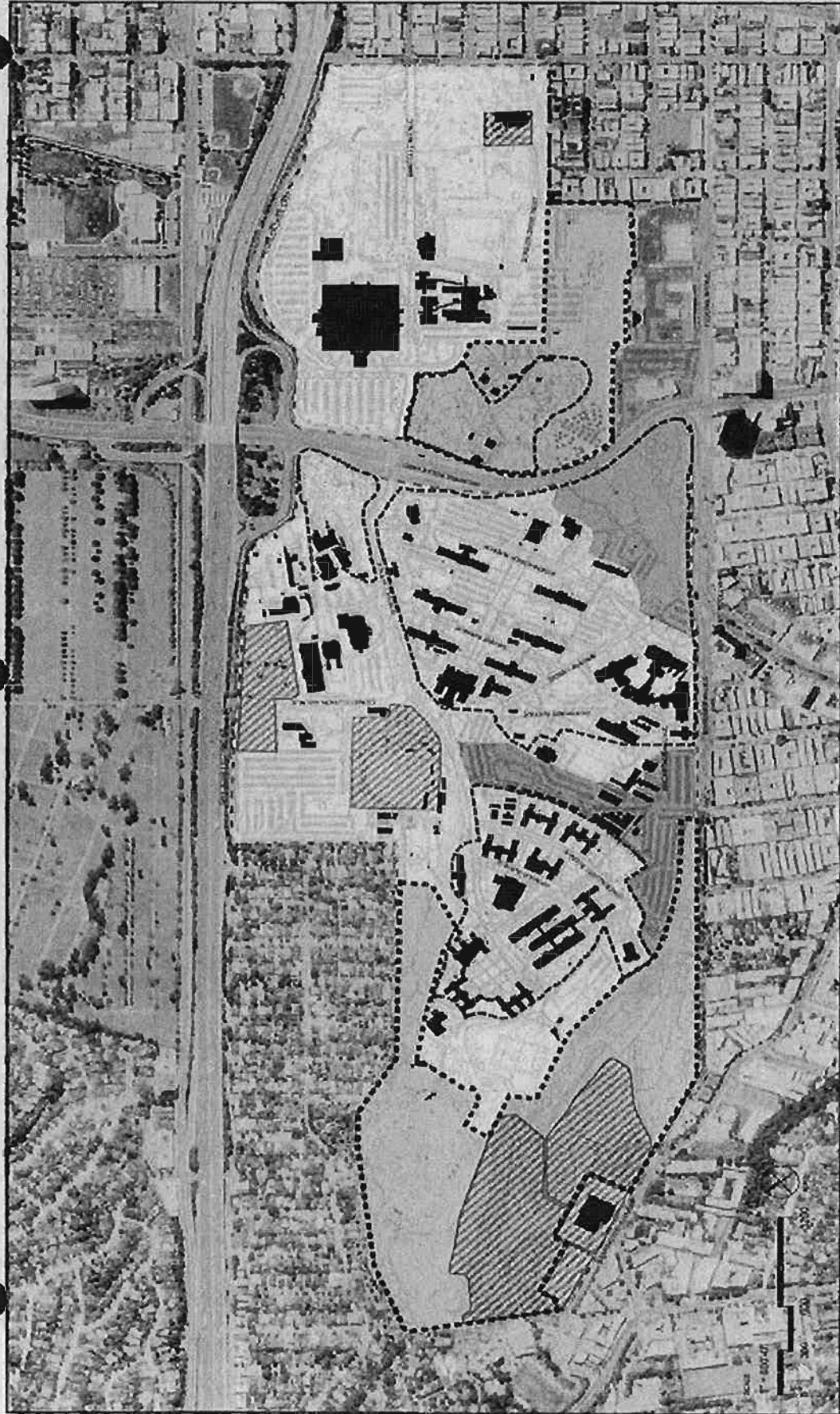
This scenario is a baseline scenario and simply maintains the status quo. There is minimal workload, most of which occurs in outpatient facilities with all existing facilities upgraded to a 'modern, safe and secure' status.



See following page 36 for larger scale graphic

#### Reuse/Redevelopment

The status quo is assumed in this scenario. Analysis and recommendations for reuse/redevelopment are beyond the scope of this scenario. It is our understanding that all vacant buildings will remain without modifications. Existing land-use agreements with Non-VA users will also remain intact. However, it is assumed that the proposed CA State Veterans Home will be constructed as planned (Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Zone D).



Department of  
 Veteran Affairs  
 West Los Angeles Campus  
 Contract No. 101-A30081  
 Los Angeles, CA  
 Scenario A - Status Quo

PREPARED BY  
 WOODSTOCK LLC (Firm Contact)  
 WOODSTOCK LLC  
 10000 Wilshire Blvd  
 Suite 1000  
 Los Angeles, CA 90024  
 August 2005-DRAFT

- Study Area Limit
- Existing Structures
- CA State Veterans Home Site
- Mapes Drive Boundary
- Disposal Site Areas
- Disposal Ponds
- Proposed Veterans Memorial Park
- Construction Areas
- Existing Ponds

31-37



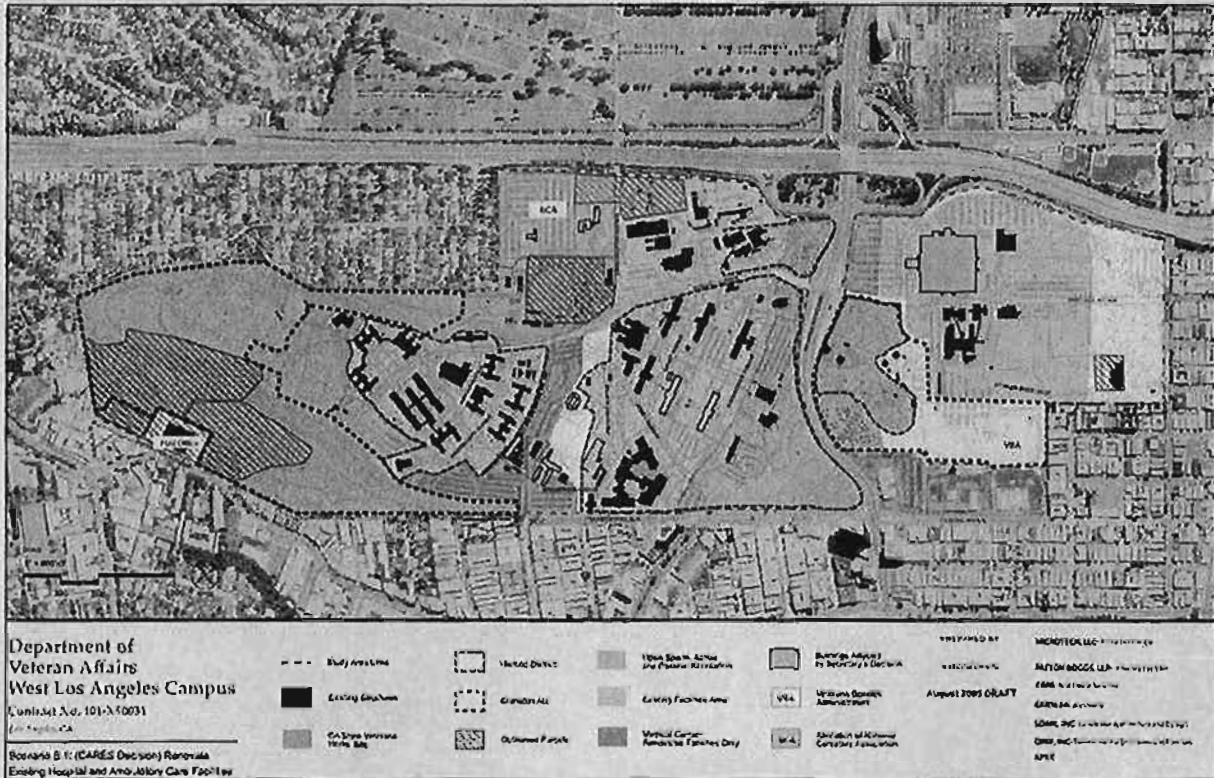
## Scenario B: CARES DECISION

### Overview:

This Scenario has two sub-scenarios. First, Scenario B.1, is proposed that the existing hospital and ambulatory care facilities be renovated. This will involve consolidation of inpatient and outpatient acute care CIC's in renovated facilities adjacent to the current Wadsworth hospital (Building 500 in Zone K). Outpatient care CIC's and existing long-term/domiciliary care facilities will be renovated (Buildings 214 and 217 in Zone E).

### Scenario B.1: Renovate Existing Hospital and Ambulatory Care Facilities:

1. Consolidate projected inpatient acute care CICs in renovated facilities adjacent to current hospital (Wadsworth).
2. Consolidate projected outpatient care CICs in renovated hospital/ambulatory care facilities (Wadsworth).
3. Consolidate projected acute SCI/D CICs in renovated hospital care facilities on Wadsworth campus - define rehab services distinct from long-term care services on Brentwood campus to consolidate on the Wadsworth campus with acute care programs, as appropriate.
4. Renovate existing long-term/domiciliary care facilities (Buildings 214, 217 [ZONE E] on Brentwood campus), no change in location and no new construction.
5. Master plan the balance of Brentwood and Wadsworth campuses for alternative 'non-commercial' use/reuse considerations; including zones for the following:
  - a. CA State Veterans Home (as currently accepted/planned, per Secretary's clarification) - Zone D [116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77]
  - b. Current and continuing shared agreements/EULs, including but not limited to UCLA/Jackie Robinson stadium, Brentwood School property, etc.
  - c. Does not include other proposed projects (e.g., Veterans Memorial Park, Fisher House, etc.)
  - d. VBA - to construct new 110,000 GSF facility on Wadsworth campus (south of Wilshire Blvd.) - Zone K
  - e. NCA - to allocate 20 acres of land on Brentwood campus (northeast of Wilshire Blvd.) - Zone B1 [294, 506, 509]



See following page 39 for larger scale graphic







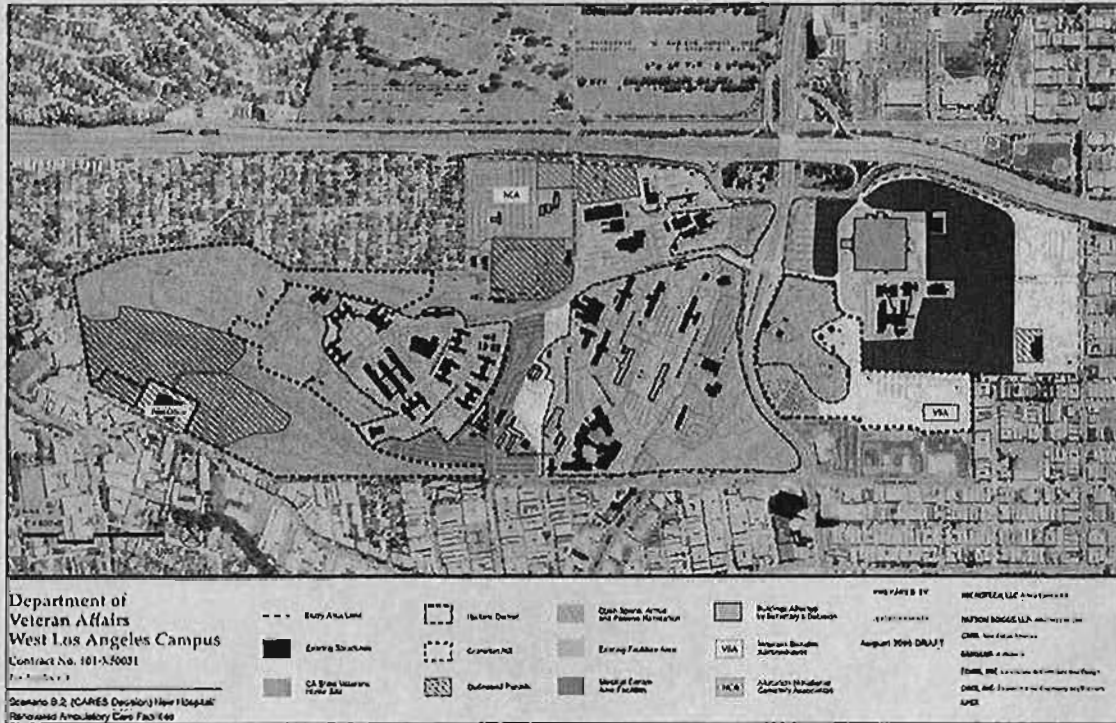
---

Scenario B.2

Second, Scenario B.2, proposes that the existing hospital and ambulatory care facilities be consolidated into new and renovated facilities. This will involve consolidation of inpatient acute care CIC's into new facilities adjacent to the current Wadsworth hospital (Building 500 in Zone K). Outpatient care CIC's will be consolidated into new and renovated hospital/ambulatory care facilities (Building 500 in Zone K). Projected acute SCI/D CIC's will be consolidated in new and renovated hospital care facilities adjacent to the Wadsworth hospital. Existing long-term/domically care facilities are to be renovated (Buildings 214,217).

Scenario B.2: Construct New Hospital and Renovate Ambulatory Care Facilities

1. Consolidate projected inpatient acute care CICs into new facilities adjacent to current hospital (Wadsworth).
2. Consolidate projected outpatient care CICs into new and renovated hospital/ambulatory care facilities (Wadsworth).
3. Consolidate projected acute SCI/D CICs into new/renovated hospital care facilities on Wadsworth campus - define rehab services distinct from long-term care services to consolidate on the Wadsworth campus with acute care programs.
4. Renovate existing long-term/domiciliary care facilities (Buildings 214, 217 on Brentwood campus), no change in location and no new construction.
5. Master plan the balance of Brentwood and Wadsworth campuses for alternative 'non-commercial' use/reuse considerations; including zones for the following:
  - a. CA State Veterans Home (as currently accepted/planned, per Secretary's clarification) - Zone D
  - b. Current and continuing shared agreements/EULs, including but not limited to UCLA/Jackie Robinson stadium, Brentwood School property, etc.
  - c. Does not include other proposed projects (e.g., Veterans Memorial Park, Fisher House, etc.)
  - d. VBA - to construct new 110,000 GSF facility on Wadsworth campus (south of Wilshire Blvd.) - Zone K
  - e. NCA - to allocate 20 acres of land on Brentwood campus (northeast of Wilshire Blvd.) - Zone B1



See following page 42 for larger scale graphic

Reuse/Redevelopment

As in Scenario A, the proposed CA State Home is assumed to be built (Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Zone D). Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Association will be constructed. The current estimation is that the VBA will require a new 110,000 Square Foot office building. It is recommended that this building be hosted in Zone K. The area on the southern portion of Zone K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging Cranston. However, additional study of Cranston is required to ensure compatibility.







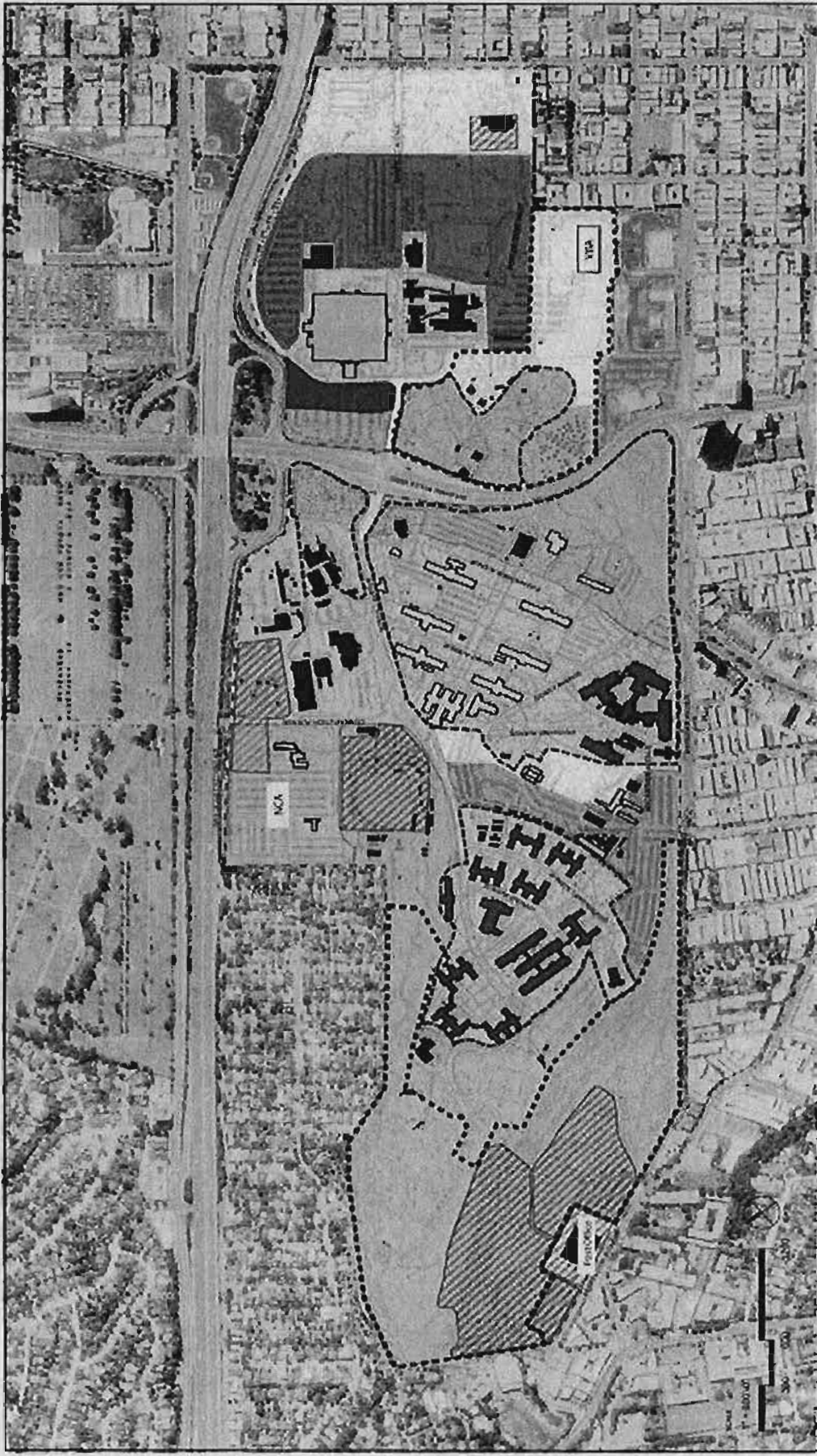
The National Cemetery Administration is allocated up to 20 acres of land on the campus to accommodate a columbarium. Current discussions have assumed that such use will occur on Zone B1. This may be an appropriate location for this site not only due to its proximity to the cemetery but also because the adjacent community of single family houses may be less likely to oppose such a modest use. However, we recommend that consideration also be given to Zone B2. This Zone is encumbered by a lease for Oil drilling operations. Such activities may have an environmental impact making alternate reuse/redevelopment cost prohibitive. Assuming the land use agreement can be terminated, a columbarium may be an appropriate use as it would not be impacted by environmental issues. This would open Zone B1 to alternate reuse/redevelopment.

### Scenario C: Medical Consolidation on South Campus (Zone K) and Redevelopment of Existing Buildings

#### Overview:

It is assumed that Scenario B's reuse/redevelopment recommendation will remain intact for both Scenario C and D below. This scenario begins with an assumption that all medical operations will be consolidated in the south campus (Zone K). It is recommended that further study be undertaken to determine the size and location of required facilities in the southern campus to accommodate medical consolidation. The critical element of this scenario is that no new construction is recommended. Only adaptive reuse of existing facilities is recommended as most of the buildings in the north campus are recognized by the historic register.





**Department of  
 Veteran Affairs**  
**West Los Angeles Campus**  
 Contract No. 141-A30031  
 San Angeles, CA  
 Scenario C: Mutual Corelocation on South Campus  
 and Reconfiguration of Existing Buildings

<ul style="list-style-type: none"> <li>--- Study Area/Zone</li> <li>■ Existing Structures</li> <li>■ CA State Veterans Home Site</li> <li>□ Public Charters</li> </ul>	<ul style="list-style-type: none"> <li>--- Current AD</li> <li>■ Colored Pavement</li> <li>■ Green Space and Public Recreation</li> <li>■ Parking/Trails/Play Area</li> </ul>	<ul style="list-style-type: none"> <li>■ Medical Camp Non-Facilities</li> <li>■ Buildings Aligned by Secretary's Decision</li> <li>■ Veterans Benefits Administration</li> <li>■ MCA</li> <li>■ MCA</li> </ul>	<ul style="list-style-type: none"> <li>■ Transition Requests</li> <li>■ Long Term Residence</li> <li>■ Veterans Training Opportunities</li> </ul>	<p>           PREPARED BY  <b>MACROTECH LLC</b> - Irvine, California            CONSULTANTS  <b>MITCHELL BOGGS LLP</b> - Los Angeles, CA  <b>URS</b> - Los Angeles, CA  <b>GENSLER</b> - Los Angeles, CA  <b>EDLBY, INC.</b> - Los Angeles, CA  <b>CH2M, INC.</b> - Irvine, CA  <b>APDC</b> </p>
--	---	--	---	--

31-46

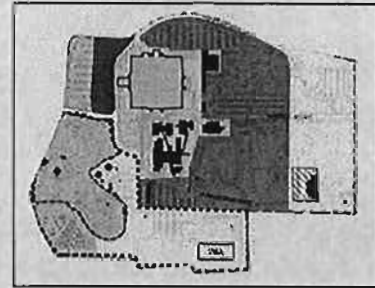


Reuse/Redevelopment

1. South Campus

a. Zone K, I, H1, H2, H3, and J

We do not recommend any redevelopment of existing buildings for Non-VA reuse. All existing medical operations in the North Campus will be relocated and consolidated in this part of the campus. The impact and necessary facility requirement for this consolidation is beyond the scope of this study.

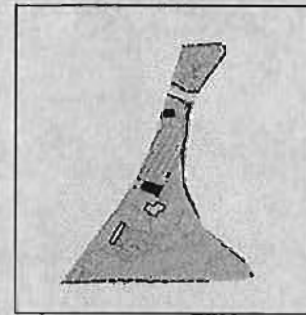


2. North Campus

a. Zone F

Recreation

We recommend a recreational use for this zone. There is an existing agreement with the Veterans Park Conservancy for a Veterans Memorial Park. The terms of that agreement should be analyzed to ensure maximum value is provided to the VA. The Conservancy has requested an enhanced use lease, but the local VA leadership is hesitant to cede that much control.



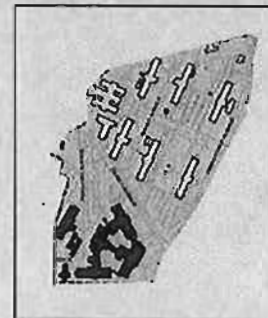
b. Zone E

Residential Overview

We recommend redeveloping the majority of Zone E buildings to a form of multi-family residential with a transitional end-user in mind. VA affiliated end user groups may vary from homeless/transitional, low-income, VA medical staff/faculty, to senior citizens and market rate apartment dwellers. Since this study remains in a conceptual framework, the buildings recommended for specific uses may change with VA input.

Staff, VA Faculty/UCLA Housing

We recommend redeveloping at least two of the buildings in Zone E for Staff and Faculty Housing that would accommodate qualified medical staff such as nurses and potentially residents (Building 213, 215). Local VA leadership informed us that a critical challenge to the VA mission is attracting quality medical staff. The crux of this challenge is a competitive environment whereby medical professionals can obtain higher wages at alternate operations.



Providing staff housing may assist in attracting quality professionals already challenged by a lack of affordable housing choices nearby.

#### Homeless & Transitional Housing

We recommend redeveloping buildings in the central portion of Zone E for transitional and/or homeless housing (Building 217, 214, 212 and 13). Currently, there is a competitive process underway for non-profits to provide homeless housing on the VA campus. The process has been focused on redeveloping three major buildings in Zone C (Building 205, 208, 209). We recommend this process be re-directed to buildings in Zone E. Some of the parties to this process have been the Salvation Army and Bobby Shriver. New Directions has not yet entered the process but does have a similar proposal for low-income senior veteran housing.

#### Administrative Support and Training:

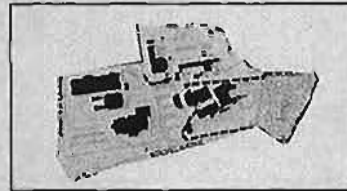
Turning to the existing research buildings, we recommend they be redeveloped into administration support and training facilities in support of the transitional housing. (Buildings 113, 114, 115) These buildings are in a sensitive location due to their proximity to the adjacent Brentwood neighborhood. Relative to the recommended uses in Zone E, an Administrative facility may be most palatable to the surrounding community. The proposed kitchen may be an additional appropriate use for one of these buildings, but additional study will be required to ensure such facilities can accommodate this type of operation.

#### Hospitality:

There are minimal hospitality venues in proximity to the campus. We recommend considering the existing Administration building in Zone E for a VA related hospitality use (Building 218). One concept is to have a limited use hotel operation supporting campus visitors. Alternatively, a Fisher House, a facility that will house families of veteran patients, has previously expressed interest in developing a facility on the campus in Zone K. We do not recommend Zone K for such a use. A more thorough assessment of Zone K's accommodation of the medical consolidation mentioned above is necessary before additional non-medical users are evaluated. Furthermore, Zone K possesses an institutional atmosphere rather than the hospitable atmosphere of Zone E. Another option is to develop a hybrid of the above with a "wing" operated as a Fisher House and another "wing" a conventional hotel. We have received input that the VA would not accept a facility which provides alcoholic beverages. Further concerns have been aired that the surrounding community would be concerned with traffic generated by a full service hotel with conferencing facilities. Consequently, a limited use hotel would be most appropriate.

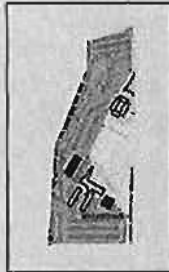
c. Zone G

There will be no redevelopment of Existing Buildings.



d. Zone D

CA State Veterans Home assumed.



e. Zone C

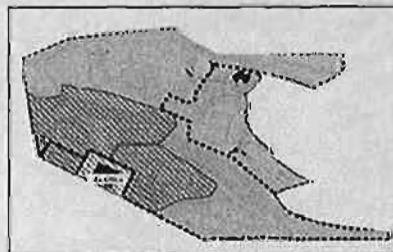
Residential

In Zone C, we recommend a long term residential use in contrast to the more transitional residential use in Zone E. Here, VA should consider market rate or near market rate housing for Veterans. Current homeless operations in Zone C should be consolidated into the proposed homeless facilities in Zone E. Further study and discussion will be required relative to the land use agreement with Salvation Army in Zone C.



f. Zone A

The existing recreation use should be maintained. There are no buildings suitable for reuse/redevelopment.











Reuse

1. South Campus

a. Zone K

Research & Development

Zone K, with its proximity to the main hospital is best suited for hosting a research & development or Bio Sciences facility should such as use be acceptable to VA. Such facility may have a private or institutional tenant. Although this property could accommodate significantly greater densities, it would not be recommended that VA consider any additional development in excess of 500,00 square feet. Such development would be phased project encompassing 2-5 buildings. UCLA has expressed some interest in exploring a partnership with the VA for a Research & Development facility. UCLA's interest was very preliminary and further discussion and study will be required to produce a specific vision of what is desired and what is possible. Furthermore, an anonymous private entity has submitted a proposal and expressed interest in developing a 300,000 square foot Bio Sciences facility on the campus near the main hospital.

Office

We recommend considering a Medical Office building on Zone K. Generally, an 80,000 square foot building would be typical for such use. Additional parking will be required above with this type of use. This facility may be appropriate not only for doctors supporting the VA hospital but for vendors as well. An executive suite operation may be suitable for vendors who may only need to lease minimal office space subject to short term leases.xvii

Industrial/Other

There have been discussions about constructing a new large Kitchen on the campus that would support the new CA State Veterans Home as well as other meal requirements on the campus. Zone K would be an appropriate site for such a facility as it provides the developable land without imposing on historic districts in the North Campus.

2. North Campus

a. Zone F

No new construction recommended.

b. Zone E

No new construction recommended.

---

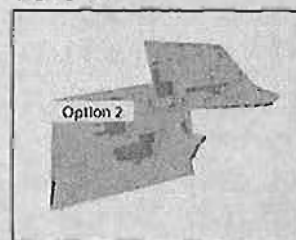


c. Zone G1

Research & Development

This zone may also be appropriate for a research and development/Bio Sciences facility. It is probable that this location would be secondary in its desirability to Zone K because such use may prefer better access to the main hospital.

Zone G1



Industrial

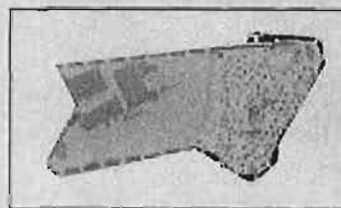
Industrial consolidation of existing facilities would be appropriate for this zone. Furthermore, this zone may be an appropriate alternative location for the VBA collocation due to its low rise structural surrounding.

d. Zone G2

Office

A Medical Office would be well suited for Zone G2. There would be convenient access to the Hospital via Bonsal Avenue. Furthermore, there are no residential neighborhoods immediately adjacent that may be concerned an obstruction such as an office building. If this use is chosen for further study and Zone K eliminated due to medical consolidation, then this zone would be the only appropriate alternate location. Currently this zone is severely underutilized with low density quasi-industrial use supporting the campus operations.

Zone G2

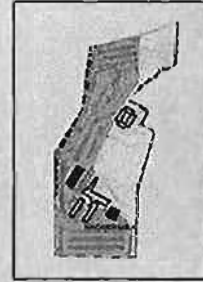


Hospitality

A Hospitality use would be a good use for this zone due to its freeway frontage and access to major transportation infrastructure. This parcel is designated a historic district, so new construction will need to be in accordance with the designation.

e. Zone D

CA State Veterans Home assumed. No additional construction recommended.



f. Zone B.2

Consolidation of Industrial requirement is recommended for this zone. Currently this zone is subject to an oil lease with proceeds paid to the Department of Interior. Further study is required to ascertain whether the lease agreement can be terminated by the VA. Environmental issues will also need to be addressed to ensure new construction will not be cost prohibitive.



Currently, small engineering shops, laundries, and other "back of the house" support facilities are scattered throughout Zones B2, G1, and G2 resulting in an inefficient use of valuable land. This zone is an ideal location for such operations as it is well buffered from residential areas and the remainder of the campus.

g. Zone B1

Columbarium is the assumed use. No new construction recommended. However, if the Columbarium could be accommodated on B2, then industrial facilities could be accommodated in this zone.



h. Zone C

Residential

We recommend adding new residential construction to Zone C to allow for additional enhanced value. Such construction would need to be in accord with the historic designation of the zone and the residential use identified above in Scenario C. We also recommend the development of a Veterans assisted living facility be considered for this

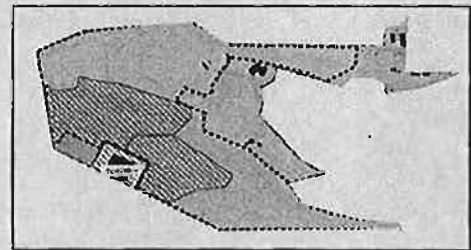
zone. Assisted living apartments generally require new construction to accommodate their occupants' specific needs and renovation of existing facilities may be difficult.



i. Zone A

Recreation

We recommend expanding the nine hole golf course to an 18 hole course. The local VA leadership has indicated that they have had discussions with the Robert Trent Jones Company about designing such a course. A golf course may provide an additional benefit by creating more goodwill with the surrounding community as well as an enjoyable amenity to prospective residential tenants and campus employees.



Institutional

The Brentwood School has expressed that they have entered an agreement with the local VA to use additional land adjacent to their current athletic fields.

UCLA has indicated an interest in expanding its athletic and recreational uses on the campus. We recommend additional study to determine the feasibility of additional use within Zone A.

Mixed Use (Residential & Retail)

We recommend redeveloping the Brentwood Shopping Parking lot adjacent to the US Postal facility into a mixed use project including residential and retail use. Subterranean parking should be included. Additional study will need to be undertaken to analyze the current land use agreement with the Brentwood Shopping center. With the exception of



recreation, this is the only development which does not provide direct or indirect services to VA. However, as this is an available out parcel which already is a non conforming use to VA, the recommendation would be to maximize the value.

### *Rough Order of Magnitude for Re-Use Potential for each Scenario*

Scenario A and B are not addressed because they do not provide comprehensive reuse recommendations. Scenario C only incorporates the renovation of existing facilities. The value of Scenario D will be greater than the value of Scenario C because new construction is introduced along with the recommendations outlined in Scenario C. Further study will be required to determine specific costs and values for the range of uses VA selects. Consequent to the conference call on August 10 regarding the anticipated rough order of magnitude expected from this phase, we will prepare a matrix outlining a rough order of value Scenario C and D above by August 26<sup>th</sup> as discussed.

TAB

4

## ENDNOTES

i Phase 1 corresponds to Task 7.1 and Stage I of PwC's Business Plan Studies work product. See Microtech Phase 1 deliverable for additional information.

ii There are problems with allowing a hotel to serve alcohol as there are veterans seeking alcohol related rehabilitation services on campus. Furthermore, a full service hotel generally provides a conferencing facility which would face challenges by the Principi letter as well as the surrounding community.

iii The San Diego and the San Francisco metropolitan area are recognized as the preeminent centers for Bio-Sciences in California.

iv According to the California Economic Development Department labor market statistics, combined employment in Aircraft and Parts (SIC Code 372) and Missiles, Spacecraft, and Parts (SIC Code 376) declined from a peak of 143,700 workers in 1987 to 66,000 workers in 1996, a 54 percent decline.

v Appraisal Standards Board of the Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2003 ed. (Washington, DC: The Appraisal Foundation, 2003), 219; Appraisal Institute, the Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This definition is compatible with the OTS, OCC, RTC, FDIC, FRS and NCUA definitions of market value.

vi See Appendix A for recent statistics on the West Los Angeles office market.

vii See Appendix B.

viii The market in the West Coast generally measures lease rates by the month rather than annually as they are in the East Coast. Full Service Rate means that the owner will pay for all operating expenses which reflects in the rental rate negotiated. The tenant in a Full Service lease will ordinarily pay a proportionate share of increases in operating expenses beyond the first year of occupancy.

ix A prominent Bio Science facility developer in California stated that a tenant improvement package in San Diego may top \$110.00 a square foot on a 10 year lease with options to extend.

x Calabasas Golf & Country Club, 138 acres in the Los Angeles area, was sold for \$17M (\$2.52 per square foot), in 2004. Net Operating income is estimated to be \$1.1M. The course required \$3-4M to repair the course for use. Westridge Golf Club, a 155



acres east of Los Angeles, sold for \$14.85M (\$2.80 per square foot) in 2002. The estimated net operating income is \$1M.

<sup>xi</sup> By CHRISTINE HAUGHNEY Staff Reporter of THE WALL STREET JOURNAL July 28, 2005; Page C1

<sup>xii</sup> See Appendix C for a New Directions executive summary outlining the proposed expansion.

<sup>xiii</sup> Bloomberg News Service.

<sup>xiv</sup> Bloomberg News Service.

<sup>xv</sup> This information was obtained Morgan Keegan & Compnay, Inc. July 28, 2005 Market Commentary.

<sup>xvi</sup> By CHRISTINE HAUGHNEY Staff Reporter of THE WALL STREET JOURNAL July 28, 2005; Page C1

<sup>xvii</sup> An executive office suite is an operation where an entity leases a large block of space, generally an entire floor or more, and then leases small amounts of furnished space such as a single office for a short term. Such operations generally provide support services such as reception.

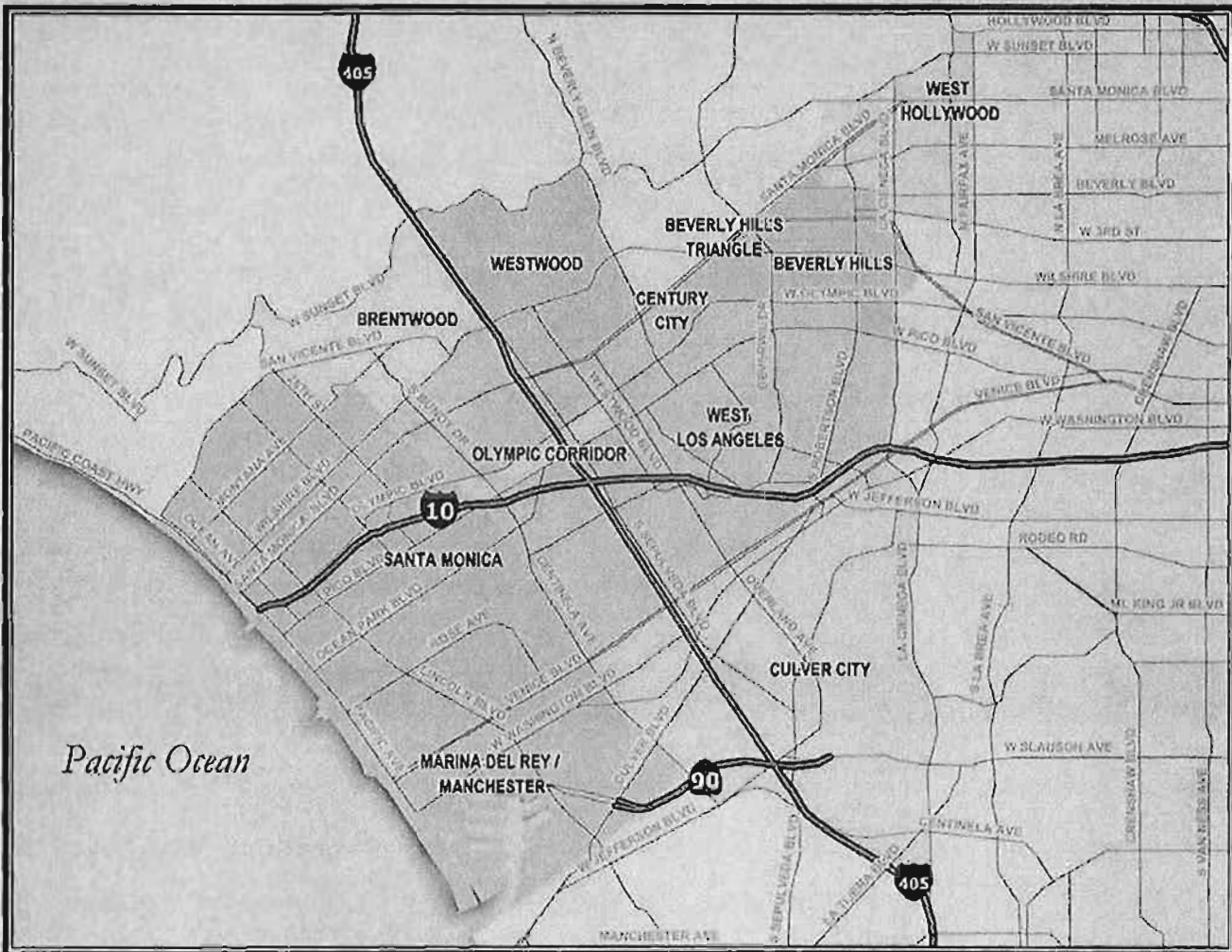
TAB

5

# West Los Angeles Market

IN-HOUSE  
OFFICE MARKET REPORT

Submarket	Existing Bldg Count	Total Bldg NRA	Direct Vacant SF	Sublet Vacant SF	Direct w/ Sublet Vacant SF	Direct Vacancy %	Direct w/ Sublet Vacancy %	Direct Absorp	Sublease Activity	Total Absorp Activity	Direct Average Asking Lease Rate	Sublet Average Asking Lease Rate
Beverly Hills	42	8,665,294	517,506	8,510	526,016	14.12%	14.35%	22,897	14,417	37,314	\$2.79	\$2.23
Beverly Hills Triangle	24	2,797,628	133,105	18,446	149,551	4.76%	5.35%	27,795	10,907	38,702	\$3.14	\$2.60
Brentwood	21	3,331,731	327,532	23,262	350,794	9.83%	10.53%	112,556	(9,841)	102,715	\$2.81	\$2.05
Century City	21	9,574,342	1,164,821	161,955	1,326,786	12.17%	13.86%	117,112	75,385	192,497	\$2.93	\$2.03
Culver City/Fox Hills	32	3,492,048	324,130	77,457	401,587	9.28%	11.50%	58,060	(10,830)	47,230	\$2.13	\$1.80
Marina Del Rey	19	1,615,660	126,756	2,515	129,271	7.85%	8.00%	92,862	33,265	126,147	\$2.09	
Olympic Corridor	14	2,327,630	258,953	1,858	260,811	11.13%	11.21%	67,656	532	68,188	\$2.08	\$1.65
Santa Monica	68	7,619,589	477,506	73,186	543,738	6.27%	7.14%	224,426	67,155	298,535	\$3.13	\$2.30
West Hollywood	16	1,669,222	83,839	5,925	89,764	5.02%	5.38%	(1,864)	(3,274)	(5,138)	\$2.76	\$2.38
West Los Angeles	26	2,933,451	283,115	9,765	292,880	9.65%	9.98%	21,159	(7,606)	13,553	\$2.26	\$2.54
Westwood	15	3,385,978	3,621,123	14,958	377,081	10.76%	11.20%	243,399	25,619	269,018	\$2.66	\$1.63
<b>Total</b>	<b>298</b>	<b>42,392,573</b>	<b>4,059,385</b>	<b>395,847</b>	<b>4,448,279</b>	<b>9.58%</b>	<b>10.49%</b>	<b>986,078</b>	<b>195,729</b>	<b>1,183,761</b>	<b>\$2.76</b>	<b>\$2.05</b>



\*Note: All statistics that state "Total" instead of "Direct" include sublet space.\*

**CBRE**  
CB RICHARD ELLIS

1840 Century Park East, Suite 700, Los Angeles, CA 90067-2108

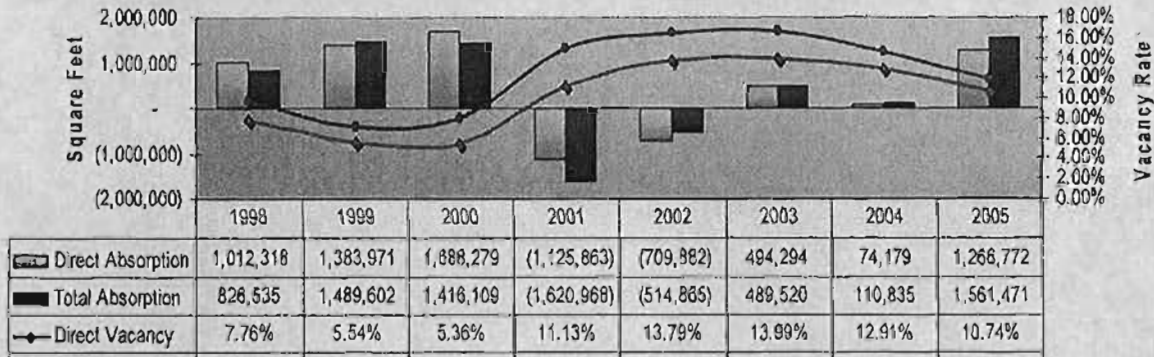
T [REDACTED] F [REDACTED] www.cbre.com

The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of any property. You and your advisors should conduct a careful, independent investigation of the market to determine to your satisfaction the suitability of any property to your needs.

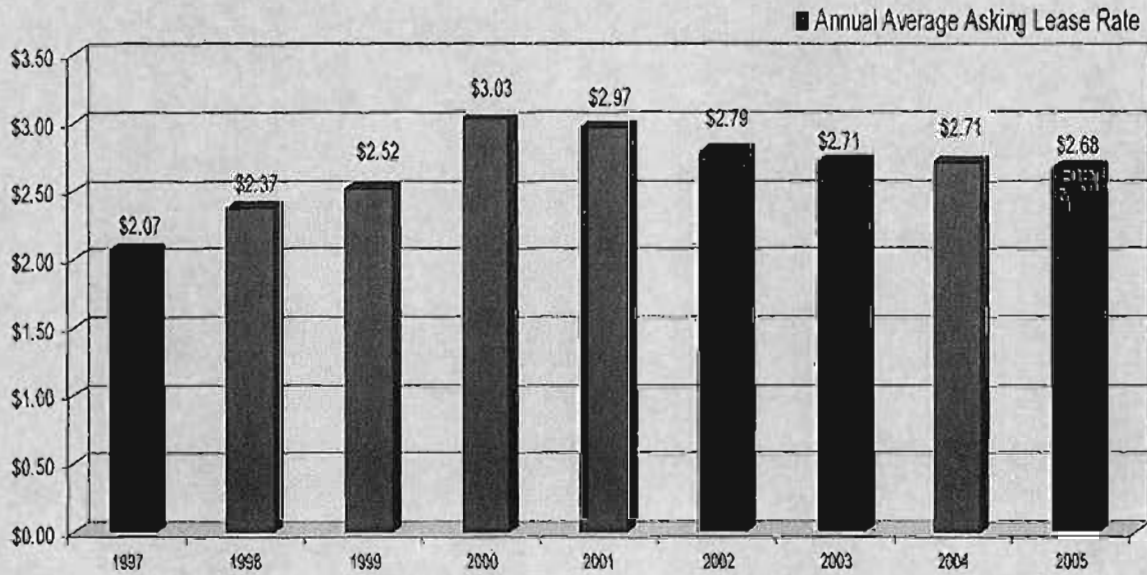
31-59



## Annual Market Trend Analysis



## Annual Average Asking Lease Rate



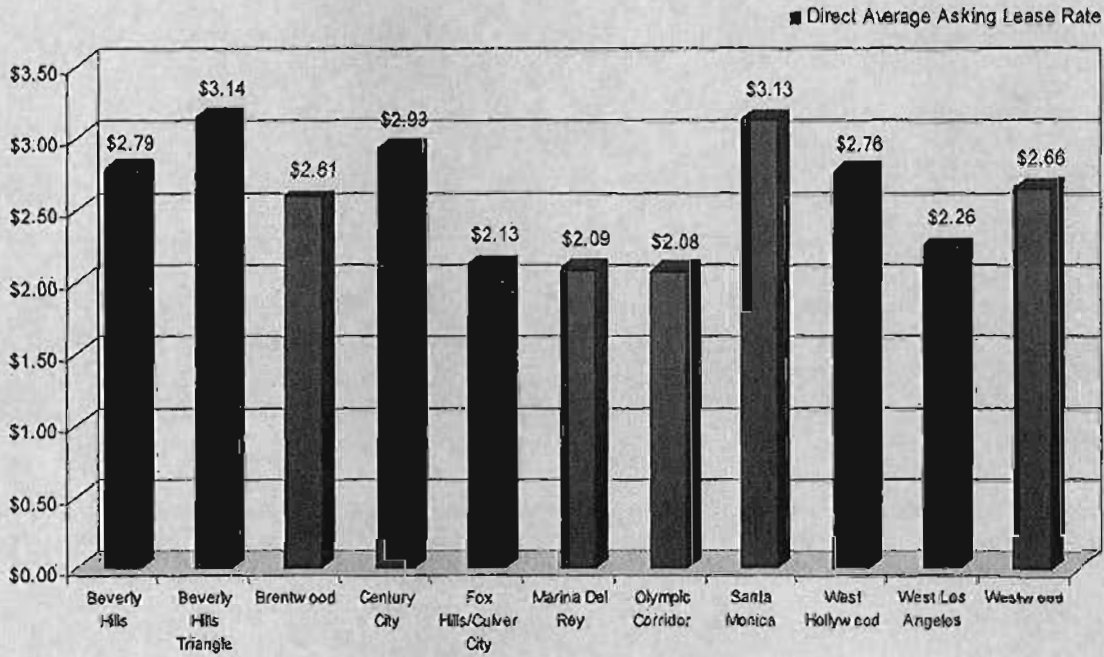
1840 Century Park East, Suite 700, Los Angeles, CA 90067-2108

T [REDACTED] F [REDACTED] www.cbre.com

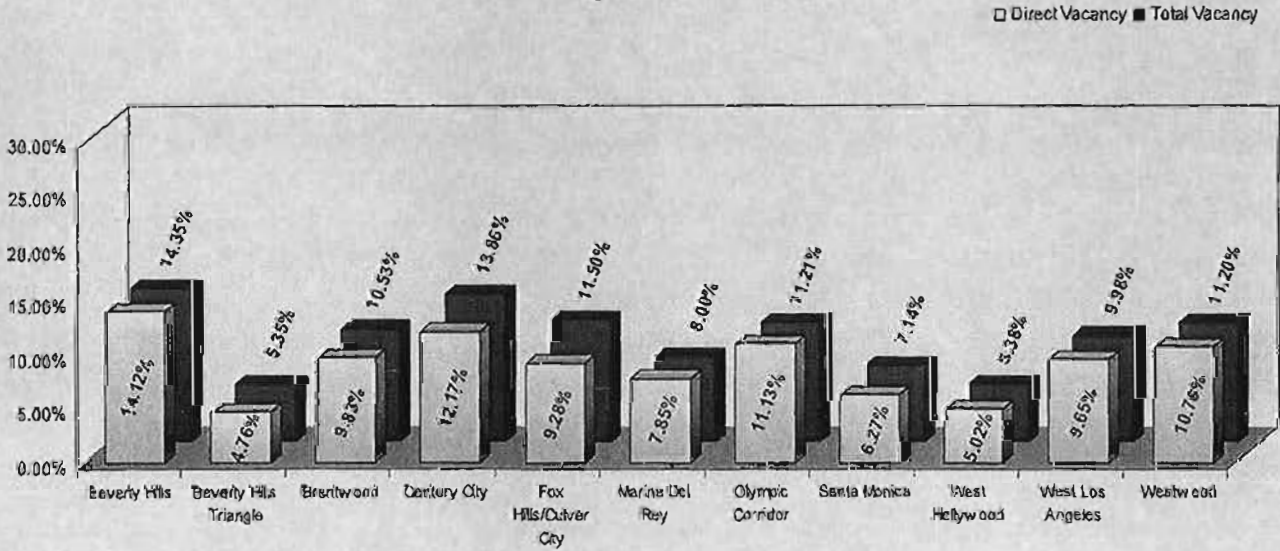
The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of any property. You and your advisors should conduct a careful, independent investigation of the market to determine to your satisfaction the suitability of any property to your needs.

31-600

## Market Lease Rates



## Vacancy Rate Trends



Calculations based on Select Buildings with NRA of 30,000 Square Feet and Greater

Total Vacancy Rate is calculated using Direct and Sublet Vacant Square Feet.

**CBRE**  
CB RICHARD ELLIS

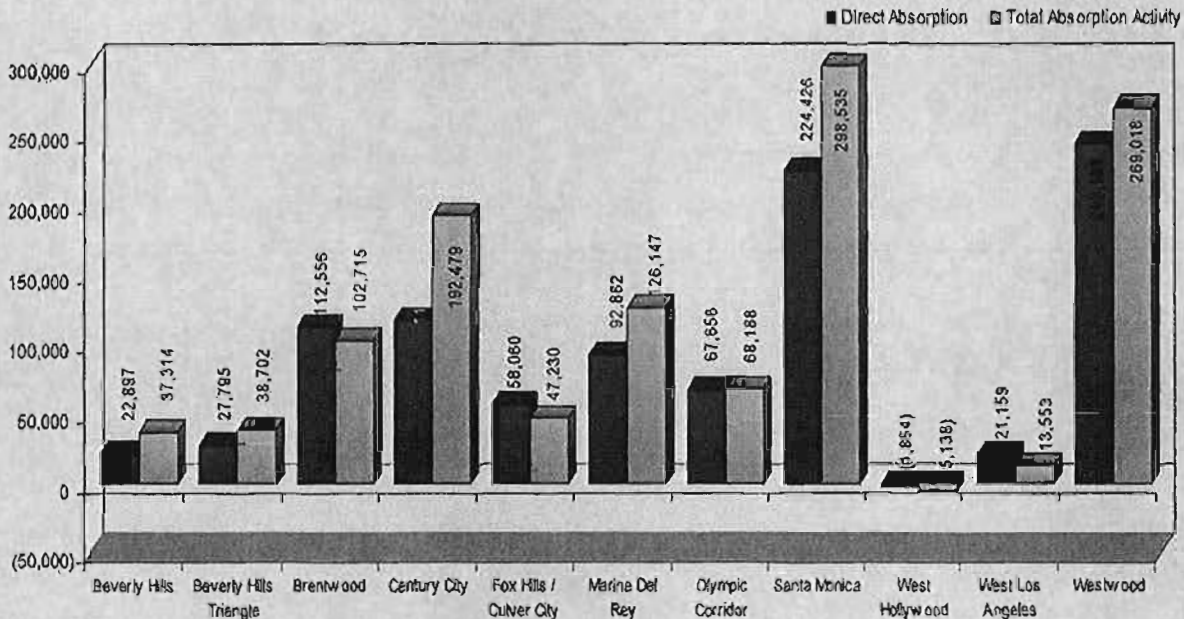
1840 Century Park East, Suite 700, Los Angeles, CA 90067-2108

T [REDACTED] F [REDACTED] www.cbre.com

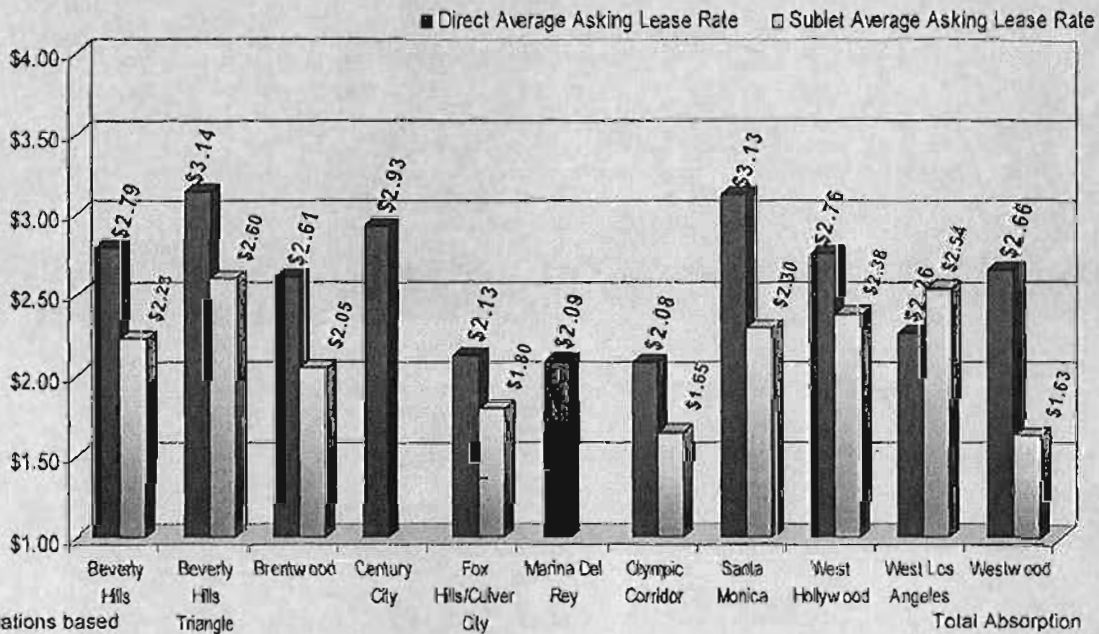
The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and correctness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of any property. You and your advisors should conduct a careful, independent investigation of the market to determine to your satisfaction the suitability of any property to your needs.

# West Los Angeles Market

## Absorption Trends



## Market Lease Rates



Calculations based on Select Buildings with NRA of 30,000 Square Feet and Greater

Total Absorption Activity Includes Direct Net Absorption and Sublet Activity



1840 Century Park East, Suite 700, Los Angeles, CA 90067-2108

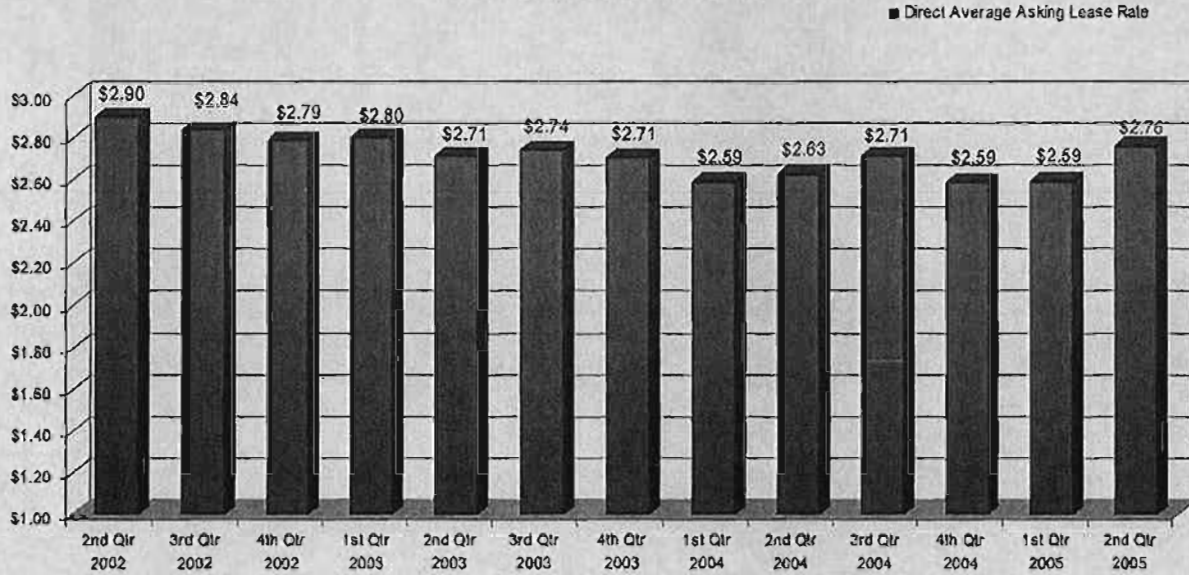
T [REDACTED] F [REDACTED] www.cbre.com

The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of any property. You and your advisors should conduct a careful, independent investigation of the market to determine to your satisfaction the suitability of any property to your needs.

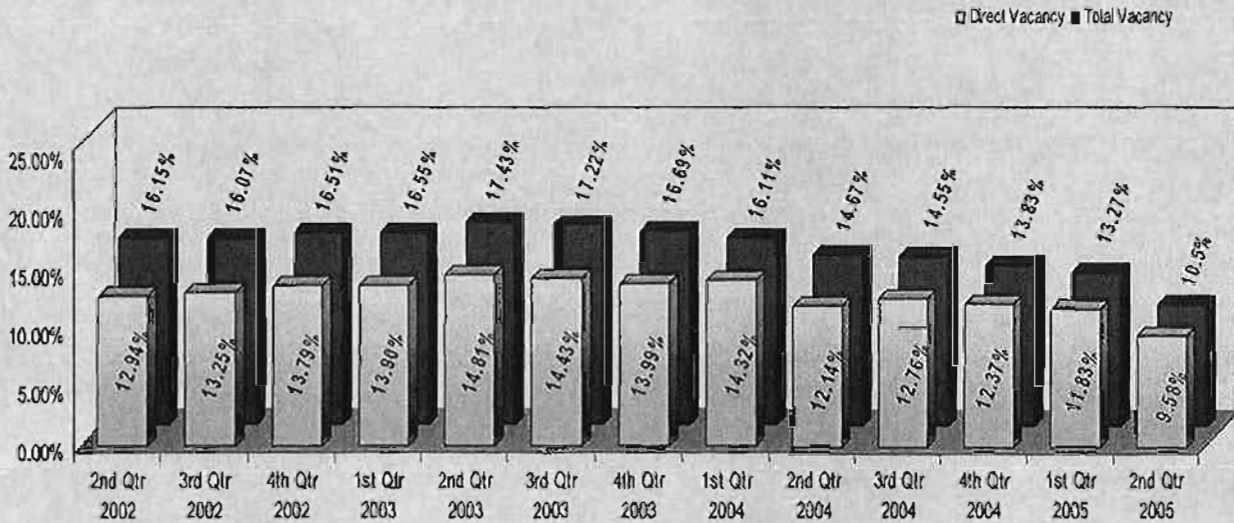
31-62



## Lease Rate Trend



## Vacancy Rate Trends



Calculations based on Select Buildings with NRA of 30,000 Square Feet and Greater

Total Vacancy Rate is calculated using Direct and Sublet Vacant Square Feet.



1840 Century Park East, Suite 700, Los Angeles, CA 90067-2108

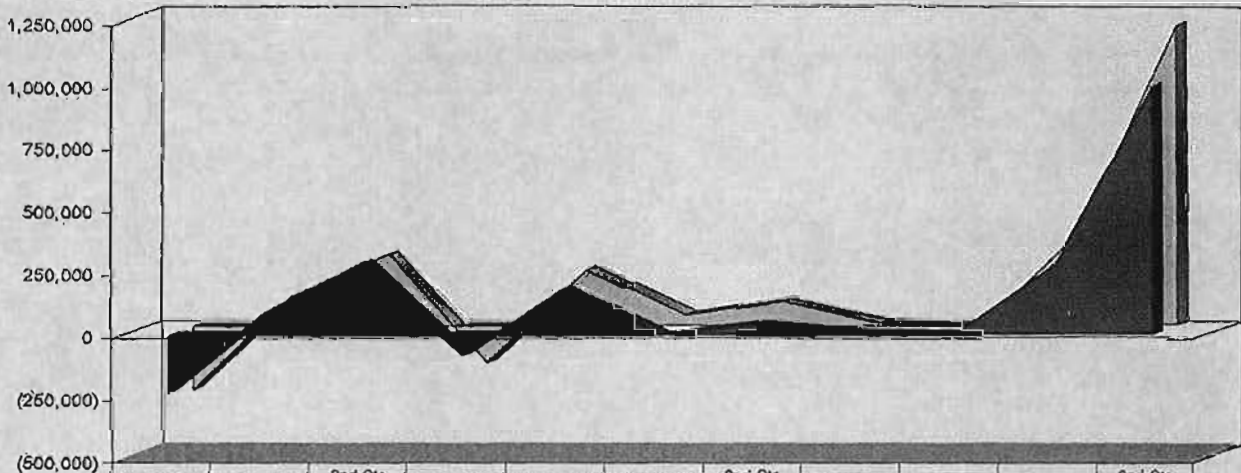
T [REDACTED] F [REDACTED] www.cbre.com

The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of any property. You and your advisors should conduct a careful, independent investigation of the market to determine to your satisfaction the suitability of any property to your needs.

31-63

## Absorption Trends

■ Direct Absorption □ Total Absorption Activity



	4th Qtr 2002	1st Qtr 2003	2nd Qtr 2003	3rd Qtr 2003	4th Qtr 2003	1st Qtr 2004	2nd Qtr 2004	3rd Qtr 2004	4th Qtr 2004	1st Qtr 2005	2nd Qtr 2005
■ Direct Absorption	(228,323)	94,222	293,869	(79,581)	185,984	(1,588.82)	48,778.09	10,546.18	7,140.36	280,694	986,078
□ Total Absorption Activity	(251,664)	117,856	289,026	(144,067)	226,705	40473.64	99703.91	13875.55	(6354.18)	372,110	1,188,761

Calculations based on Select Buildings with NRA of 30,000 Square Feet and Greater

Total Absorption Activity includes Direct Net Absorption and Sublet Activity



1840 Century Park East, Suite 700, Los Angeles, CA 90067-2108

T: [REDACTED] F: [REDACTED] www.cbre.com

The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of any property. You and your advisors should conduct a careful, independent investigation of the market to determine to your satisfaction the suitability of any property to your needs.

31-64

TAB

G



## Greater L.A. Lags Behind in Biomedical Field

■Science: Report says region has large obstacles to overcome to catch growth in Bay Area, San Diego.<sup>1</sup>

DENISE GELLENE, TIMES STAFF WRITER

The biomedical industry in Greater Los Angeles, despite its wealth of talent, must overcome substantial obstacles to achieve world-class status, according to a report by the Los Angeles Regional Technology Alliance.

The shortcomings are so substantial that the region—which boasts three top-tier universities and the world's largest biotechnology company, Amgen Inc.—may never achieve the stature of the Bay Area and San Diego, said Victor Hwang, LARTA chief operating officer and an author of the report.

The Bay Area is the world's leading biotech center, and San Diego ranks third nationally, behind Boston. Its proximity to two top-flight biomedical clusters in the same state puts the Los Angeles region at a disadvantage in competing for investment capital and management talent, Hwang noted. Los Angeles is variously ranked fifth or sixth nationally in a race for prominence with emerging centers in North Carolina, Maryland and Northern Virginia. "No one really knows if the state can support a third center," Hwang said in an interview.

LARTA, a state-sponsored organization charged with spurring high-tech employment, doesn't answer that question in its report. The purpose of the study, to be released Thursday, is to prompt discussion that could lead to a game plan for biotech development in the region, which LARTA defines as the territory from Santa Barbara to the border of San Diego.

"What we are saying is there is a need to stand back and take an objective look at where we can take the region," Hwang said. "There is a lot we can build here without feeling like we have to attain what the Bay Area or San Diego has attained."

To be sure, the size of the biomedical industry in the Los Angeles area is substantial. Greater Los Angeles has 2,090 bioscience companies with a total of 64,700 employees, more than either of its in-state rivals. The Bay Area has 1,344 bioscience firms with 64,200 employees and San Diego has 615 companies with 23,000 employees, the report says.

But the character of the biomedical industry in Los Angeles differs significantly from the

---

<sup>1</sup> From the LA Times, July 16, 2001.

clusters in the Bay Area and San Diego. As the corporate head count suggests, firms in Greater Los Angeles tend to be smaller than in San Diego and the Bay Area. And the industry in the Los Angeles region is unusually diverse, encompassing medical-device firms and generic pharmaceutical companies in addition to those involved in biotechnology--the focus in the San Francisco and San Diego areas.

The result, Hwang said, is a "lack of identity" that hurts Greater Los Angeles when it comes to recruitment and funding. Led by UCLA, Los Angeles-area universities boast more bioscience graduate students than institutions in the Bay Area or San Diego. But many talented students gravitate to jobs outside Los Angeles, the report says, a "brain drain" that leaves local companies scrambling to find capable help.

The report doesn't attempt to quantify the exodus of talent; much of the evidence is anecdotal, Hwang said. It is clear that many of those with doctorates aren't so much abandoning Los Angeles as responding to demand. Bioscience employment in Greater Los Angeles is growing 4.9% annually, the report says, compared with 5.2% in the Bay Area and 6.5% in San Diego.

#### Region Has Potential but Is Lacking Funding

Where Los Angeles clearly lags behind its competitors is in investment capital, according to the report. Using initial public stock offerings as a measure, the report says bioscience companies between Santa Barbara and San Diego raised \$118 million from 1998 to 2000. Bay Area companies took in a staggering \$5.2 billion, while San Diego firms raised \$809 million.

The Los Angeles region also came up a distant third in venture capital financing and in the amount raised through secondary stock offerings.

Still, Greater Los Angeles has the ingredients essential to building a strong industry, the report says. It has a wealth of academic talent at UCLA, UC Irvine, USC and Caltech. And it has prominent companies to anchor further development. Besides Thousand Oaks-based Amgen, there are generic drug maker Watson Pharmaceuticals Inc. of Corona; eye-care specialist Allergan Inc. of Irvine and Beckman Coulter Inc., a Fullerton-based medical-device firm.

"Southern California has many of the basic strengths in place," the report says.

Numerous efforts to leverage the region's scientific expertise are underway, though progress is slow. After much delay, construction has begun on a research park in San Pedro affiliated with Harbor-UCLA Research and Education Institute, the report notes. It will provide much-needed lab space for scientists and start-up companies.

Feasibility studies are nearing completion for a research park on the site of the county's earthquake-damaged juvenile detention facility near USC's Health Sciences campus east of downtown.

Mayor James Hahn wants to encourage biotech development in Los Angeles, as did his predecessor, Richard Riordan, who identified it as one of four key industries for development. (Others were fashion, manufacturing and entertainment.) From an economic-development standpoint, biotech is desirable because it is a recession-resistant industry that provides good-paying jobs.

"We have great research facilities and medical facilities across the city," said Hahn spokeswoman Julie Wong. Hahn "sees no reason why we should not attract new biotech businesses to Los Angeles."

There are glimmers of progress elsewhere in the region. In Pasadena's biotechnology corridor near Caltech, a developer has completed work on a building with lab space to accommodate six to 10 start-ups, said Rich Wolf, associate director of technology transfer at Caltech.

#### Promise Seen in Caltech, City of Hope Projects

City of Hope, a nationally prominent research and medical center in Duarte, has 20 to 23 acres available for development as a bioscience center, where scientists throughout the region could commercialize discoveries.

"Right now, we are trying to get a handle on what the site would look like, what it would cost, who would pay," said Larry Couture, vice president of technology development at City of Hope, which believes the center would help the private institution attract and retain world-class scientists.

Ahmed Enany, executive director of the Southern California Biomedical Council, said despite the obstacles, the industry is stronger in Los Angeles than it was five years ago. And he predicted that by 2005, "at least two big projects will happen," laying favorable odds on the USC and City of Hope proposals.

"To talk about problems is passe," he said, commenting on the LARTA report. "We've been talking about them for years."

#### Biotech Regions

Biotechnology employment in the region from Santa Barbara to Orange County nearly equals that of the Bay Area, the nation's No. 1 biotech center. But enormous disparity exists in the flow of capital into the regions, as measured by the size of stock offerings.

Source: Salomon Smith Barney



TAB

7



## NEW DIRECTIONS, INC.

11303 Wilshire Blvd., VA Bldg. 116  
Los Angeles, California 90073-1003  
Administration (310) 914-4045  
Program (310) 914-5966  
Fax (310) 914-5495

### CARES PROCESS

#### New Directions' Veterans Village Housing

August 2005

##### *Executive Summary*

New Directions is proposing the development of a three-building Veterans Village Housing project on the north side of our present location, the Regional Opportunity Center in Building #116 on the Veterans Affairs Greater Los Angeles Healthcare System's West L.A. campus. The Veterans Village Housing project will be a "model" senior housing complex. All buildings will be connected by walkways, and the architectural theme of the V.A. campus, as originally constructed in 1929, will be reflected in the project.

New Directions and DEA Architects received six design awards for the rehabilitation of the Regional Opportunity Center. The awards include the California Preservation Foundation award for adaptive reuse of an historic building. We feel strongly that the history of the land and facilities need to be restored and preserved. New Directions' Regional Opportunity Center is a wonderful example of how well these buildings can operate as housing for veterans.

The proposed ground-up construction of the Veterans Village Housing project will be especially designed for disabled veterans who need medical care or treatment on an ongoing basis, but are still active and able to care for themselves. The location of the three-building complex lends itself to senior housing because of its proximity to the V.A. hospital and to San Vicente Blvd. and bus service that stops directly in front of building 114. Grocery shopping, coffee and flower shops, as well as dry cleaners and shoe repair shops, are all within walking distance.

Seniors live happier and healthier lives when they connect to a larger community where they feel safe, can interact with others, have meals together and support each other. That will be the premise to the development of the buildings, senior programs, and landscape design of the complex. The proposed complex would provide for those veteran individuals or couples who can live independently. The complex will operate as a village. This will be a place for socialization, activities, learning and recreation. A proposed clubhouse in the center of the complex will serve as a dining facility and recreation center. Walking paths with gardens and trees will create an inviting environment. A swimming pool or putting green will provide exercise and enjoyment. Those seniors who want to work as gardeners, in food service or in recreation will be given priority for employment.

31-68

The individual units, totaling approximately 250, will be one- and two-bedroom apartments with several design possibilities and will range in size, the smallest being 635 square feet for a junior one-bedroom unit to 950 square feet for a two bedroom unit. All units will have kitchens and handicap accessible bathrooms. Some will have balconies.

The Veterans Village Housing project is dedicated to serving active and independent senior veterans who have low to very low income. Since less than 10% of the patients at the V.A. are married, most of the housing units will be for veterans only. A co-operative relationship will be developed with the California Dept. of Veteran Affairs, which is constructing a separate Veterans Nursing Home just steps away. This way, if residents have episodes of illness and/or hospitalization and can no longer care for themselves, they may transition to the state nursing home or a V.A. program.

New Directions intends to work closely with the V.A. as well as the California Department of Veterans Affairs. New Directions presently provides a 156-bed long-term treatment program and a 43-bed program for homeless veterans with co-occurring disorders on the West L.A. campus. V.A. doctors work closely with New Directions staff to make sure prescribed medications are followed, appointments are kept and questions are answered. Having an alternative to institutional care and secure supportive housing, the veteran will be less dependent on the V.A. medical system, thereby reducing extraordinary hospital and medical treatment costs.

There are several issues that make this project both timely and necessary.

1. There is an affordable housing crisis in Los Angeles.
2. The V.A. is mandated by Congress to provide alternatives to institutional care, as well as extended care programs such as community based nursing home care.
3. The state Veterans Nursing Home will create dependant-care housing. However, there is a soaring need for affordable senior housing for poor and aging veterans who don't yet require nursing home care.
4. New Directions is experienced and able to create financial support to make this project a reality, and to manage the complex in collaboration with the VA and the State Nursing Home. Combined, the Veterans Village Housing project and the Veterans Nursing Home will offer a continuum of services for senior veterans that are so critically needed.

Toni Reinis, Executive Director  
New Directions, Inc.  
[toni@newdirectionsinc.org](mailto:toni@newdirectionsinc.org)



## Fact Sheet

*The Dept. of Veterans Affairs is experiencing the graying of the veteran population. The VA reports that more than 38% of the veteran population is 65 or older. The need for affordable housing and health care has created a challenge for the V.A. In FY 1998, VA spent about \$2.5 billion (14% of the VA health care budget) on geriatric care.*

*According to the VA;*

- *Number of veterans age 65 or older is expected to peak at 9.3 million in year 2000, and again in 2015 with aging of Vietnam era veterans.*
- *The number of veterans 85 and older will continue to rise until 2020.*
- *More than 38% of the total veteran population is 65 or older compared to 13% of the US general population.*

*According to a senior analyst at Merrill Lynch, "The number and proportion of older people in the U.S. population have grown and will continue to grow at a rapid pace. Aging in the 21<sup>st</sup> century will be characterized by a steep rise in the population age 85 and older and increased racial and ethnic diversity.*

*"The number of older people in the U.S. has increased ten-fold since 1900. Today, an estimated 35 million people, 13 percent of the population, are age 65 or older. By 2030, 20 percent of Americans, about 70 million, will have passed their 65<sup>th</sup> birthday. The population age 85 and above is the fastest growing segment of the older population; its growth is particularly important for anticipating healthcare and assistance needs, because these individuals tend to be in poorer health and require more services.*

*"Baby boomers will be rapidly swelling the ranks of older Americans. Living to a more advanced age is synonymous with greater demand for healthcare. Healthcare has become a more than \$1 trillion industry. One of the chief goals of medical care in the 1990's had been to provide quick, effective treatment and cut hospital stays to a minimum. The goal of the future is to keep patients out of acute care facilities and with a primary care physician with an infusion of healthcare therapies at home."*

TAB

8





Department of  
 Veteran Affairs  
 West Los Angeles Campus  
 Central No. 101-159003  
 No. 101-159003

- - - - - Study Area Line  
 ■ Existing Structure  
 ■ CA Area (Within 1000 Feet 500)  
 ■ Special District Boundary  
 ■ Cemetery Plots  
 ■ Outlined Property  
 ■ Proposed Temporary Structure Plots  
 ■ Proposed Opening to Outlined Building

PREPARED BY: **ARCHITECTURE**  
 ARCHITECTURE  
 10000 W. Olympic Blvd., Suite 100  
 Los Angeles, CA 90024  
 August 2002 (08/02)  
 DATE: 08/02/02  
 DRAWN BY: **ARCHITECTURE**  
 ARCHITECTURE  
 10000 W. Olympic Blvd., Suite 100  
 Los Angeles, CA 90024  
 August 2002 (08/02)



31-72

TAB

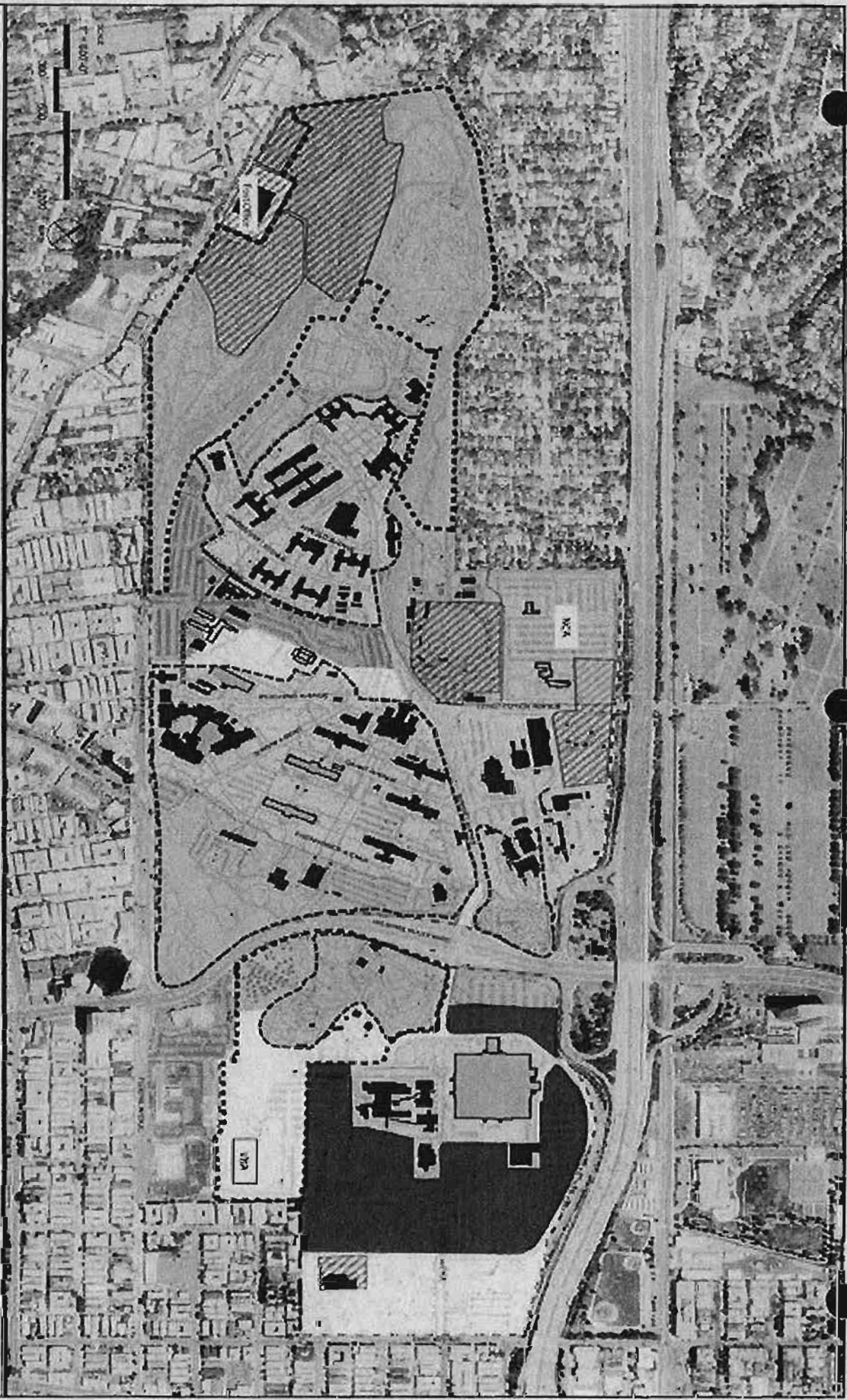
9





TAB

10



**Department of  
Veteran Affairs  
West Los Angeles Campus**

Contract No. 101-V50031

Los Angeles, CA

Scenario B-2 (CARES Occasion) New Hospital  
Rushwood Ambulatory Care Facility

50m Interval

Existing Services

CA State Veterans Home Site

Future Growth

Current Use

City/County Parks

Open Space Areas and Future Recreation

Existing Facilities Area

Medical Center New Services

0.5 Acre Buffer to Security Clearance

VSA Veterans Service Administration

NCA Director of National Cemetery Administration

MITCHELL BY

August 2015 DRAFT

APCS

MITCHELL LLC King, Designer

MITCHELL LLC King, Designer

City of Los Angeles

City of Los Angeles

10000 W. Century Boulevard, Suite 1000  
Culver City, CA 90230  
Tel: 310.343.1000  
www.mitchellllc.com

31-74

TAB

11







TAB

12

---



## BPO Development

The teams collaboratively developed a comprehensive set of possible BPOs to be screened using the agreed-upon initial screening criteria, including access, quality, and cost. Those options passing the screening were then assessed at a more detailed level for consideration by the Local Advisory Panel (LAP).

### Initial Screening Criteria

All of the potential options considered for West LA were 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:

- **Access:** *Would maintain or improve overall access to primary and acute hospital healthcare* – This was assessed based on the access to healthcare assessments for primary care and acute hospital care. The current drive time maps were consulted for each of the various options. If any sites were to change location of services, and the new location fell within the current drive-time area then the option passed, while if the new location fell outside of the drive time area then the option failed. Options for which the access impact was difficult to assess would be further screened using the additional initial screening criteria.
- **Quality of Care:** *Would maintain or improve the overall quality of healthcare* – This was assessed by consideration of quality measures, sufficiency of healthcare provision and the size of any gaps between supply and demand, and level of workload at any facility compared to workload thresholds.

In addition, any option that relied upon patient care being provided by third parties, where no such provision currently exists, failed this test unless there is a compelling reason for Team PwC to consider that there is a **high probability** that such services will be provided when they are required.

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

- **Modern, Safe Secure:** *Would result in a modernized, safe healthcare delivery environment that is compliant with existing laws, regulations, and VA requirements* – This was assessed by consideration of the physical environment proposed in the option and any material weaknesses identified in the 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. 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 failed this test.

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

**Capital Planning Options & Descriptions**

The options included in the table below are the capital planning (CP) options that passed all of the initial screening criteria.

**Capital Planning Options**

Designation	Label	Description
CP-1	Baseline	<p>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.</p> <p>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.</p> <p>Current agreements are to be maintained (i.e., EULs, sharing agreements, including accommodation of the CA State Veterans Home, currently under development).</p>
CP-2A	Renovate Existing Hospital and Ambulatory Care facilities; Renovate Existing Long-Term/Mental Health Care facilities	<p>Consolidate projected acute inpatient workload in renovated hospital and consolidate projected ambulatory workload in renovated Ambulatory Care facilities on Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in renovated facilities. Consolidate projected long-term care and psychiatric care programs in facilities on Brentwood campus (Buildings 214, 217).</p> <p>Construct new VBA facility on Wadsworth campus and construct new columbarium for NCA on Wadsworth campus. Construct new CA State Veterans Home on Brentwood campus.</p>

Designation	Label	Description
CP-2B	Construct New Hospital and Renovate Ambulatory Care facilities; Renovate Existing Long-Term/Mental Health Care facilities	<p>Consolidate projected inpatient acute workload in a replacement hospital, and consolidate projected ambulatory workload in renovated Ambulatory Care facilities (including within existing hospital) on Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in new and renovated facilities. Consolidate projected long-term care and psychiatric care programs in facilities on Brentwood campus (Buildings 214, 217).</p> <p>Construct new VBA facility on Wadsworth campus and construct new columbarium for NCA on Wadsworth campus. Construct new CA State Veterans Home on Brentwood campus.</p>

**Re-Use Options & Descriptions**

The options included in the table below are the re-use (RU) options that passed all of the initial screening criteria.

**Re-Use Options**

Designation	Label	Description
RU-1	Parcel A – North Brentwood Campus	Reuse/redevelopment of Parcel A, inclusive of ballpark, golf course and other greenbelt, Brentwood campus.
RU-2	Parcel B1 – East Central Brentwood Campus	Reuse/redevelopment Parcel B1, inclusive of Buildings 294, 506, 509.
RU-3	Parcel B2 – East Central Brentwood Campus	Reuse/redevelopment of Parcel B2, inclusive of utility space and oil derrick.
RU-4	Parcel C – North Central Brentwood Campus	Reuse/redevelopment of Parcel C, inclusive of occupied/vacated long-term care and mental health structures.
RU-5	Parcel D – West Central Brentwood Campus	Reuse/redevelopment of Parcel D, inclusive of Buildings 116, 236, 237, 264, 265, 266, 337, T32, T33, T77 (location of CA State Veterans Home).
RU-6	Parcel E – West Central Brentwood Campus	Reuse/redevelopment of Parcel E, inclusive of long-term care and domiciliary care facilities (Buildings 214 and 217), Brentwood Campus.
RU-7	Parcel F – Southwest Brentwood Campus	Reuse/redevelopment of Parcel F, inclusive of chapel, Wadsworth Theater and greenbelt corner of campus.



Designation	Label	Description
RU-8	Parcel G – Southeast Brentwood Campus	Reuse/redevelopment of Parcel G, inclusive of utility and storage structures near intersection of I-405 and Wilshire Boulevard.
RU-9	Parcel H1 – Northwest Wadsworth Campus	Reuse/redevelopment of Parcel H1, inclusive of greenbelt space along Wilshire Boulevard.
RU-10	Parcel H2 – Northeast Wadsworth Campus	Reuse/redevelopment of Parcel H2, inclusive of greenbelt space at intersection of I-405 and Wilshire Boulevard
RU-11	Parcel I – North Central Wadsworth Campus	Reuse/redevelopment of Parcel I, immediate north of existing Hospital
RU-12	Parcel J – South Central Wadsworth Campus	Reuse/redevelopment of Parcel J, including greenbelt and housing units.
RU-13	Parcel K – South Wadsworth Campus	Reuse/redevelopment of Parcel K, including but not limited to the existing Hospital and Ambulatory care facilities and parking.

**Comprehensive BPOs to be Assessed in Stage I**

The BPOs included in the table below passed all of the initial screening criteria and were formulated using Team PwC’s professional judgment. They are comprehensive BPOs, incorporating both the capital planning and re-use option components from the tables above. They will be more thoroughly assessed according to the discriminating criteria in the subsequent sections.

**Table of Potential BPOs To Be Assessed in Stage I**

Designation	Label	Description
CP-1	Baseline	<p>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.</p> <p>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.</p> <p>Current agreements are to be maintained (i.e., EULs, sharing agreements, including accommodation of the CA State Veterans Home, currently under development).</p>
CP-2A RU-2, 5, 13	Renovate Existing Hospital and Ambulatory Care facilities; Renovate Existing Long-	Consolidate projected acute inpatient workload in renovated hospital and consolidate projected ambulatory acute workload in renovated Ambulatory

Designation	Label	Description
	Term/Mental Health Care facilities	<p>Care facilities on Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in renovated facilities. Consolidate projected long-term care and psychiatric care programs in facilities on Brentwood campus (Buildings 214, 217).</p> <p>Construct new VBA facility on Wadsworth campus (Parcel K) and construct new columbarium for NCA on Wadsworth campus (Parcel B1). Construct new CA State Veterans Home on Brentwood campus (Parcel D).</p> <p>All remaining portions of the Wadsworth and Brentwood campus available for reuse/redevelopment.</p>
<p><b>CP-2B/ RU-2, 5, 13</b></p>	Construct New Hospital and Renovate Ambulatory Care facilities; Renovate Existing Long-Term/Mental Health Care facilities	<p>Consolidate projected inpatient acute workload in a replacement hospital, and consolidate projected ambulatory acute workload in renovated Ambulatory Care facilities (including within existing hospital) on Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in new and renovated facilities. Consolidate projected long-term care and psychiatric care programs in facilities on Brentwood campus (Buildings 214, 217).</p> <p>Construct new VBA facility on Wadsworth campus and (Parcel K) and construct new columbarium for NCA on Wadsworth campus (Parcel B1). Construct new CA State Veterans Home on Brentwood campus (Parcel D).</p> <p>All remaining portions of the Wadsworth and Brentwood campuses available for reuse/redevelopment.</p>
<p><b>REUSE OPTIONS</b></p>		
<p><b>CP-2B/ RU-1, 2, 5, 13</b></p>	Redevelopment/Reuse of W LA Campus: North Brentwood campus (Parcel A)	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <p>Redevelop/reuse northern section of Brentwood campus for use (sharing agreement) with neighborhood school for new classrooms, swimming pool.</p> <p>Expand existing golf course (Parcel A) from 9 to 18 holes and expand greenbelt of Brentwood campus north of VA Historic District A.</p>

Designation	Label	Description
<p><b>CP-2B/ RU-2, 4, 5, 6, 13</b></p>	<p>Redevelopment/Reuse of W LA Campus: North Central and West Central Brentwood campus portions (Parcels C and E)</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <p>Redevelop Parcels C and/or E for affordable veteran, medical student and/or nursing housing in existing and new construction (ranging in 50,000-150,000 GSF). Housing may be used for New Directions (drug/alcohol treatment programs).</p>
<p><b>CP-2B/ RU-2, 5, 8, 13</b></p>	<p>Redevelopment/Reuse of W LA Campus: Southeast Brentwood campus portions (Parcels G and K)</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <p>Redevelop Parcels G and/or K for university-affiliated bioscience medical research institute, comprised of approximately five renovated existing structures/new phased construction on approximately 20-30 acres.</p> <p>Alternative reuse/redevelopment to also include new medical office building for VA-affiliated physicians/specialists, comprised of 4-5 stories in 60,000 GSF, including small retail (patient pharmacy) on ground floor.</p>
<p><b>CP-2B/ RU-2, 5, 6, 12, 13</b></p>	<p>Redevelopment/Reuse of W LA Campus: West Central Brentwood, South Central Wadsworth or South Wadsworth portions of campus (Parcels E, J, K)</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <p>Redevelop Parcels E, J and/or K for hotel-type accommodations for family of patients (Fisher House).</p>
<p><b>CP-2B/ RU-2, 5, 7, 13</b></p>	<p>Redevelopment/Reuse of W LA Campus: Southwest Brentwood portion of campus (Parcel F)</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <p>Redevelop Parcels F for a veterans memorial park (greenbelt), comprised of (SPECIFIC PROPOSAL BY VETERANS MEMORIAL PARK FOUNDATION).</p>
<p><b>CP-2B/ RU-2, 5, 7, 13</b></p>	<p>Redevelopment/Reuse of W LA Campus: Southwest Brentwood portion of campus (Parcel F)</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <p>Redevelop Parcels F for a veterans memorial park (greenbelt), comprised of (SPECIFIC PROPOSAL BY VETERANS MEMORIAL PARK FOUNDATION).</p>



Designation	Label	Description
CP-2B/ RU-2, 5, 13	Redevelopment/Reuse of W LA Campus: Southwest Brentwood portion of campus (Parcel K)	Assume conditions of Capital Planning option 2B (CP-2B), and include:  Redevelop portion of Parcel K for a veterans'-only kitchen, serving meals to regional VAMCs and CBOC sites. To be located adjacent to new hospital for convenience to serve W LA patients.

**BPOs Not Meeting Initial Screening Criteria**

The following options were considered, however did not pass the initial screening criteria.

- One BPO which called for the complete replacement of all facilities providing care to veterans on the campus (full replacement)
- One BPO which called for complete replacement of the patient care facilities at a new campus, allowing for full redevelopment/reuse of the W LA campus.

These options did not pass the initial screening criteria and, therefore, were not further assessed against discriminatory criteria.

**Discriminating Criteria**

Team PwC then utilized evaluation criteria called “Discriminating Criteria” to discriminate among BPOs that passed the Initial Screening test described above. The primary discriminating criteria are:

- **Healthcare Quality** – These criteria are to assess the following:
  - How the BPO sustains or enhances healthcare quality, such as the relationship of volume of services and outcomes, or improved information transfer
  - If the BPO can ensure that forecasted healthcare need is appropriately met.
  - Whether each BPO will result in a modernized, safe, and secure healthcare delivery environment.
- **Healthcare Access** – This criterion will be used to measure how the BPO impacts the percentage of the patients meeting access guidelines by describing the current percentage and the expected percentage of patients meeting this guideline.
- **Making best use of VA resources** – This set of criteria will be used to assess the cost effectiveness of the physical and operational configuration of the BPO, utilizing Team PwC’s financial analysis tools. In addition, the financial analysis will be used identify cost savings over 30 years, including expected recurring and one-off savings.

- **Ease of Implementation** – These criteria will gauge the impact each BPO’s implementation could have on the ability for the VA to provide uninterrupted care to its enrollees. PwC’s risk score template will be completed to identify and analyze all of the potential risk components associated with the initiatives.
  
- **Ability to Support wider VA programs** – These criteria will be used to assess how the BPO would:
  - Impact the sharing of resources with DoD, with respect to Outpatient Care, Inpatient Services, Special Disability Care, Extended Care Services, and Mental Health Services.
  - Enhance VA opportunities and integrations with VBA and National Cemetery Administration and facilitate continuing existing VA co-locations and/or establishing new ones.
  - Impact Department of Defense contingency planning, Homeland Security needs, or emergency need projections.

## BPO CP-1: Baseline

### BPO CP-1: Description

In the baseline option all services will remain on campus. With all services remaining on campus, there is no change to location of services. Current State is projected out to 2013 and 2023 without any changes to facilities or programs. Current State accounts for projected utilization changes and assumes same or better quality, and necessary maintenance for a safe, secure and modern healthcare environment. The scope of this BPO analysis includes:

- The level of complexity required for the renovations is high, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.
- Current agreements are to be maintained (i.e. EULs, sharing agreements, including accommodation of the CA State Veterans Home, currently under development.
- 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 (Building Nos. 33, 111, 156, 157, 158, 199, 209, 233, 265, 266, 267, and 268).
- Two projects, the CA State Veteran’s Home and the Kitchen Addition to the hospital are funded projects included in the Baseline.

Accordingly, in the Baseline the capital investments focus on the consolidation of services in a smaller set of renovated and enhanced buildings to achieve a “right sizing” of facilities along with the necessary investments to assure a modernized, safe and secure environment without any new construction.

Implementation of the baseline option must minimize any impact on patients, employees, and the community as it manages this planning process and transition. This will include assuring continuity of patient care to the greatest extent possible, and managing any reductions in employment through natural attrition, transfer, early retirement, retraining or other benevolent mechanisms. VA will continue to work closely with its stakeholders to ensure that development and implementation of the Master Plan is managed effectively. VA expects this transition to occur over several years.

### CP-1: Pros & Cons

<b>Pro</b>	<ul style="list-style-type: none"> <li>▪ CP-1 represents the least level of change to current service provision. All existing services remain on campus, in consolidated facilities for which appropriate investments to render them modern, safe and secure are implemented.</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>▪ Limits the reuse/redevelopment of the site.</li> </ul>



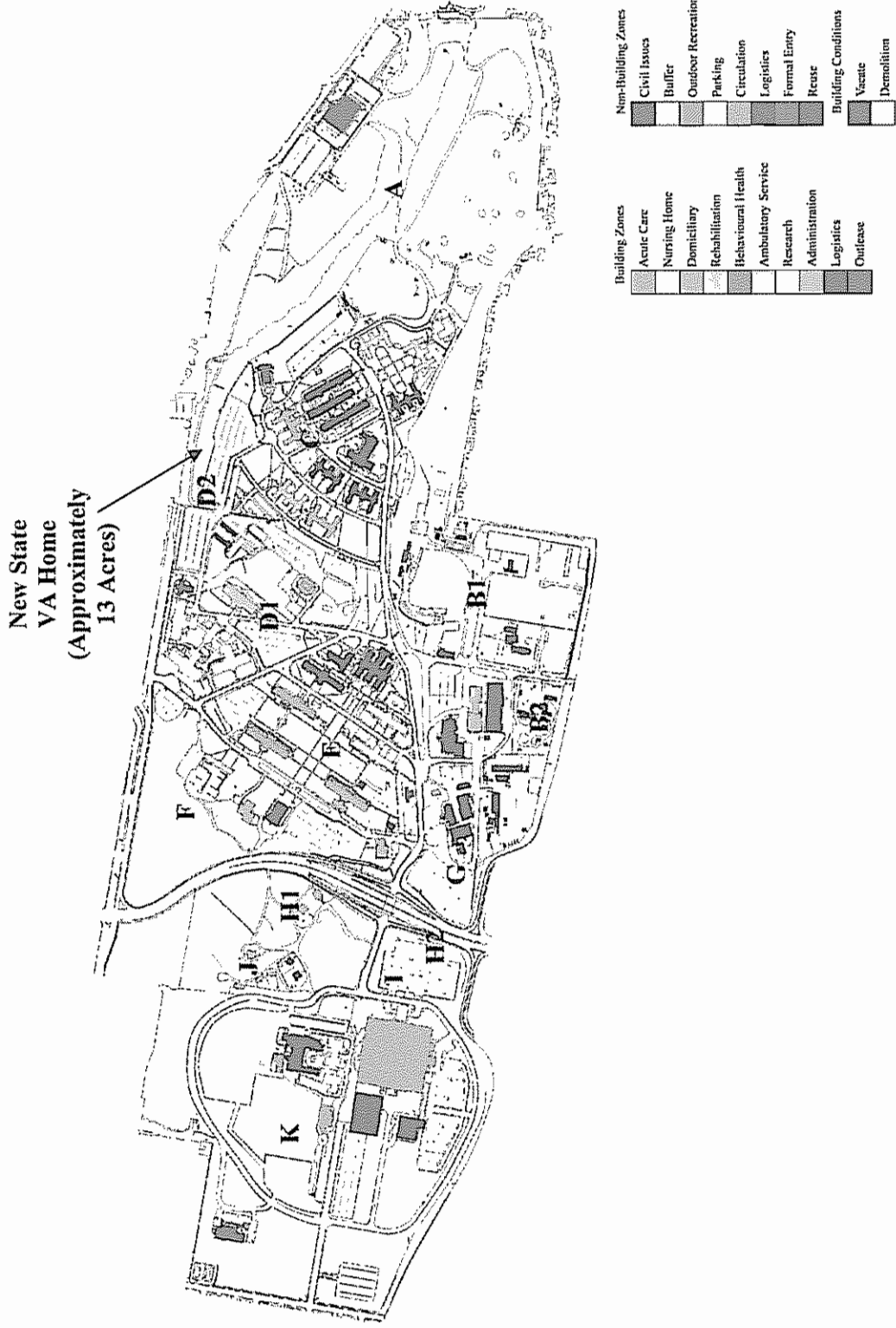
**CP-1: Assessment**

The table below summarizes the impact of the baseline BPO on the current state according to the discriminating criteria.

Assessment of CP-1	Description of Impact
<b>Healthcare Access</b>	Maintains current on-site access.
<b>Healthcare Quality</b>	
Modern, safe, and secure environment	Improving site safety by bringing buildings up to code.
Meets forecasted service need	Facility sized to meet projected demand.
<b>Cost Effectiveness</b>	
Operating cost effectiveness	Cost effectiveness improved through a consolidation of services and reduction in the number of buildings and site operated.
Level of expenditure anticipated	More investment will be required to achieve the right-sizing.
Level of re-use proceeds	[Pending]
Cost avoidance opportunities	[Pending]
Overall cost effectiveness	Cost effectiveness improved through a consolidation of services and reduction in the number of buildings and site operated.
<b>Ease of Implementation</b>	
Ability to maintain uninterrupted care	Impact no better or worse than a routine set of renovations/relocations implies. No closure or interruption of services expected.
Riskiness of BPO implementation	Impact no better or worse than an extensive and extended set of renovations/relocations implies.
<b>Wider VA Program Support</b>	
DoD sharing	No change (No current DoD Sharing on campus).
One-VA Integration	No Change.
Special Considerations	No change.
<b>Overall evaluation</b>	[Pending]

**CP-1: Capital Plan**

*Site plan*

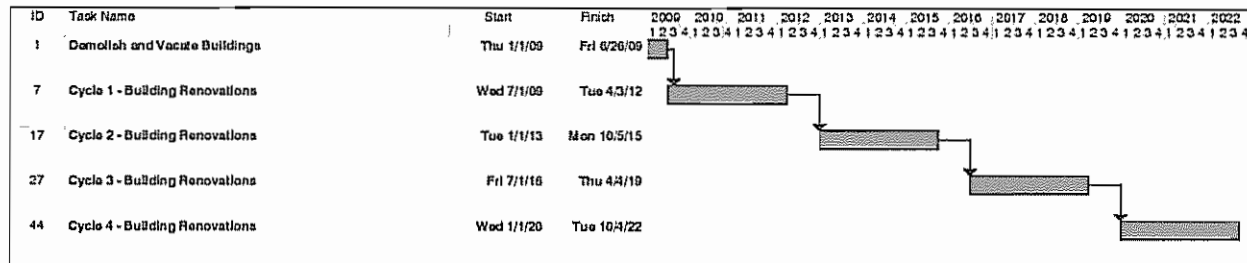


31-87

**Schedule**

Schedule for development in Stage 1 are intended to identify relative duration of new or renovated work in order to calculate occupancy date for utilization of space and escalation costs. The table below indicates the construction duration for this option.

*INSERT SCHEDULE HERE*



**Cost**

- Construction costs are derived from projected area requirements by Building and non-Building parcels.
- Factors from soft costs are based on consultant experience and VA standards.
- Construction cost is \$[Pending]M and ongoing maintenance costs until 2023 are \$[Pending]M.

**CP-1: Re-Use**

Section is not applicable since re-use is not included in the Baseline Option.

**CP-1: Assessment**

Assessment of CP-1	Comparison to Baseline	Description
<b>Cost Effectiveness</b>		
Operating cost effectiveness		
Level of expenditure anticipated		
Level of re-use proceeds	NA	No re-use planned as part of the baseline option
Cost avoidance		
Overall cost effectiveness		



## **BPO CP-2A/RU-2, 5, 13: Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Long-Term Care/Mental Health Care Facilities**

### **BPO CP-2A/RU-2, 5, 13: Description**

In BPO CP-2A/RU -2, 5, 13 all services will remain on campus with no change to location of services. The projected acute inpatient workload and ambulatory workload will be consolidated in the renovated Ambulatory/Hospital (Building 500) on the Wadsworth campus. The Long Term/Mental Health Care will be located in renovated existing facilities (Buildings 214 and 217). This BPO provides new and more efficient facilities for inpatient/outpatient, long term care and mental health services.

A new Veterans Business Administration Building will be built on the Wadsworth Campus (Parcel K). In addition a columbarium is to be constructed for the NCA on the Brentwood campus (Parcels B1 and B2).

As in the baseline option the CA State Veterans Home is to be constructed on the Brentwood Campus (Parcel D1) and the new kitchen facilities will be constructed adjacent to the renovated Ambulatory/Hospital Building.

The intent is consolidation of the campus footprint with the minimal amount of new construction. The scope of the analysis includes:

- Consolidate Ambulatory/Outpatient, Acute Care and Specialty Care (SCI/D) services in renovated Building 500.
- Replacing the existing water treatment and steam plants on the Brentwood campus.
- Consolidate Long Term and Mental Health in renovated buildings on the Brentwood campus.
- Construct new buildings for the VBA and NCA, and CA State Veterans Home.
- The level of complexity required for the renovations is high, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.

**BPO CP-2A/RU-2, 5, 13: Pros & Cons**

<b>Pro</b>	<ul style="list-style-type: none"> <li>▪ Meets stakeholder concerns by keeping all services on current grounds and provides improved facilities for outpatient services and acute care.</li> <li>▪ Upgrade and renovates some of the aging and inefficient facilities.</li> <li>▪ Permits the re-use/redevelopment of Parcels A, C, D2, F, G, H, I, and J.</li> <li>▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services.</li> <li>▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications.</li> <li>▪ The right-sized facilities reduce the total number of buildings occupied but do not provide efficient floor plates/unit sizes for the Nursing Home Care and Domiciliary services. This will continue or indeed worsen current staffing inefficiencies that can only be rectified through replacement buildings. The renovated facilities in CP-2A cannot be considered modern.</li> </ul>

**BPO CP-2A/RU-2, 5, 13: Assessment**

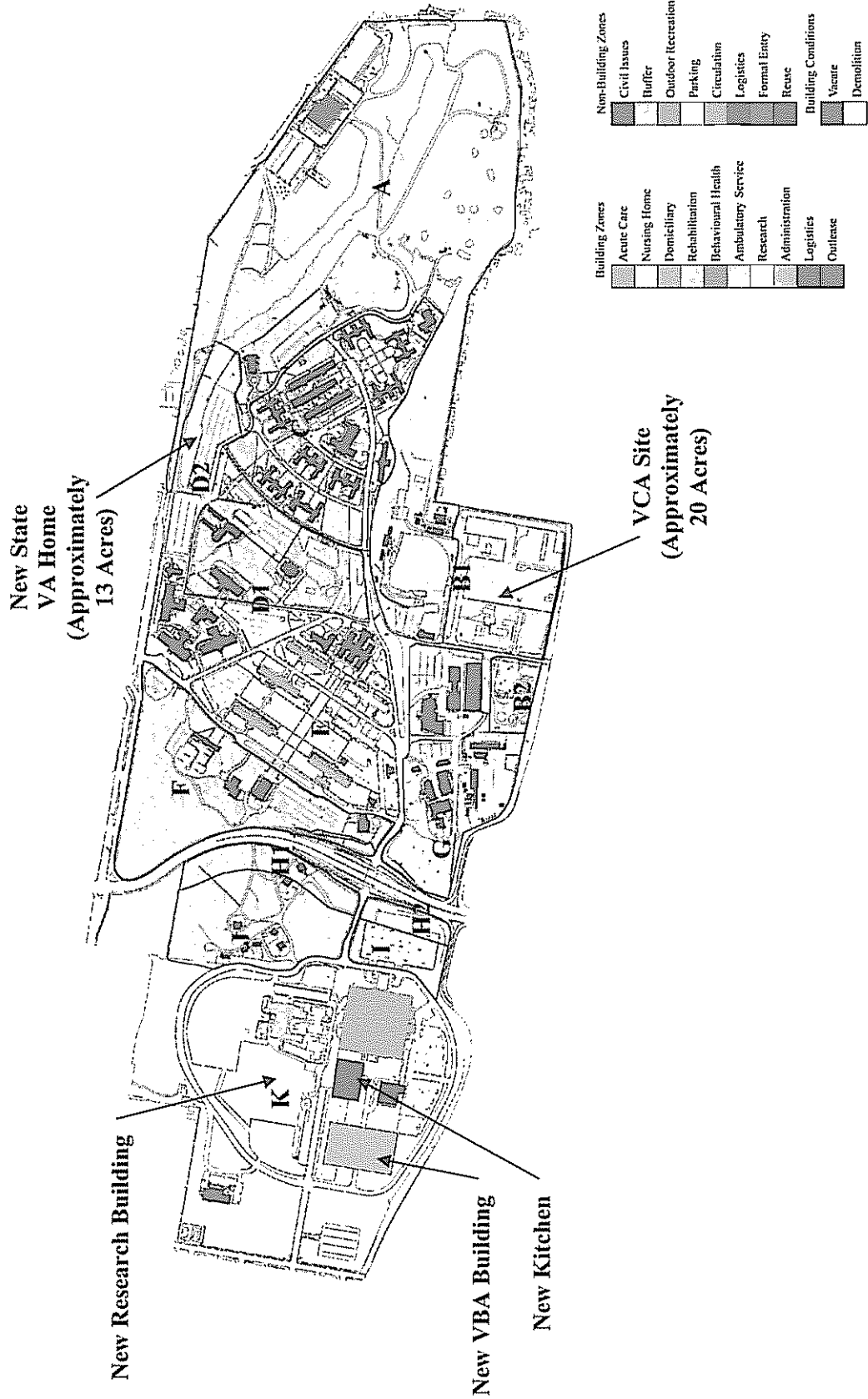
Assessment of BPO CP-2A/RU-2, 5, 13	Impact on Current State	Description of Impact
<b>Healthcare Access</b>	↔	No change.
<b>Healthcare Quality</b>		
Modern, safe, and secure environment	↑	Improving site safety by bringing buildings up to code. Improving current site security due to new construction.
Meets forecasted service need	↑	Facility sized to meet projected demand.
<b>Cost Effectiveness</b>		
Operating cost effectiveness	To Be Completed	Cost effectiveness improved through a consolidation of services and reduction in the number of buildings operated.
Level of expenditure anticipated	To Be Completed	More investment will be required for the new construction.
Level of re-use proceeds	↑	Verify - Similar level of re-use proceeds as compared to the Baseline (+/- 20%).
Cost avoidance opportunities	To Be Completed	Improved with vacating of existing Buildings.
Overall cost effectiveness	To Be Completed	Moderately improved through new facilities.
<b>Ease of Implementation</b>		
Ability to maintain uninterrupted care	↑	Easy relocation of services. No disruption to

Assessment of BPO CP-2A/RU-2, 5, 13	Impact on Current State	Description of Impact
		ongoing operations.
Riskiness of BPO implementation	To Be Completed	
<b>Wider VA Program Support</b>		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.
<b>Overall evaluation</b>	To Be Completed	



**BPO CP-2A/RU-2, 5, 13: Capital Plans**

*Site*

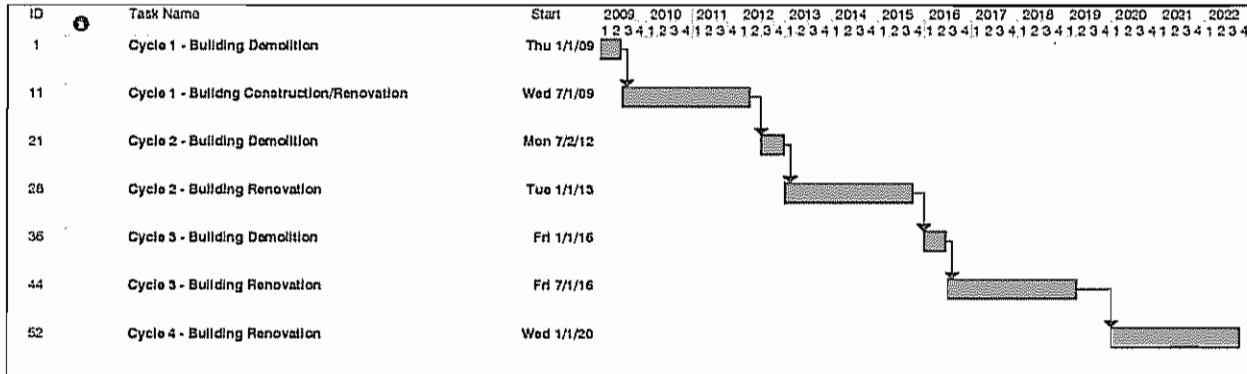


31-92

**Schedule**

Schedule for development in Stage 1 are intended to identify relative duration of new or renovated work in order to calculate occupancy date for utilization of space and escalation costs. The table below indicates the construction duration for this option.

**INSERT SCHEDULE**



**Cost**

- Construction costs are derived from projected area requirements by Building and non-Building Parcels.
- Factors from soft costs are based on consultant experience and VA standards.
- Construction cost is \$[Pending]M and ongoing maintenance costs until 2023 are \$[Pending]M.

**BPO CP-2A/RU-2, 5, 13: Re-Use**

**CP-2A/RU-2, 5, 13: Assessment**

Assessment of CP-2A/RU-1-10	Comparison to Baseline	Description
<b>Cost Effectiveness</b>		
Operating cost effectiveness		
Level of expenditure anticipated		
Level of re-use proceeds	↑	There is potential re-use of vacant land on this site for a variety of uses including residential, recreational, industrial and institutional.
Cost avoidance		
Overall cost effectiveness		

**Description: FROM RE-USE CONSULTANT...**

## **BPO CP-2B/RU-2, 5, 13: Construct New Hospital and Renovate Ambulatory Care Facilities; Renovate Existing Long-Term Care/Mental Health Care Facilities**

### **BPO CP-2B/RU-2, 5, 13: Description**

In BPO CP-2B/RU -2, 5, 13 all services will remain on campus with no major change to location of services. The projected acute inpatient workload will be located in the new Hospital on the Wadsworth campus. The projected Ambulatory Care will be located in the renovated Hospital (Building 500). The Long Term/Mental Health Care will be located in renovated existing facilities (Buildings 214 and 217). This BPO provides new and more efficient facilities for inpatient/outpatient, long term care and mental health services.

A new Veterans Business Administration Building will be built on the Wadsworth Campus (Parcel K). In addition a columbarium is to be constructed for the NCA on the Brentwood campus (Parcels B1 and B2).

As in the baseline option the CA State Veterans Home is to be constructed on the Brentwood Campus (Parcel D1) and the new kitchen facilities will be constructed adjacent to the renovated Ambulatory/Hospital Building.

The intent is consolidation of the campus footprint with the minimal amount of new construction. The scope of the analysis includes:

- Consolidate Ambulatory/Outpatient, and Specialty Care (SCI/D) services in renovated Building 500.
- Consolidate Acute Care into a new replacement hospital.
- Replacing the existing water treatment and steam plants on the Brentwood campus.
- Consolidate Long Term and Mental Health in renovated buildings on the Brentwood campus.
- Construct new buildings for the VBA and NCA, and CA State Veterans Home.
- The level of complexity required for the renovations is high, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.



**BPO CP-2B/RU-2, 5, 13: Pros & Cons**

<b>Pro</b>	<ul style="list-style-type: none"> <li>▪ Meets stakeholder concerns by keeping all services on current grounds and provides renovated facilities for outpatient services and acute care.</li> <li>▪ Upgrade and renovates some of the aging and inefficient facilities.</li> <li>▪ Permits the re-use/redevelopment of Parcels A, C, D2, F, G, H, I, and J.</li> <li>▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services.</li> <li>▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications.</li> <li>▪ The right-sized facilities reduce the total number of buildings occupied but do not provide efficient floor plates/unit sizes for the Nursing Home Care and Domiciliary services. This will continue or indeed worsen current staffing inefficiencies that can only be rectified through replacement buildings. The renovated facilities in CP-2A cannot be considered modern.</li> </ul>

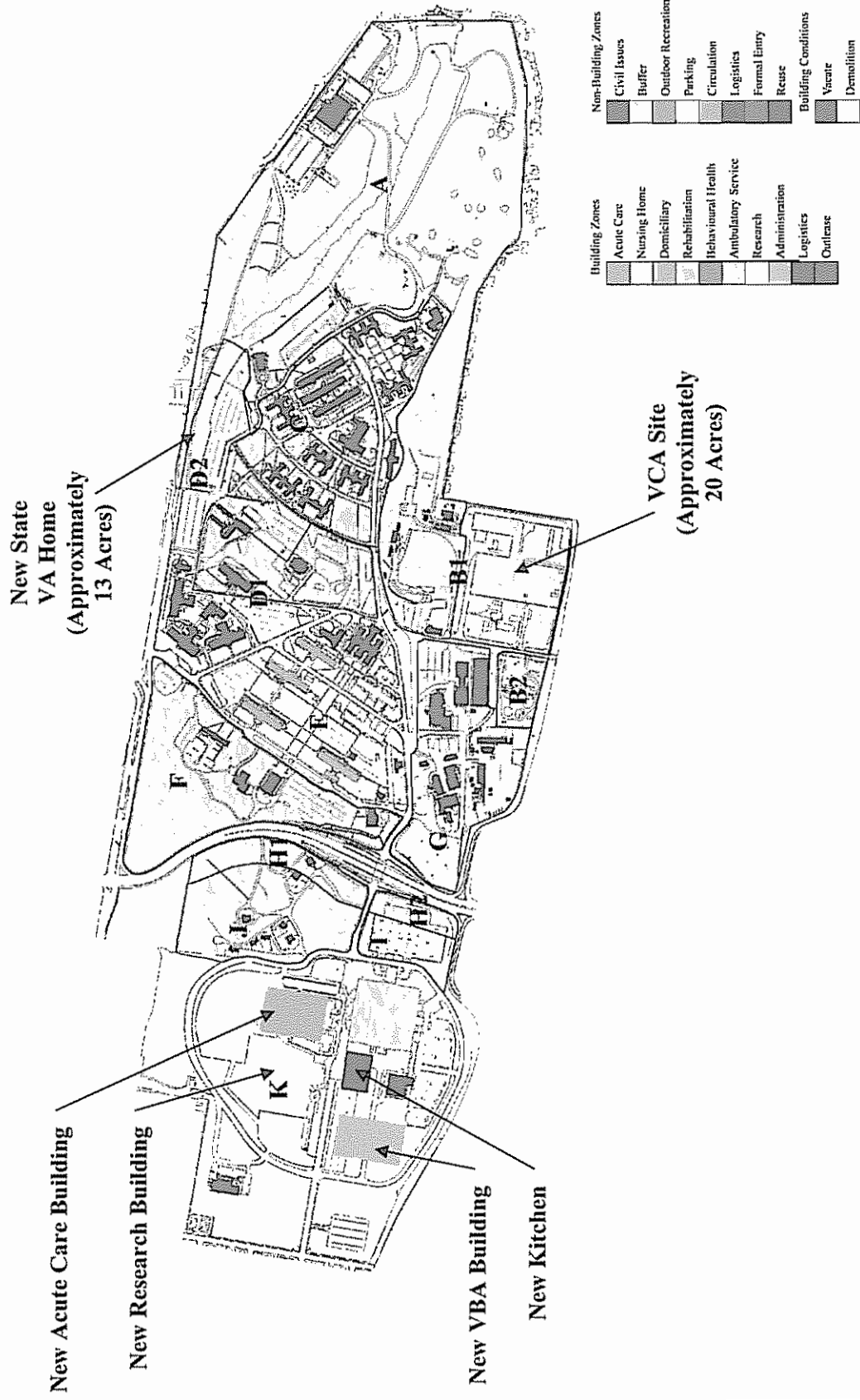
**BPO CP-2B/RU-2, 5, 13: Assessment**

Assessment of BPO CP-2B/RU-2, 5, 13	Impact on Current State	Description of Impact
<b>Healthcare Access</b>	↔	No change.
<b>Healthcare Quality</b>		
Modern, safe, and secure environment	↑	Improving site safety by bringing buildings up to code. Improving current site security due to new construction.
Meets forecasted service need	↑	Facility sized to meet projected demand.
<b>Cost Effectiveness</b>		
Operating cost effectiveness	To Be Completed	Cost effectiveness improved through a consolidation of services and reduction in the number of buildings operated.
Level of expenditure anticipated	To Be Completed	More investment will be required for the new construction.
Level of re-use proceeds	↑	Verify - Similar level of re-use proceeds as compared to the Baseline (+/- 20%).
Cost avoidance opportunities	To Be Completed	Improved with vacating of existing Buildings.
Overall cost effectiveness	To Be Completed	Moderately improved through new facilities.
<b>Ease of Implementation</b>		
Ability to maintain uninterrupted care	↑	Easy relocation of services. No disruption to ongoing operations.
Riskiness of BPO implementation	To Be	

Assessment of BPO CP-2B/RU-2, 5, 13	Impact on Current State	Description of Impact
	Completed	
<b>Wider VA Program Support</b>		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.
<b>Overall evaluation</b>	To Be Completed	

**BPO CP-2B/RU-2, 5, 13: Capital Plans**

*Site*



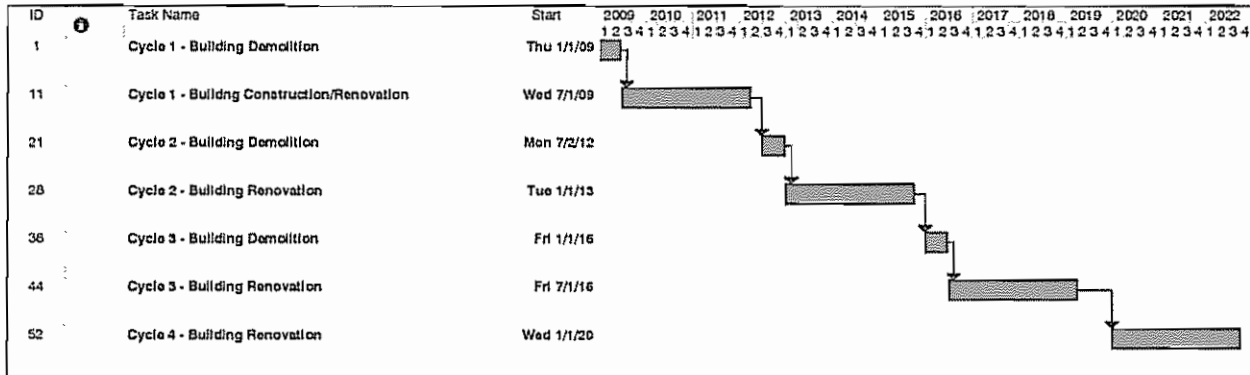
31-97



**Schedule**

Schedule for development in Stage 1 are intended to identify relative duration of new or renovated work in order to calculate occupancy date for utilization of space and escalation costs. The table below indicates the construction duration for this option.

**INSERT SCHEDULE**



**Cost**

- Construction costs are derived from projected area requirements by Building and non-Building Parcels.
- Factors from soft costs are based on consultant experience and VA standards.
- Construction cost is \$[Pending]M and ongoing maintenance costs until 2023 are \$[Pending]M.

**BPO CP-2A/RU-2, 5, 13: Re-Use**

**CP-2A/RU-2, 5, 13: Assessment**

Assessment of CP-2A/RU-1-10	Comparison to Baseline	Description
Cost Effectiveness		
Operating cost effectiveness		
Level of expenditure anticipated		
Level of re-use proceeds	↑	There is potential re-use of vacant land on this site for a variety of uses including residential, recreational, industrial and institutional.
Cost avoidance		
Overall cost effectiveness		

TAB

13

## Current Status Summary

Through review of Government Furnished Information (GFI) as well as onsite interviews and tours, the current state of West Los Angeles (West LA) was assessed. The following summarizes the current state with respect to facilities, property, and the environment.

### Capital Planning

#### *West Los Angeles VA Healthcare Center Current Condition*

- West Los Angeles VA Medical Center (W LA VAMC) is part of VISN 22, Long Beach, CA in West Los Angeles, California approximately 14 miles west of downtown Los Angeles. The West Los Angeles VA Medical Center is the largest healthcare campus in the Department of Veterans Affairs system. The center is part of the DVA Greater Los Angeles Healthcare System, which consists of the West Los Angeles Healthcare Center, the Los Angeles Clinic, and the Sepulveda Medical Center.
- The land on which the center is located is part of a parcel that was deeded in 1888 for the purpose of housing the Pacific Branch of the National Home for Disabled Volunteer Soldiers. Portions of the original deed have been incorporated into the Los Angeles National Cemetery, the West Los Angeles Federal Building and Post Office, and other properties that have been transferred to the Department of Defense.
- The campus is bisected by Wilshire Boulevard. The campus north of Wilshire is referred to as the Brentwood campus. South of Wilshire is referred to as the Wadsworth campus.
- The volume of traffic on Wilshire Boulevard east of the center and on the 405 freeway is the highest in the City of Los Angeles.
- The topography is relatively flat in some areas and very steep in other limited areas. The site has an intersection with a moderate grade where Bonsall Avenue, its major north-south internal roadway, crosses under Wilshire Boulevard. The property has a flood control basin near its northernmost point to handle natural hillside runoff.
- The site currently occupies 492 acres of land, with 89 owned buildings on the campus totaling 2,789,761 square feet. The buildings range from 2 years to 105 years in age. The largest of the buildings is the VAMC which is seven stories and 900,000 square feet. Surface parking occurs throughout the site interspersed among the buildings.
- Buildings have received ratings in the full range of 1 to 5 based on the Capital Asset Index. Most of the Acute and Ambulatory buildings are in the 3 to 4 range. Most of the Behavioral Health, Research, Domiciliary, Administration, Nursing Home Care Unit and Support buildings are in the 2

to 3 range. Continued use or new use of each building will be individually determined as acceptable, based on the CAI rating. Generally, Acute, Ambulatory, Inpatient Behavioral Health and Research buildings should be in the 3-5 range to allow continued use due to their highly technical nature. Administration, Domiciliary, Outpatient Behavioral Health, Nursing Home Care Unit and Support buildings may be in the high 2 to 3 range. There are 11 buildings that are noted as currently vacant.

- The “Cranston Act” established preserve areas totaling about 109 acres (roughly 29 percent of the total WLA VAMC site area). These preserves limit land use, as established by a legislative mandate of Congress. The Cranston Act parcels are located on both the Waldsworth and Brentwood campuses. The Cranston Act prohibits the sale and limits the land use of these parcels. Three of the parcels are located in the north portion of the Waldsworth campus and encompass Barrington Park, the Barrington Village parking lot, the Brentwood School 20-acre athletic field, the golf course, and the ridge and berm area adjacent to Brentwood Glen. The primary use of the Brentwood campus is the 800-bed VA hospital complex and its immediate outpatient treatment facilities, including the MRI, radiation therapy facilities, the central plant adjacent to the bed tower, and parking.
- Historic Considerations:
  - On the VA database all buildings built before 1950 are marked as historic, this includes 42 buildings at West LA.
  - This campus also includes historic districts. The south portion of the Wadsworth Historic District includes the Governor’s Mansion and grounds, which present a park-like setting adjacent to Wilshire Boulevard. The park-like setting of the two flanking historic districts constitutes an area named Veterans’ Parkway
- The center has a major association with the UCLA School of Medicine.
- There is a golf course on the north end of the site. It is in operation and is open to the public.
- Current Land Agreements
  - Brentwood School Land Use Agreement which is a 20 year Enhanced Sharing Agreement which expires June 2020
  - American Red Cross is a 50 year revocable license which expires April 2039
  - Breitburn Energy is a mineral rights lease which is a site revocable license
  - Wadsworth Theater Management is a 20 yr Enhanced Sharing Agreement which expires December 2025

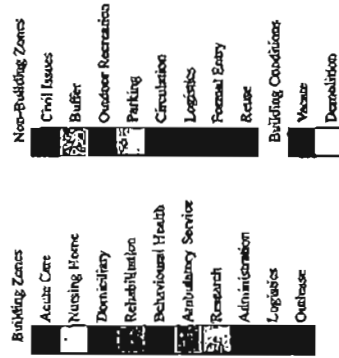
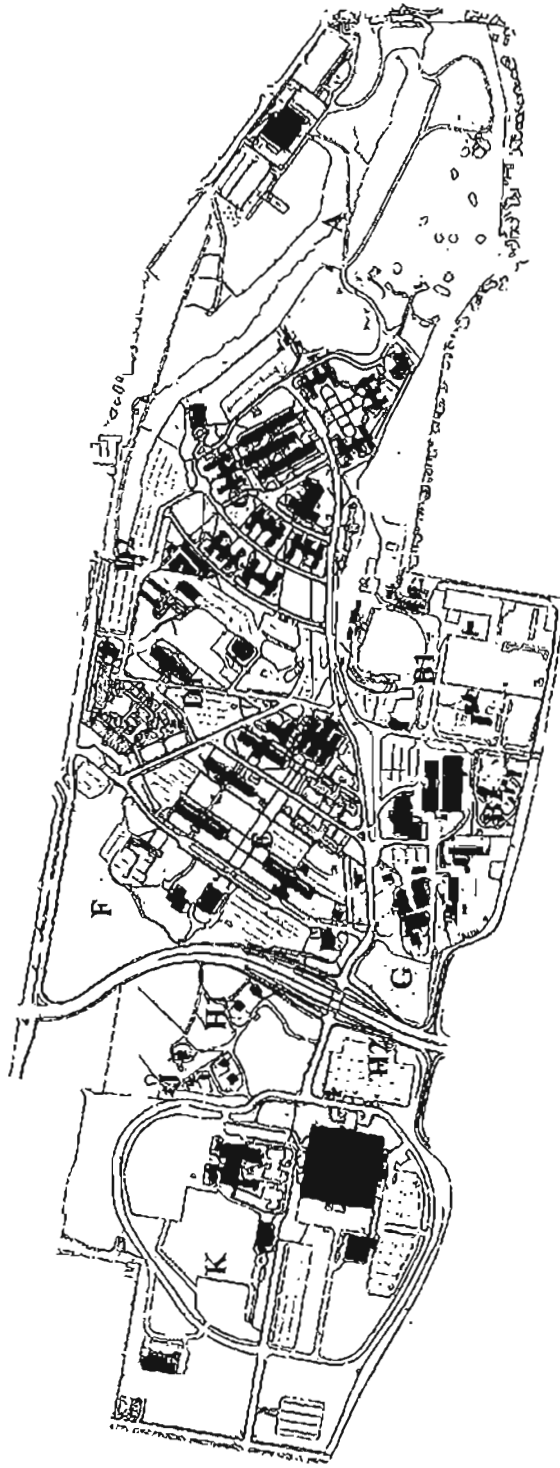


- Salvation Army (B 212) is a 10 yr Enhanced Sharing Agreement which expires July 2014
- Salvation Army (B 207) is a 10 yr Enhanced Sharing Agreement which expires April 2015
- New Directions (B 116) is a 50 yr Federal Lease which expires August 2045
- New Directions (B 257) is a Memorandum of Agreement which expires August 2012
- Jackie Robinson Stadium is a 10 Year Enhanced Sharing Agreement with UCLA which expires April 2011
- Major Infrastructure Issues:
  - The underground storm drainage system in general is undersized and does not provide adequate site coverage. During heavy rain, runoff becomes surface flow, causing site flooding and flooding of some building basements.
  - Steam is generated in Building 295 distributed throughout the site via piping located in concrete trenches with concrete service access plates. Both the steam and condensate distribution systems are in poor condition and have experienced leaks on numerous occasions. In addition, the pipe guides that support valves and piping insulation are in very poor condition.
  - Emergency power is addressed in via a decentralized system. On the Waldsworth campus, the primary systems consist of two 2,000 KVA generators in Building 501. These feed emergency power to Building 500 and ancillary buildings. The Building 500 system is not installed per industry standards with separate life safety, critical and emergency equipment branches of the “essential electrical systems.” On the Brentwood campus, the main centralized standby system occurs in Building 12. This system feeds Buildings 212, 213, 214, 215, 217, and 218. Many other single building on the Brentwood campus use “point of use” systems, specifically Buildings 205, 206, 207, 208, 209, 158, 258m, 256 and 257.

### *Cost Considerations*

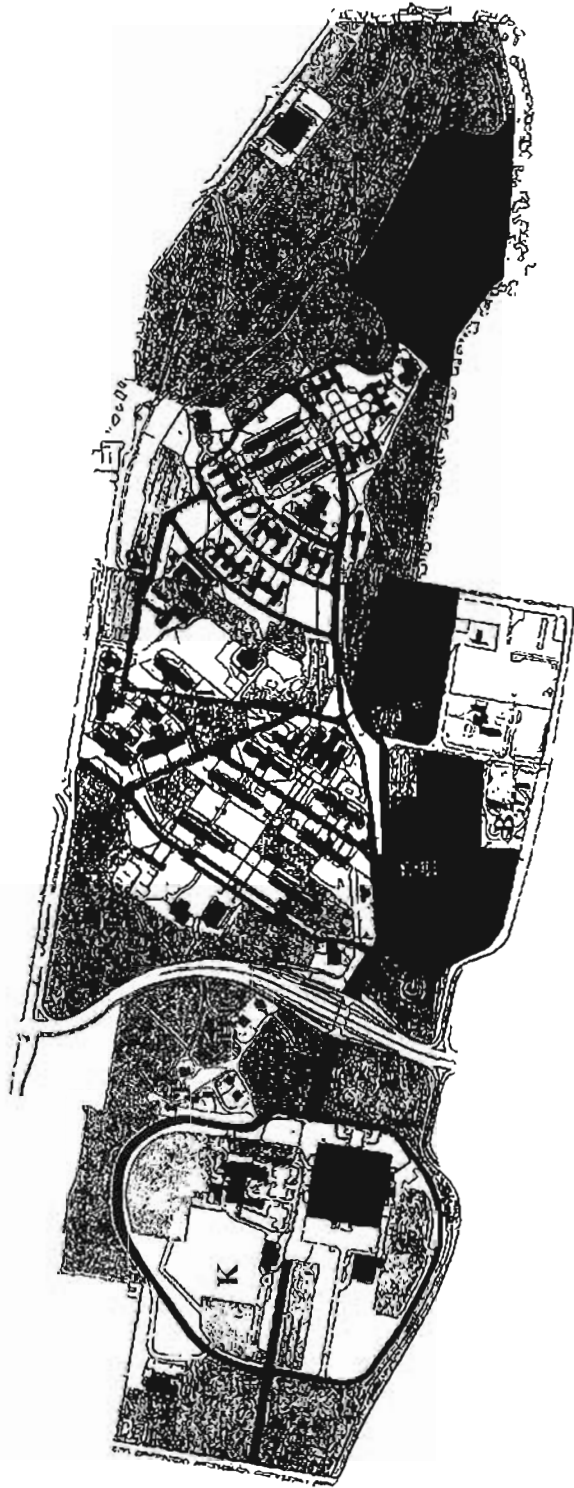
- Most of the buildings on campus require major repairs and deferred maintenance including seismic and structural upgrades.

Figures and Attachments



Existing Building Distribution

31-102



- |                       |                           |
|-----------------------|---------------------------|
| <b>Building Zones</b> | <b>Non-Building Zones</b> |
| Acute Care            | Civil Issues              |
| Nursing Home          | Buffer                    |
| Demilitary            | Outdoor Recreation        |
| Subsidiarise          | Parking                   |
| Behavioural Health    | Circulation               |
| Arbitratory Service   | Logistics                 |
| Research              | Formal Entry              |
| Administration        | Reuse                     |
| Logistics             | Building Conditions       |
| Outouse               | Vacate                    |
|                       | Demolition                |

*Existing Non-Building Zones*

31-103

**Existing Square Footage by Building**

- Building 12 - Emergency Generator - 1 Floor, 1,075 BGSF
- Building 13 - Storage - 1 Floor, 52,604 BGSF
- Building 14 - Single Garage (Wadsworth Division) -1 Floor
- Building 20 - Chapel -1 Floor, 8,758 BGSF
- Building 23 - Quarters -1 Floor, 3,448 BGSF
- Building 33 - Quarters -1 Floor, 1,200 BGSF
- Building 44 - Engineering Shop -1 Floor, 12,909 BGSF
- Building 46 - Engineering Shop -1 Floor, 11,034 BGSF
- Building 63 - Engineering M&O -1 Floor, 720 BGSF
- Building 66 - Trolley House -1 Floor, 600 BGSF
- Building 90 - Duplex Quarters -1 Floor, 4,752 BGSF
- Building 91 - Duplex Quarters -1 Floor, 4,752 BGSF
- Building 000 - Baseball Lot (UCLA) Clubhouse -1 Floor, 900 BGSF
- Building 104 - Garage 2-Car -1 Floor, 500 BGSF
- Building 105 - Garage 3-Car -1 Floor, 600 BGSF
- Building 111 - Vacant Gate House (West Gate) -1 Floor, 144 BGSF
- Building 113 - Animal Research - 4 Floors, 60,000 BGSF
- Building 114 - Research Lab - 4 Floors, 69,921 BGSF
- Building 115 - Research Lab - 3 Floors, 60,314 BGSF
- Building 116 - Outlease New Directions Homeless Vets - 3 Floors, 60,309 BGSF
- Building 117 - Research Lab (former Mortuary) - 2 Floors, 20,873 BGSF
- Building 156 - Vacant - 3 Floors, 60,000 BGSF
- Building 157 - Vacant - 3 Floors, 45,000 BGSF
- Building 158 - Vacant - 3 Floors, 47,134 BGSF
- Building 199 - Vacant (Hoover Barracks) -1 Floor, 3600 BGSF
- Building 205 - Mental Outpatient Psychiatry (Brentwood) - 3 Floors, 53,047 BGSF
- Building 206 - Mental Heath Homeless (Brentwood) - 3 Floors, 47,099 BGSF
- Building 207 - Outleased Salvation Army (Brentwood) - 3 Floors, 47,015 BGSF
- Building 208 - Mental Health/Voc Rehab Medicine (Brentwood) - 3 Floors, 47,265 BGSF
- Building 209 - Vacant - 3 Floors, 46,708 BGSF
- Building 210 - Research/MIREC (Brentwood) - 3 Floors, 39,677 BGSF
- Building 211 - Theater (Brentwood) -1 Floor, 11,490 BGSF
- Building 212 - Salvation Army/Prosthetics - 4 Floors, 62,560 BGSF
- Building 213 - NHCU Pod & Dialysis - 4 Floors, 62,560 BGSF
- Building 214 - Domiciliary - 4 Floors, 53,000 BGSF
- Building 215 - NHCU - 4 Floors, 53,000 BGSF
- Building 217 - Domiciliary - 4 Floors, 58,000 BGSF
- Building 218 - Administration Building - 4 Floors, 75,121 BGSF



- Building 220 - Dental/Research - 4 Floors, 29,876 BGSF
- Building 222 - Mail Out Pharmacy - 3 Floors, 26,565 BGSF
- Building 224 - Outleased Laundry -1 Floor, 29,257 BGSF
- Building 226 - Outleased Wadsworth Theater -1 Floor, 20,875 BGSF
- Building 233 - HAZMAT Building -1 Floor, 840 BGSF
- Building 236 - Police HQ -1 Floor, 7,108 BGSF
- Building 249 - Greenhouse -1 Floor, 2,800 BGSF
- Building 250 - Lath House Rehab Medicine -1 Floor, 1,200 BGSF
- Building 256 - Day Treatment Center Mental Health - 3 Floors, 47,675 BGSF
- Building 257 - Mental Health/New Directions/Methadone (Brentwood) - 3 Floors, 57,386 BGSF
- Building 258 - Administration/Mental Health (Brentwood) - 4 Floors, 65,575 BGSF
- Building 259 - Com Work Therapy -1 Floor, 8,685 BGSF
- Building 264 - FBI (Annex Theater) - 2 Floors, 10,080 BGSF
- Building 265 - Vacant (To Be Demolished) -1 Floor, 2,400 BGSF
- Building 266 - Vacant (To Be Demolished) -1 Floor, 3,234 BGSF
- Building 267 - Vacant (To Be Demolished) -1 Floor, 6,648 BGSF
- Building 278 - Vacant (To Be Demolished) -1 Floor, 3,000 BGSF
- Building 292 - Water Treatment Plant -1 Floor, 864 BGSF
- Building 295 - Steam Plant -1 Floor, 5,720 BGSF
- Building 296 - Chemical Storage House (Wadsworth Division) -1 Floor, 219 BGSF
- Building 297 - Supply Warehouse -1 Floor, 32,700 BGSF
- Building 299 - High Voltage Switchgear -1 Floor, 550 BGSF
- Building 300 - Dietetics - 3 Floors, 68,824 BGSF
- Building 301 - AFGE Union -1 Floor, 2,643 BGSF
- Building 304 - Research Med. Sup. - 3 Floors, 89,267 BGSF
- Building 305 - Transportation Offices -1 Floor, 1,920 BGSF
- Building 306 - Cafeteria/Post Office - 2 Floors, 14,281 BGSF
- Building 307 - Single Quarters -1 Floor, 1,200 BGSF
- Building 308 - Single Quarters -1 Floor, 1,728 BGSF
- Building 309 - Garage -1 Floor, 400 BGSF
- Building 310 - Garage -1 Floor, 400 BGSF
- Building 311 - Mobile House -1 Floor, 1,400 BGSF
- Building 312 - Mobile House -1 Floor, 1,400 BGSF
- Building 315 - GSA Motor Pool -1 Floor, 3,600 BGSF
- Building 318 - Mobile House -1 Floor, 1,400 BGSF
- Building 319 - Supply Storage -1 Floor, 800 BGSF
- Building 320 - Supply Storage -1 Floor, 1,200 BGSF
- Building 329 - Golf Club House - 265 BGSF
- Building 330 - Nursery Garden -1 Floor, 1,500 BGSF
- Building 337 - Research Animal House -1 Floor, 6,772 BGSF

- Building 339 - Bandstand - 530 BGSF
- Building 345 - Radiation Therapy - 2 Floors, 15,620 BGSF
- Building 500 - Main Hospital - 7 Floors, 900,000 BGSF
- Building 501 - Chiller Plant for B500 – 30,000 BGSF
- Building 505 - Paint Shop -1 Floor, 5,000 BGSF
- Building 506 - VA District Council -1 Floor, 9,320 BGSF
- Building 507 - MRI Facility -1 Floor, 6,000 BGSF
- Building 508 - Laundry -1 Floor, 45,000 BGSF
- Building 509 - Recycling Center -1 Floor, 3,750 BGSF
- Building 510 - Transportation -1 Floor, 4,782 BGSF
- Building 511 - Storage -1 Floor, 9,638 BGSF
- Building BB1 - Engineering Shops -1 Floor, 5,000 BGSF
- Building BB2 - Engineering Shops -1 Floor, 5,000 BGSF
- Building T79 - Plant Nursery -1 Floor, 1,550 BGSF
- Building T83 - Welding Shop -1 Floor, 1,300 BGSF
- Building T84 - Laundry Annex -1 Floor, 1,580 BGSF



August 12, 2005

Mr. Ed Bradley  
Contracting Officer's Technical Representative (COTR)  
U.S. Department of Veterans Affairs  
Acquisition Operations Services (049A3H)  
810 Vermont Avenue  
Room 765  
Washington, DC 20420

Dear Mr. Bradley:

On behalf of the MicroTech Team, I am happy to provide the enclosed Phase II Submittal for Task Order number 3, of contract number 101-X50031 for Enhanced Use Lease Analysis. We have analyzed the Government Furnished Information (GFI) to provide the information contained within this report.

We look forward to our continued partnering with the U.S. Department of Veterans Affairs throughout this task order and in the future. I will be contacting you soon to discuss this document in detail. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

Anthony R. Jimenez  
President and CEO  
MicroTech, LLC  
8320 Courthouse Road, Suite 500  
Vienna, VA 22182  
[REDACTED]  
[REDACTED]@microtechllc.com

31-107

... for Comprehensive  
... West Los Angeles, CA  
... Contract Number V101(93)P-2174

## ... SUBMITTAL

Submitted to:  
Department of Veterans Affairs  
Mail Code 049A3H  
1000 ... Avenue NW  
Washington, DC 20420

Submitted by:  
MicroTech, LLC  
3320 Old Courthouse Rd, Ste 500  
Farma, VA 22182-3848  
DUNS #: 145454182  
[www.microtechllc.com](http://www.microtechllc.com)

**MicroTech**  
LLC

... "Taking Technology Further"

August 15, 2005