



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

**Stage I Options Recommendations
Summary Report
Site: **Montrose & Castle Point****

August 2005

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

The VA has also contracted with another government contractor, S&S/ACG, to develop re-use options for inclusion in this study. S&S/ACG issued its report, Enhanced Use Lease Property Re-use/Redevelopment Plan Phase One: Baseline Report, Veterans Affairs Medical Center, Montrose, New York, and as directed by the VA, PricewaterhouseCoopers LLP has included information from their report in the following sections in this report: Real Estate Market and Demographic Overview, Environment, Re-Use Options and Development and specific Re-Use options. PricewaterhouseCoopers LLP was not engaged to review and therefore makes no representation regarding the sufficiency of nor takes any responsibility for any of the information reported within this study by S&S/ACG.

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

OVERVIEW AND CURRENT STATE

Statement of Work

The Montrose Capital and Re-use Plans and Castle Point Capital Plans are to determine on the existing sites the best locations for the new domiciliary and clinics currently provided. The services to be relocated from the Montrose VAMC to the Castle Point VAMC have been determined in the Secretary's Decision document. The purpose of the comprehensive Capital and Re-use Plan is to redesign the Montrose site to maximize the re-use potential of part of the site that is afforded by the transfer of services to Castle Point. Castle Point requires a comprehensive Capital Plan that enables the transferred services, specifically acute psychiatric, long-term psychiatric, and nursing home beds to be most efficiently located on the Castle Point site, principally in new construction.

For the Montrose VAMC, S&S/ACG in coordination with Team PwC shall develop the Re-use Plan and, as a part of the site options, present the most likely potential re-use for available property identified in the capital planning process. The contractors will coordinate their work and exchange information on the capital planning process and stakeholder communications. At Montrose, there has been ongoing discussion initiated by the city regarding an enhanced use plan that will be submitted to develop senior housing and assisted living units. This proposal will also utilize and preserve two well maintained structures, reduce VA Hudson Valley Health Care System maintenance and repair costs and obtain additional revenue to fund community based clinics to better serve veteran patients.

Summary of Market

The Montrose and Castle Point VAMCs are part of the Hudson Valley Health Care System. The Montrose VAMC is located in northern Westchester County, New York. The Castle Point VAMC is located in Dutchess County, NY, 25 highway miles north of the Montrose VAMC. Both are part of VISN 03, which is separated into three markets: Long Island, Metro New York, and New Jersey.

The Montrose/Castle Point (Metro New York) market contains approximately 169,000 enrolled veterans. Over the next 20 years, the number of enrolled veterans in Priority Groups 1-6 is expected to decrease 21%, from 100,062 to 78,963, while the number of enrolled veterans in Priority Groups 7-8 is expected to decrease by 70%, from 69,314 to 20,583. Also, the number of enrolled veterans in every age category is expected to decrease, except for those 85 years and older.

Summary of Current Services Provided

The Montrose VAMC is a sprawling 53-year-old facility on 193 acres overlooking the Hudson River that was built in 1950 for a capacity of 1,984 hospital beds and now operates 291 beds. Services provided at Montrose are primarily psychiatric, psychosocial residential and nursing home services in addition to a full service outpatient clinic. The Castle Point VAMC has 51 buildings on 105 acres and was transferred to VA in 1924. It was originally built for 600

tuberculosis beds and now operates 122 inpatient beds as well as provides several ambulatory services.

Summary of Current Facility Condition – Montrose

The Franklin Delano Roosevelt VAMC at Montrose, NY is located along the banks of the Hudson River in northern Westchester County, NY. More than 50 buildings and structures with approximately 965,000 gross square feet are located at the VAMC. Most of the buildings are well maintained with brick exterior walls and slate roofs. The Administration Building is located in the center, and the buildings are connected by all-weather corridors.

Renovations are needed in many locations throughout the VAMC, although there have been some minor renovations in the last 10 years. About half of the buildings are sprinklered and further review should be implemented when renovations are made to meet fire and safety Standards. The buildings are primarily handicapped accessible through the connecting corridor system. Only four of the buildings are not accessible through the corridor system. The steam distribution system is in poor condition and the water storage tanks needed for capacity/pressurization need replacement.

There are several buildings with vacant floor space. Three buildings have two or more floors completely vacant and four buildings have at least one floor that is vacant space.

Figure 1: Existing Building Distribution at Montrose

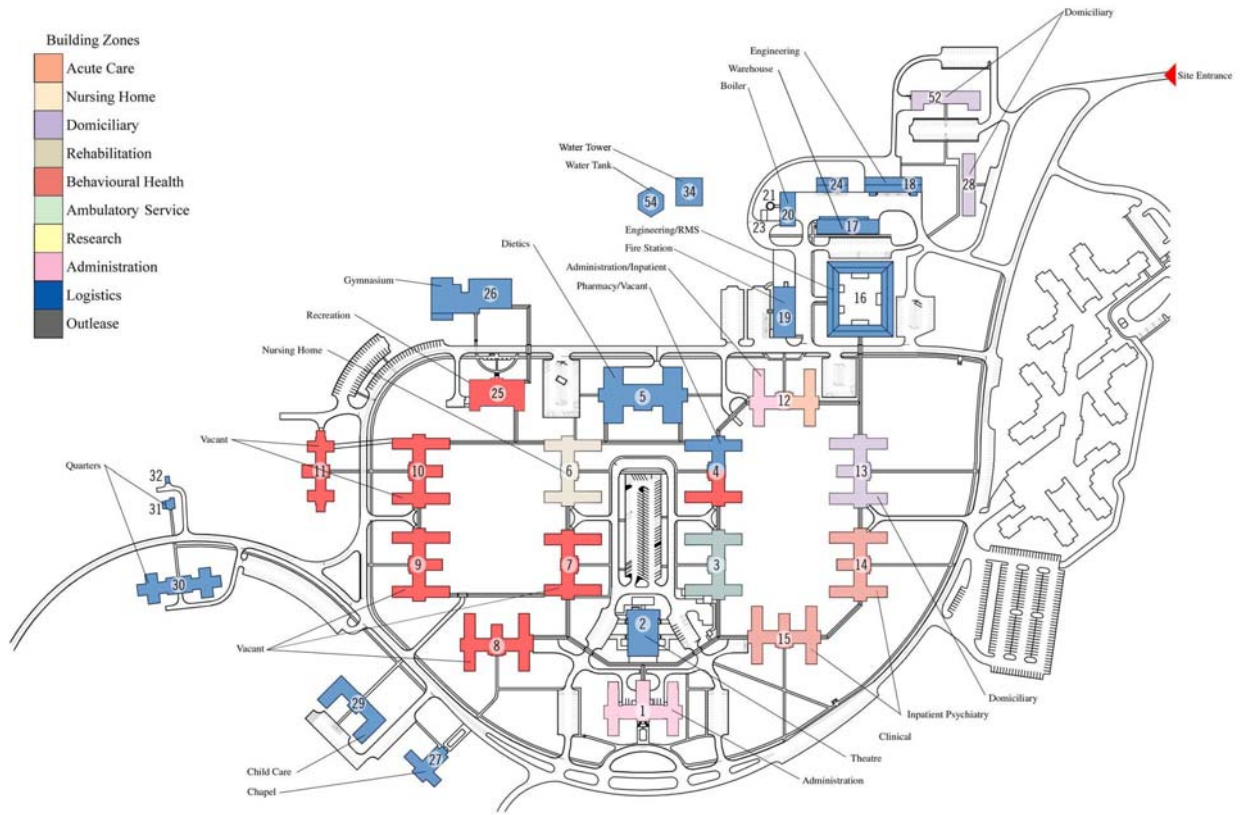


Figure 2: Existing Building Distribution by Zone at Montrose



Summary of Current Facility Condition - Castle Point

The Castle Point VAMC is located in Dutchess County, NY, 65 miles north of New York City. The site is on 105 acres of land along the Hudson River and includes 39 buildings. The buildings are arranged in linear groups connected by enclosed walkways; the original buildings were built in the early 1920s. Most of the buildings at the VAMC have either brick or concrete exterior walls and they are in average condition. Other than the addition of one wing, there have been no major renovations in over 20 years.

There are two buildings that are completely vacant, and there are three buildings that are partially vacant. This amounts to approximately 10% of the VAMC being vacant and the forecast for the Castle Point (Metro New York) market shows a slight decrease in enrollment through 2023. Currently the VAMC has capacity for 600 beds but only operates 122 beds.

Figure 3: Existing Building Distribution at Castle Point

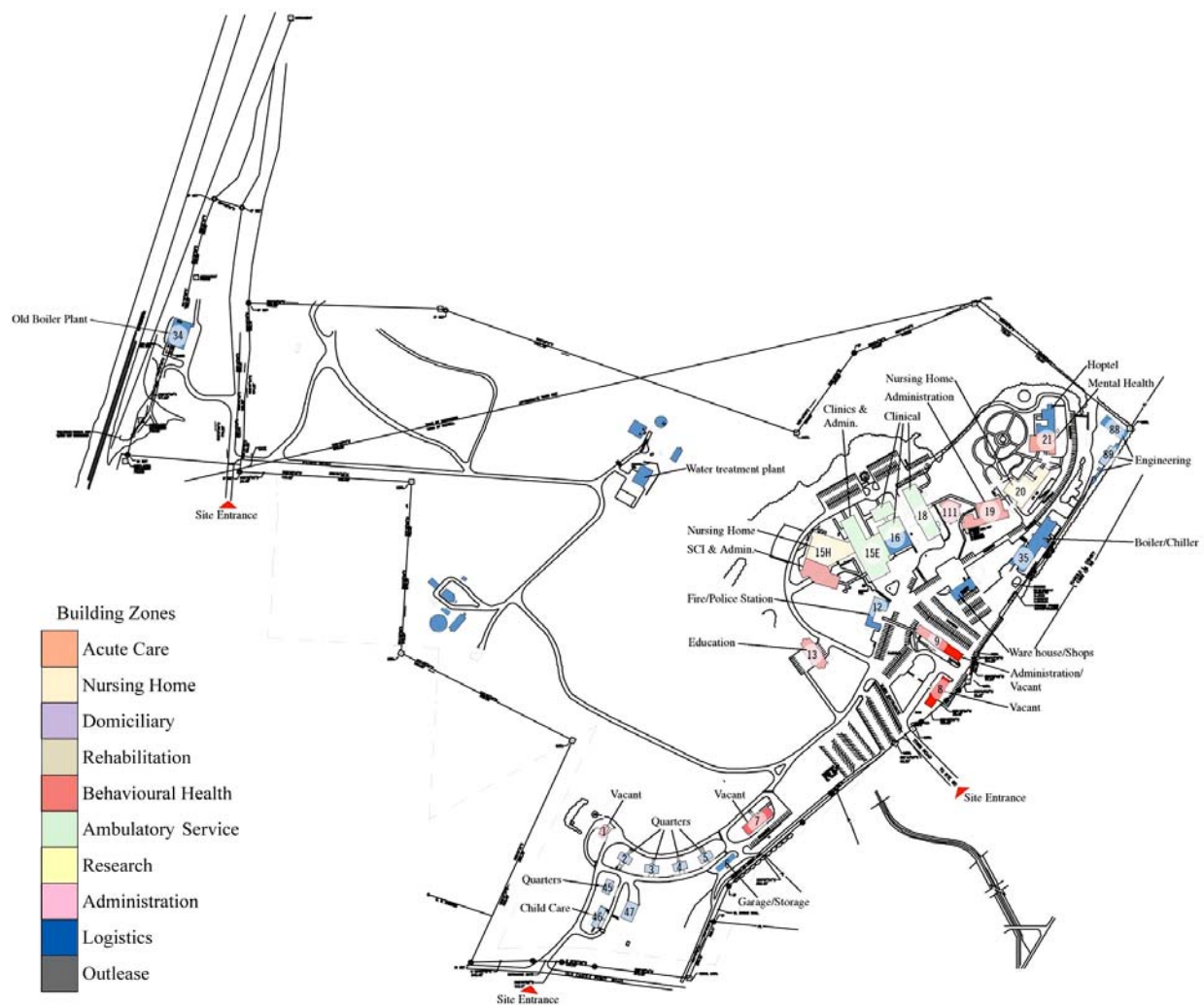


Figure 4: Existing Building Distribution by Zone at Castle Point



Real Estate Market Assessment¹

The Montrose VAMC is surrounded by the Village of Buchanan to the north, the City of Peekskill farther north, and the Village of Croton-on-Hudson to the south. The area surrounding the VAMC is sparse with primarily middle class single-family residential neighborhoods, with commercial development located mainly in village centers. Over 94% of the land in Cortlandt is zoned as residential.

George's Island Park is located next to the VAMC on the west/northwest side. Above the park and also bordering the VAMC is a residential neighborhood off of Dutch street. The neighborhood consists of upscale single family homes. Route 9a (Albany Post Road) forms the northeastern border of the VAMC. Limited commercial development is located along this road to the north and the south of the VAMC. The recently constructed New York State Veterans Home with 252 beds is next to the main entrance drive to the east.

Job growth in Westchester County has remained positive in 2005. Job growth in the Westchester-Rockland-Putnam tri-county region of 4.8% has exceeded the pace of growth in New York City and in the U.S. The most recent available U.S. Census data (2000) shows that during the ten-year period between 1990 and 2000, the Town of Cortlandt had a 13% growth rate in the job market. Preliminary data from the New York State Department of Labor shows that the Town of Cortlandt had an average annual unemployment rate of 4% in 2004.

Westchester County's population has been steadily growing since the 1990 census. Population increased 5.6% over the ten year period between years 1990 and 2000. According to Claritas, a demographic information resource company, the dominant consumer lifestyles within the Town of Cortlandt are retired singles over the age of 55, retirees over the age of 65, and married homeowners with few children ages 25 to 44. These three clusters represent a bit more than 22% of the total number of households within three miles of VAMC.

The prime working age of the Westchester County population grew by 1.4% during the ten-year span between the 2000 Census and 1990 Census. Over the same time period the non-working age population has grown more significantly. The under 20 population experienced growth of 18% while the 65 and older group grew by 2%. However, population projections estimate that the 65 and older group will increase by 34% by 2020. Senior population is expected to grow substantially over the next 15 years, with projections of citizens over the age of 65 increasing by 38% between 2010 and 2025.

¹ Source: S&S/ACG. Note the Scope of Work for the re-use contractors applies only to the Montrose VAMC, and does not include any analysis of the Castle Point VAMC.

Business Plan Option Development

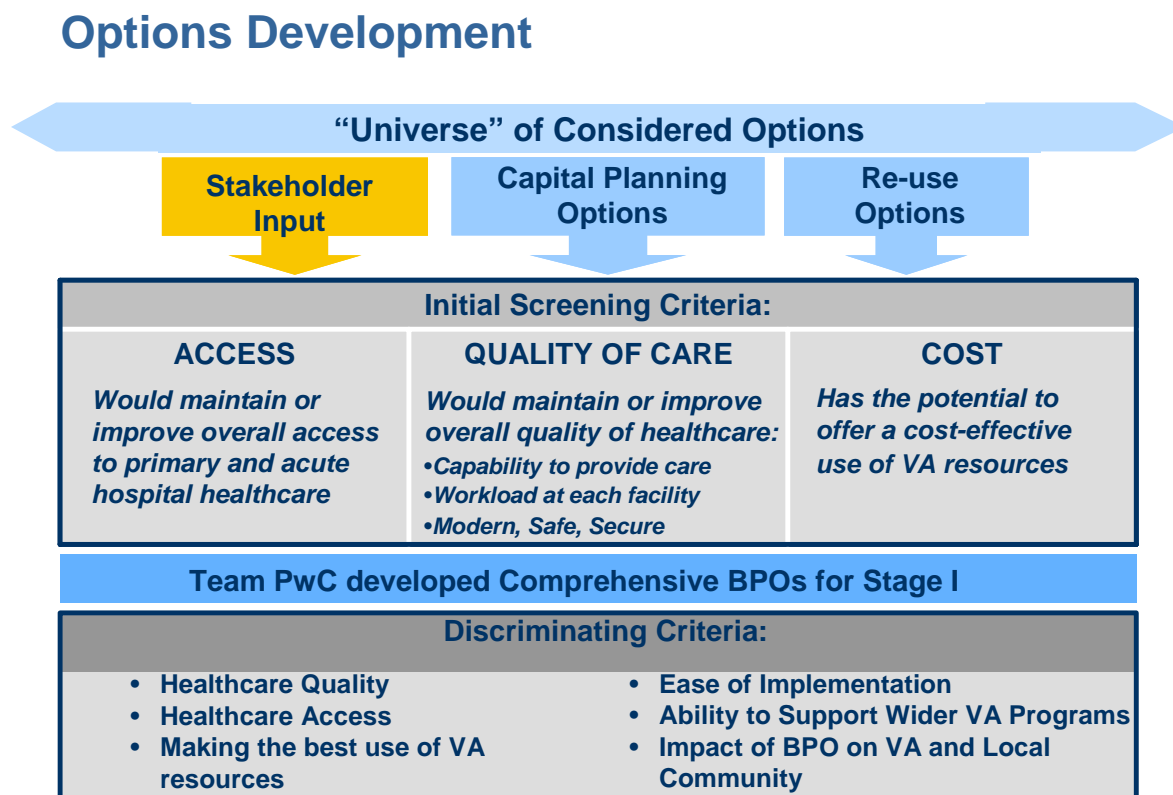
Option Development Process

Team PwC in collaboration with S&S/ACG, developed a set of comprehensive BPOs to be considered for the Montrose/Castle Point VAMCs. A multi-step process was employed in the development and selection of these comprehensive BPOs to be further assessed. A comprehensive BPO is defined as consisting of a single capital option and at least one associated re-use option. Therefore, the formula for a comprehensive BPO would be:

$$\text{Comprehensive BPO} = \text{CP option} + \text{RU option}$$

A multi-step process was employed in the development and selection of these comprehensive BPOs to be further assessed. Initially, a broad range or “universe” of discrete and credible capital planning options and associated re-use options were developed by the teams. These options were tested against the agreed-upon initial screening criteria of access, quality, and cost. The capital and re-use options that passed the initial screenings were then further considered to be potential capital and re-use options to comprise a comprehensive BPO. The teams selected the most appropriate combinations of capital planning and re-use options to create a set of comprehensive BPOs. All of the comprehensive BPOs were then further assessed at a more detailed level according to a set of discriminating criteria.

Figure 5: Option Development Process



Stakeholder Concerns

For the Montrose-Castle Point CARES Study Site, 59 forms of stakeholder input were received between January 1, 2005 and June 30, 2005 including comment forms (paper and electronic), letters, written testimony, oral testimony, and other forms. The greatest amount of written and electronic input was received from veterans and VA or medical center employees.

Stakeholders who submitted written and electronic input indicated that their top concerns centered around support for veterans, potential effect on healthcare services and providers and keeping the facility open. Stakeholders who contributed oral testimony at the Local Advisory Panel public meeting voiced similar concerns about support for veterans and the potential effect on healthcare services and providers.

Table 1: Definitions of Stakeholder Concerns

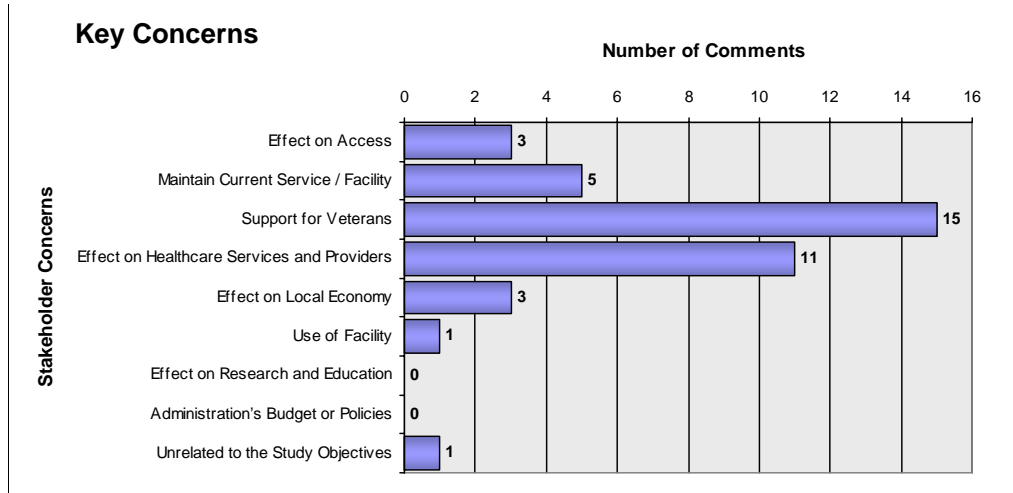
Stakeholder Concern	Definition
Effect on Access	Involves a concern about traveling to another facility or the location of the present facility.
Maintain Current Service/Facility	General comments related to keeping the facility open and maintaining services at the current site.
Support for Veterans	Concerns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

Figures 6 & 7: Analysis of Stakeholder Key Concerns

VA CARES BUSINESS PLAN STUDIES
 STAKEHOLDER INPUT ANALYSIS REPORT
 Montrose/Castle Point Study Site

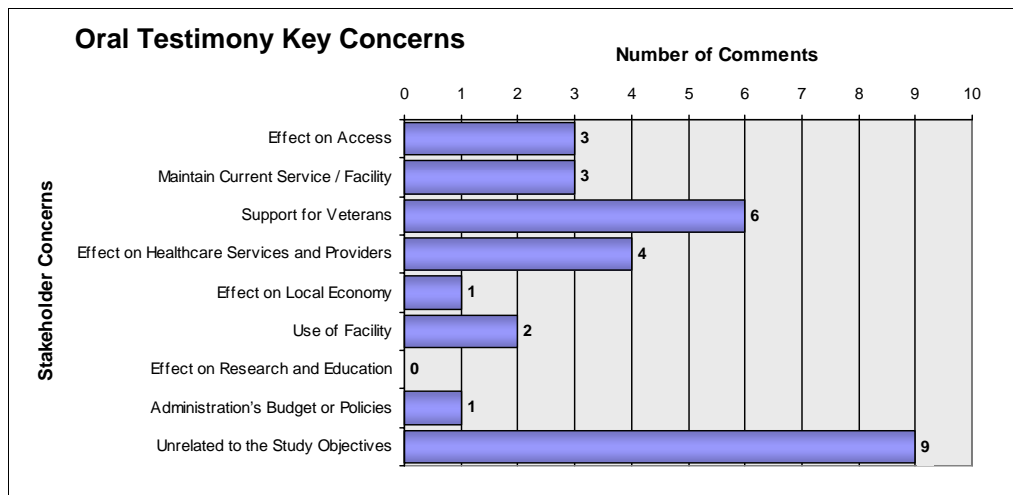
**Analysis of Written and Electronic Inputs
 (Written and Electronic Only):**

The breakout of “Key Stakeholder Concerns” regarding the Montrose/Castle Point study site is as follows*:



**Analysis of Oral Testimony Input Only
 (Oral Testimony at LAP Meeting):**

The breakout of “Key Stakeholder Concerns” that were expressed during Oral Testimony for the Montrose/Castle Point study site is as follows*:



* Note that totals reflect the number of times a "key concern" was raised by a stakeholder. If one stakeholder addressed multiple "key concerns", each concern is included in the totals.

COMPREHENSIVE BUSINESS PLANNING OPTIONS

Baseline Option

The Baseline is the Business Planning Option (BPO) under which there would not be significant changes in either the location or type of services provided in the study site. In the Baseline BPO, the Secretary's Decision and forecasted long-term healthcare demand and trends, as indicated by the demand forecasted for 2023, are applied to the current healthcare provision solution for the study site.

Specifically, the Baseline BPO is characterized by the following:

- Healthcare continues to be provided as currently delivered, except to the extent healthcare volumes for particular procedures fall below key quality or cost effectiveness threshold levels.
- Capital planning costs allow for current facilities to receive such investment as is required to rectify any material deficiencies (e.g. in safety or security) such that they would provide a safe healthcare delivery environment as required in the Secretary's Decision.
- Life Cycle capital planning costs allow for on-going preventative maintenance and life-cycle maintenance of major and minor building elements.
- At the Montrose VAMC, re-use plans use such vacant space in buildings and/or vacant land or buildings as emerge as a result of the changes in demand for services and the facilities in which they sit.

Therefore, in the baseline BPO all outpatient and domiciliary services will remain on the Montrose VAMC. In accordance with the Secretary's Decision, acute psychiatry beds, long term psychiatry, and nursing home beds will be moved to the Castle Point VAMC and housed in new or renovated facilities. Additionally, spinal cord injury services will be relocating from Castle Point to the Bronx VAMC in 2013.

Options Not Selected for Assessment

The following options were also considered but were not selected for assessment as a component of a comprehensive BPO:

Table 2: Options Not Selected for Assessment

Label	Description	Screening Results
Build New		
CP-2D	Build new Domiciliary by the Hudson River and a new Outpatient facility in the area of present domiciliary (Building 52).	Failed cost and site suitability: due to topography by the Hudson River that is not suitable for the domiciliary facility to be located there.
Relocation		
CP-3A	Relocate Domiciliary off-site.	Failed due to inconsistency with Secretary’s Decision.
Close Montrose		
RU-H	Vacate entire Montrose site.	Failed due to inconsistency with Secretary’s Decision.

Comprehensive BPOs to Be Assessed in Stage I

The comprehensive BPOs incorporate capital and re-use option components as previously described. The combinations of capital and re-use options were formulated in order to arrive at the most appropriate options for the site. They will be more thoroughly assessed according to the discriminating criteria in the subsequent sections. The following describes each of the BPOs and the support for their selection.

It is important to note that these options can be combined. Any of the five options at Montrose can be paired with any of the four options at Castle Point.

Table 3: Comprehensive BPOs for Assessment

BPO Designation	Label	Description	Support for BPO Selection
BASELINE BPO: BOTH MONTROSE AND CASTLE POINT			
<p>BPO 1</p> <p>Comprising: CP-1/RU-A, B, 50% of C, D, E, F, G</p>	<p>Baseline - for Montrose and for Castle Point</p>	<p>Outpatient and Domiciliary remain at the Montrose VAMC. Acute psychiatry, long-term psychiatry, and nursing home beds are moved from Montrose to Castle Point (partially in new construction). Spinal Cord Injury relocates from Castle Point to the Bronx VAMC in 2013. Permits collaboration with National Cemetery Administration. Permits re-use of Parcels A, B, C 50% of C, D, E, F and G.</p>	<ul style="list-style-type: none"> ○ <u>Montrose:</u> Outpatient and Domiciliary remain at Montrose. Acute psychiatry, long-term psychiatry, and nursing home beds are moving from Montrose (reduce footprint) to Castle Point (new or renovated construction). Spinal Cord Injury relocates from Castle Point to the Bronx in 2013. Permits re-use of Parcels A, B, 50% of C, D, E, F and G. ● <u>Castle Point:</u> Renovate existing buildings containing inpatient, outpatient, and nursing home services in phased renovations. Keep the fire station #12, the sewage treatment plant, the boiler #35 and other support buildings. Vacate the quarters buildings #1, 2, 3, 4, 5, 6, 45, and 48. Vacate the leased childcare building #46 and the old boiler plant #34.
MONTROSE BPOs			
<p>BPO 2</p> <p>Comprising: CP-2A/RU-A, B, 75% of C, E, F, G</p>	<p>Build new: By Fire Station</p>	<p>Build new domiciliary and clinics adjacent to fire station. Requires demolition of water tower. Permits collaboration with National Cemetery Administration. Permits re-use of Parcels A, B, 75% of C, E, F, G.</p>	<ul style="list-style-type: none"> ● Best features: new facilities in an undeveloped portion of the site with good vehicular access; no required demolition; and strong reuse/redevelopment potential of current facilities. ● Replacement of aging and inefficient facilities with new facility at Montrose. ● Easy transition from existing to new facilities for services remaining at Montrose. ● This BPO would permit the re-use of the sewage treatment plant.

BPO Designation	Label	Description	Support for BPO Selection
			<ul style="list-style-type: none"> • The new construction is directly adjacent to the fire house in this BPO, allowing the remainder of the site to be leased as a unit. • This BPO would permit re-use of the gym, pool, theatre, roads, and waterfront.
<p>BPO 3</p> <p>Comprising: CP-2B/RU-A, B, 50% of C, D, E, F, G</p>	<p>Build new: By Engineering and Warehouse</p>	<p>Build new domiciliary and clinics in area off of present engineering and warehouse. Requires demolition of Buildings 16, 17, 18, & 24. Permits collaboration with National Cemetery Administration. Permits re-use of Parcels A, B, 50% of C, D, E, F, G.</p>	<ul style="list-style-type: none"> • Best features: new facilities in as small a footprint as possible near the main vehicular entrance. • Replacement of aging and inefficient facilities with new facilities. • Easy transition from existing to new facilities. • This BPO would permit the re-use of the sewage treatment plant. • This BPO would permit the majority of the site to be leased as a unit. • This BPO would permit re-use of the gym, pool, theatre, roads, and waterfront.
<p>BPO 4</p> <p>Comprising: CP-2C/RU-A, B, 25% of C, D, E, F, G</p>	<p>Build new: By current Domiciliary and Inpatient Psychiatry</p>	<p>Build new domiciliary and clinics in area near current domiciliary and IP psychiatry. Requires demolition of Buildings 13 & 14. Permits collaboration with National Cemetery Administration. Permits re-use of Parcels A, B, 25% of C, D, E, F, G.</p>	<ul style="list-style-type: none"> • Best features: new facilities in a familiar/historic portion of the campus. • Replacement of aging and inefficient facilities with new facilities. • Easy transition from existing to new facilities. • This BPO would permit the re-use of the sewage treatment plant. • This BPO would permit the majority of the site to be leased as a unit. However, this BPO interrupts the courtyard layout of the site, and may make the remainder of the site difficult to lease. • This BPO would permit re-use of the gym, pool, theatre, roads, and waterfront.

BPO Designation	Label	Description	Support for BPO Selection
<p>BPO 5</p> <p>Comprising: CP-2E/RU-A, B, 75% of C, D, E, F, G</p>	<p>Build new: By residential area and present Domiciliary</p>	<p>Build new Domiciliary by near building #30 and new clinic in area of present Domiciliary (#52). Requires demolition of Buildings #24 and #17. Keep fire station #19 and vacate all other buildings. Permits collaboration with National Cemetery Administration. Permits re-use of Parcels A, B, 75% of C, D, 75% of E, F, G.</p>	<ul style="list-style-type: none"> • Best features: new outpatient facility near main entrance; domiciliary facility in quieter area of site; makes available almost all of current core of campus. • Replacement of aging and inefficient facilities with new facilities. • This BPO would permit the re-use of the sewage treatment plant. • This BPO would permit the majority of the site to be leased. However, the separation of the VA buildings divides the site. • This BPO would permit re-use of the gym, pool, theatre, roads, and waterfront.
<p>BPO 6</p> <p>Comprising: CP-2F/RU-B, 75% of C, D, E, F, G</p>	<p>Build new: By residential area and in 5 acre area off route 9a</p>	<p>Build new Domiciliary by near building #30 and new clinic in 5 acre area off route 9a. Keep fire station #19 and vacate all other buildings. Permits collaboration with National Cemetery Administration. Permits re-use of Parcels B, 75% of C, D, E, F, G.</p>	<ul style="list-style-type: none"> • Best features: new outpatient facility as close as possible to main vehicular entrance; no required demolition; makes available all of current core campus; domiciliary facility in quieter area of site; strong reuse/redevelopment potential. • Replacement of aging and inefficient facilities with new facilities. • Easy transition from existing to new facilities. • This BPO would permit the re-use of the sewage treatment plant. • This BPO would permit the majority of the site to be re-used or redeveloped in the future as a unit. However, the separation of the VA buildings divides the site. • This BPO would permit re-use of the gym, pool, theatre, roads, and waterfront.

BPO Designation	Label	Description	Support for BPO Selection
CASTLE POINT BPOS			
<p>BPO 7</p> <p>Comprising: CP-4A</p>	<p>Build new: By education building</p>	<p>New facility contains nursing home beds, psychiatry beds transferred from Montrose, and clinics.</p>	<ul style="list-style-type: none"> • Best features: new facilities near main entrance; located at the top of campus with excellent views; easy to stage construction on the site; no demolition required. • This BPO would permit the 8.2 acre parcel of land west of River Road to be re-used or redeveloped in the future.
<p>BPO 8</p> <p>Comprising: CP-4B</p>	<p>Build new: By residential area</p>	<p>Requires demolition of staff residential quarters. New facility contains nursing home beds, psychiatry beds transferred from Montrose, and clinics.</p>	<ul style="list-style-type: none"> • Best features: smallest possible footprint for new facilities; in a secure corner of the campus; re-use value of the rest of the site is enhanced; easy to stage construction. • Potentially better location for long-term redevelopment or re-use of current site than BPO 7/CP-4A. • This BPO would permit the 8.2 acre parcel of land west of River Road to be re-used or redeveloped in the future.
<p>BPO 9</p> <p>Comprising: CP-4C</p>	<p>Build new: River Road South</p>	<p>New facility contains nursing home beds, psychiatry beds transferred from Montrose, and clinics.</p>	<ul style="list-style-type: none"> • Best features: new consolidated inpatient and outpatient facilities near the waterfront; re-use value of the rest of the site is enhanced; easy to stage construction. • Potentially highly attractive site with excellent views. • This BPO would permit the 8.2 acre parcel of land west of River Road to be re-used or redeveloped in the future.

BPO Designation	Label	Description	Support for BPO Selection
<p>BPO 10</p> <p>Comprising: CP-5A</p>	<p>Replace: New Nursing Home with Renovations</p>	<p>New facility contains nursing home beds. Renovated facilities accommodate psychiatry beds transferred from Montrose and clinics.</p>	<ul style="list-style-type: none"> • Best features: location in a familiar area using a mix of new construction and renovation, taking advantage of current facility capabilities. • Lower investment costs due to less new construction. • This BPO would permit the 8.2 acre parcel of land west of River Road to be re-used or redeveloped in the future.

ASSESSMENT SUMMARY – MONTROSE BPOS

Table 4: Montrose Assessment Summary

Assessment Summary	BPO 2	BPO 3	BPO 4	BPO 5	BPO 6
	CP-2A / RU-A, B, C, E, F, G	CP-2B / RU-A, B, C, D, E, F, G	CP-2C / RU-A, B, C, D, E, F, G	CP-2E / RU-A, B, C, D, E, F, G	CP-2F / RU-B, C, D, E, F, G
Healthcare Access	↔	↔	↔	↔	↔
Healthcare Quality					
Modern, Safe, and Secure environment	↑	↑	↑	↑	↑
Meets forecasted service need	↔	↔	↔	↔	↔
Cost Effectiveness					
Operating cost effectiveness	-	-	-	-	-
Level of expenditure anticipated	↓↓↓	↓↓↓	↓↓↓	↓↓↓	↓↓↓
Level of re-use proceeds	↑	↑	↑	↑	↑
Cost avoidance opportunities	↑↑↑↑	↑↑↑↑	↑↑↑↑	↑↑↑↑	↑↑
Overall cost effectiveness	-	-	-	-	-
Ease of Implementation					
Riskiness of BPO implementation	↔	↓	↓	↓	↔
Wider VA Program Support					
DoD sharing	↔	↔	↔	↔	↔
One-VA Integration	↔	↔	↔	↔	↔
Special Considerations	↔	↔	↔	↔	↔

ASSESSMENT SUMMARY: CASTLE POINT BPOS

Assessment Summary	BPO 7	BPO 8	BPO 9	BPO 10
	CP-4A	CP-4B	CP-4C	CP-5A
Healthcare Access	↔	↔	↔	↔
Healthcare Quality				
Modern, Safe, and Secure environment	↑	↑	↑	↑
Meets forecasted service need	↔	↔	↔	↔
Cost Effectiveness				
Operating cost effectiveness	↓	↓	↓	↓
Level of expenditure anticipated	↓↓	↓↓	↓↓	↓↓
Level of re-use proceeds ²	N/A	N/A	N/A	N/A
Cost avoidance opportunities	↑↑	↑↑	↑↑	↑↑
Overall cost effectiveness	↓↓	↓↓	↓↓	↓
Ease of Implementation				
Riskiness of BPO implementation	↑	↑	↔	↔
Wider VA Program Support				
DoD sharing	↔	↔	↔	↔
One-VA Integration	↔	↔	↔	↔
Special Considerations	↔	↔	↔	↔

² Not applicable to Castle Point VAMC. Re-use/redevelopment not part of S&S/ACG Scope of Work.

Evaluation System for BPOs

The evaluation system below is used to compare each BPO to the Baseline BPO.

Table 5: Evaluation System for BPOs

Rating for all categories except cost and overall evaluation	
↑	The BPO has the potential to provide a slightly improved state than the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc)
↔	The BPO has the potential to provide materially the state as the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc)
↓	The BPO has the potential to provide a slightly lower or reduced state than the Baseline BPO for the specific discriminating criteria (e.g. access, quality, etc).
Operating cost effectiveness (based on results of initial healthcare/operating costs)	
↑↑↑	The BPO has the potential to provide significant recurring operating cost savings compared to the Baseline BPO (>15%)
↑↑	The BPO has the potential to provide significant recurring operating cost savings compared to the Baseline BPO (>10%)
↑	The BPO has the potential to provide some recurring operating cost savings compared to the Baseline BPO (5%)
-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>5%)
↓↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>10%)
↓↓↓	The BPO has the potential to require slightly higher operating costs than the Baseline BPO (>15%)
Level of capital expenditure anticipated (based on results of initial capital planning costs)	
↓↓↓↓	Very significant investment required relative to the Baseline BPO (≥ 200%)
↓↓	Significant investment required relative to the Baseline BPO (121% to 199%)
-	Similar level of investment required relative to the Baseline BPO (80% to 120% of Baseline)
↑↑	Reduced level of investment required relative to the Baseline BPO (40%-80%)
↑↑↑↑	Almost no investment required (≤ 39%)
Level of Re-use proceeds relative to Baseline BPO (based on results of initial Re-use study)	
↓↓	High demolition/clean-up costs, with little return anticipated from Re-use
-	No material Re-use proceeds available
↑	Similar level of Re-use proceeds compared to Baseline (+/- 20% of Baseline)
↑↑	Higher level of Re-use proceeds compared to Baseline (e.g. 1-2 times)
↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)

Cost avoidance (based on comparison to Baseline BPO)	
-	No cost avoidance opportunity
↑↑	Significant savings in necessary capital investment in the Baseline BPO
↑↑↑↑	Very significant savings in essential capital investment in the Baseline BPO
Overall Cost effectiveness (based on initial NPC calculations)	
↓↓↓↓	Very significantly higher Net Present Cost relative to the Baseline BPO (>1.15 times)
↓↓↓	Significantly higher Net Present Cost relative to the Baseline BPO (1.10 – 1.15 times)
↓↓	Higher Net Present Cost relative to the Baseline BPO (1.05 – 1.09 times)
-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)
↑	Lower Net Present Cost relative to the baseline (90-95% of Baseline)
↑↑	Significantly lower Net Present Cost relative to the Baseline BPO (85-90% of Baseline)
↑↑↑↑	Very significantly lower Net Present Cost relative to the Baseline BPO (<85% of Baseline)

Acronyms

AMB	Ambulatory
BPO	Business Plan Option
CBOC	Community Based Outpatient Clinic
CIC	CARES Implementation Category
DoD	Department of Defense
IP	Inpatient
LAP	Local Advisory Panel
OP	Outpatient
MH	Mental Health
VA	Department of Veterans Affairs
VACO	VA Central Office
VAMC	Veterans Affairs Medical Center
VISN	Veterans Integrated Service Network

Definitions

CARES (Capital Asset Realignment for Enhanced Services) – a planning process that evaluates future demand for veterans’ healthcare services against current supply and realigns VHA capital assets in a way that results in more accessible, high quality healthcare for veterans.