



Capital Asset Realignment for
Enhanced Services (CARES)

Stage I Summary Report
Appendix
Site: **West Los Angeles**

August 2005

This report was produced under the scope of work and related terms and conditions set forth in Contract Number V776P-0515. Our work was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants (AICPA). Our work did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation service in accordance with standards established by the AICPA. Accordingly, Team PwC does 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 other government contractors, MicroTech, LLC, to develop re-use options for inclusion in this study. MicroTech, LLC issued its report, Real Property Baseline (West LA Phase I Re-use) Report, and as directed by the VA, PricewaterhouseCoopers LLP has included information from their report 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 MicroTech, LLC.

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

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Overview

Secretary's CARES Decision for Site

The Secretary's CARES Decision of May 2004 for West Los Angeles, CA includes the following directives:

- Spread across 387 acres in an urban neighborhood, the West LA campus is a unique resource and it is important that VA preserve the integrity of the land originally granted for use as an Old Soldiers home. VA is committed to maintaining the property for uses that serve to enhance the Department's mission.
- To ensure that VA has a clear framework for managing the vacant and underused property at the West LA campus, VA will develop a Master Plan for the campus in collaboration with stakeholders who will have input into the plan's development.
- VA will maintain the Long Beach and West LA campuses as separate tertiary care facilities, but will continue to consolidate administrative and clinical services.
- VA will meet increased demand for inpatient care through new construction, by converting and renovating existing space, and by using existing authorities and policies to contract for care where necessary.
- VA will meet anticipated gaps in outpatient care through new construction for additional space, shifting workload between facilities, expansion of services, and use of existing authorities and policies to provide contract care where necessary. VA will consider addition of new CBOC through the National CBOC Approval Process.
- VA will develop a nursing home strategic plan based on well-articulated policies. Until VA completes a nursing home strategic plan, it will only proceed with maintenance and life safety projects at existing nursing home facilities that are necessary to ensure the quality and safety of patient care.
- As part of the implementation process, VA will validate the number of SCI/D beds to ensure the appropriate need for distribution between acute and nursing-home beds. Validation also will consider referral patterns as well as location and inter-VISN collaboration as appropriate. Implementation plans for SCI services at the Long Beach VAMC will be included in the FY 2005 VISN strategic planning submission.
- VA will improve patient and employee safety by correcting seismic and life safety deficiencies at the West LA facility.
- VA will explore opportunities to develop new research facilities at the West LA campus that are consistent with its patient care mission.

- VA will explore the feasibility of collocating the VBA Regional Office at the West LA VAMC. This collaboration will not only improve access to services, but will redirect savings from rental costs into claims processing, vocational rehabilitation and employment, education, loan guaranty, and other VBA priorities.
- VA will collocate a National Cemetery Administration (NCA) columbarium on 20 acres of available land at the West LA campus and pursue additional opportunities for expanding the NCA presence on the West LA campus.

Statement of Work for West Los Angeles

The CARES Statement of Work specifically notes the following for the West LA site:

The purpose of the comprehensive Capital and Re-Use Plan is to redesign the West LA campus to maximize the re-use potential of part of the campus, and ensure modern healthcare facilities.

The VA has contracted with another vendor to develop the Re-Use Plan. As a part of the site options presented, the most likely potential re-use for available property identified in the capital planning process is to be included. The contractors will coordinate their work and exchange information on the capital planning process and stakeholder communications.

Clarification of Redevelopment/Re-Use of West LA Campus

Initially, there was a conflict between the CARES Phase II Business Plan Study uniform re-use strategy and a commitment made in 2002 by then-Secretary Principi to the Third District, County of Los Angeles regarding re-use of the West LA campus. VA's initial guidance to Team PwC did not limit the types of property re-use the team may examine and recommend. However, in a letter dated February 25, 2002, to Zev Yaroslavsky, Supervisor, Third District, County of Los Angeles, following a roundtable meeting with West LA community stakeholders, Secretary Principi stated:

*“As indicated in the meeting, I have no intention of going forward with the current 25-Year Land Use Master Plan...As part of the process through which we will develop a new Land Use Master Plan, we will be looking at enhanced use projects that are beneficial to veterans. For example, adding additional office space to the site so that the [VBA] Regional Office can be collocated there. As stated to the group, **I will not allow the property to be used for commercial purposes** (emphasis added).”*

Further, in a subsequent meeting with Rep. Henry Waxman (D-CA) on October 23, 2003, the memorandum of record indicates that Secretary Principi ‘committed that there would be no commercial or industrial use of the land.’

On June 9, 2005, in support of this CARES process, an informational paper was compiled for Secretary Nicholson and his staff for consideration and to request a clarification of the term ‘commercial’, which upon consideration during the first Local Advisory Panel meeting for this

site, did not carry the same meaning for all present. Assuming the VA intends to honor the commitment made by the former Secretary, the term ‘commercial’ needed to be defined so that the re-use contractor would limit analyses and recommendations accordingly.

Upon consideration by Secretary Nicholson, OSI was directed on July 5, 2005 to proceed with a recommended definition of ‘commercial’ for purposes of redevelopment/re-use planning at West LA. In this context, the term ‘commercial’ is defined as retail operations providing products and services exclusively for sale to the general public. With this definition, uses such as shopping malls, movie theaters, convenience stores, fast food outlets, industrial/manufacturing activities and other like operations would be prohibited. On the other hand, institutional and office uses that support or complement needs of veterans such as assisted living, transitional housing and recreational research or educational as well as medical and non-medical functions would be acceptable uses.

Correspondingly, VHA and Office of Asset Enterprise Management will proceed with the CARES and re-use activities using this definition of commercial use unless otherwise informed.

CARES Plan and VA Commitment to California State Veterans Home

During this contract’s period of performance, an additional conflict was detected. This conflict was between the CARES Phase II Business Plan Study uniform re-use strategy and California’s Greater Los Angeles State Veterans Home (GLASVH) project, which is on the Secretary’s approved *List of Pending State Home Construction Grant Applications for FY 2005*.

Team PwC initially took VA’s guidance encouraging a uniform re-use strategy that, without exception, considers re-use options for all property within the 18 affected study sites. Thus, Team PwC was not told to exclude the GLASVH project within the overall re-use plan.

During the first West LA Local Advisory Panel meeting, California Department of Veterans Affairs officials raised concern that this strategy placed the GLASVH project in jeopardy. CARES staff tried to mitigate this concern by assuring them that the existing GLASVH commitment would be honored, however, they could not assure them that it would be at the specific site currently agreed to. A May 2005 letter to Secretary Nicholson from Thomas Johnson, Secretary of California Department of Veterans Affairs, on behalf of Governor Schwarzenegger, requested an exception to this request.

Although maintaining a uniform re-use study strategy is a valuable principle, an exception in this case would not set a significant precedent impacting other CARES sites’ re-use considerations, a senior advisory wrote on June 17 seeking clarification on this matter from the Secretary. It would not violate any commercial use restrictions for the campus and CARES VA staff did not oppose an exception for this project.

As part of the routine State Veterans Home Construction Grant Program process, VA officials agreed that this specific 12 acre site was available for California to construct a State Veterans Home (SVH). As a result, in good faith, California obligated \$14M and has already spent \$4M in design work for the site. If the site changed, the design and environmental assessment will

have to be redone, and California will spend additional tax dollars. In addition, delays caused by site changes will result in the delay of other proposed California SVHs.

As a result, the Chief of Staff/Deputy Secretary of Veterans Affairs approved this exception to set aside the existing GLASVH site location.

Site Overview

Comprehensive ambulatory and tertiary care is provided to veterans throughout Kern, Los Angeles, San Luis Obispo, Santa Barbara and Ventura counties in Southern California.

The West LA campus is a component of the VA Greater Los Angeles Healthcare System (GLA), among the largest integrated healthcare organization in the Department of Veterans Affairs with 945 operating and authorized beds, 3,500 employees, and an operating budget approaching \$500 million. West LA is a tertiary care facility within GLA, classified as a Clinical Referral Level 1 Facility, and is a teaching hospital, providing a full range of patient care services, with state-of-the-art technology as well as education and research. Comprehensive healthcare is provided through primary care, tertiary care, and nursing home in areas of medicine, surgery, psychiatry, physical medicine and rehabilitation, neurology, oncology, dentistry, geriatrics, and extended care. GLA is a part of VA Network 22, which includes facilities in Los Angeles, Long Beach, San Diego, Loma Linda, and Las Vegas, Nevada.

GLA strives for excellence in patient care, research, and education. Comprehensive healthcare is provided through primary care, tertiary care, and nursing home in areas of medicine, surgery, psychiatry, physical medicine and rehabilitation, neurology, oncology, dentistry, geriatrics and extended care, infectious disease, and radiology. In addition, GLA operates a 321 bed Domiciliary, which provides medical care in a therapeutic institutional environment, to prepare veterans for re-entry into a community setting. Approximately 95% of the patients residing in the domiciliary program would be homeless if not for the availability of this program. To complete the continuum of care, numerous geriatric services are offered. These programs are supported by two nursing home care units at the West Los Angeles Healthcare Center and one at the Sepulveda Ambulatory Care Center for a total of 352 authorized beds and 226 operating beds and an active community nursing home program.

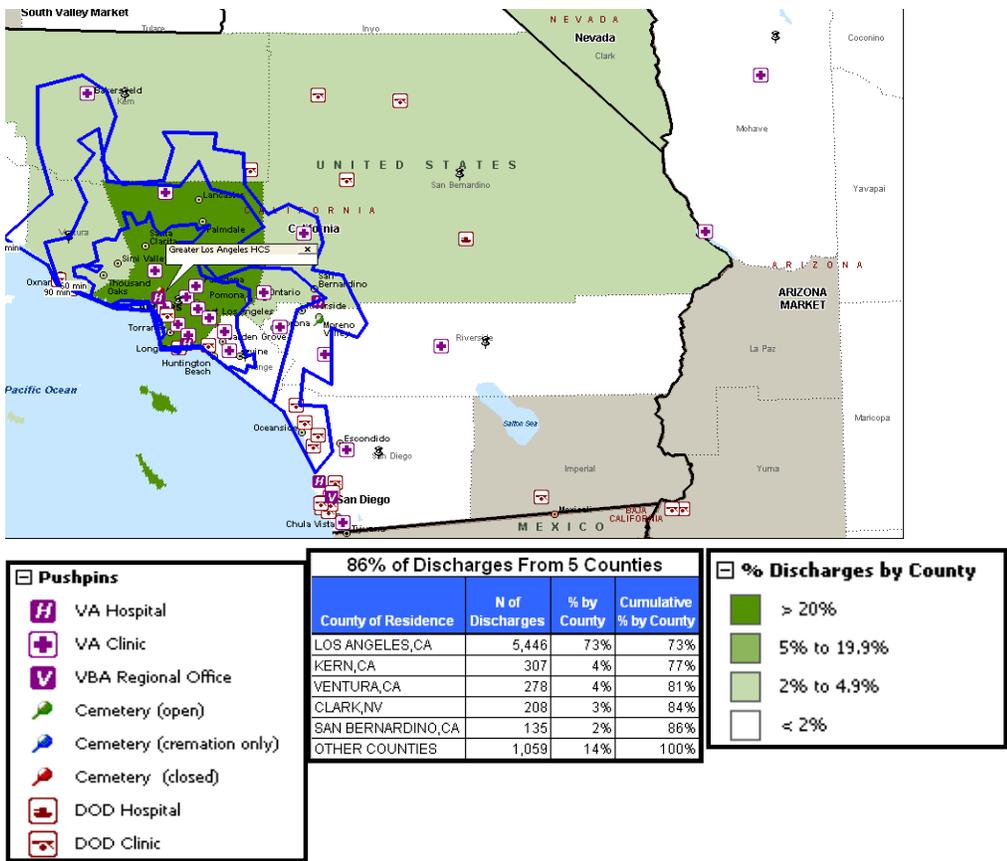
Ambulatory care is conducted in comprehensive outpatient programs at the following settings: Ambulatory Care Centers at West Los Angeles, Sepulveda, downtown Los Angeles, Santa Barbara, and Bakersfield; Community Based Outpatient Clinics in Gardena, East Los Angeles, Antelope Valley, Lancaster, Lompoc, Pasadena, Oxnard, San Luis Obispo, Santa Paula, and Ventura; a satellite clinic at Patriotic Hall in downtown Los Angeles; and the Vietnam Veterans Outreach Program's Readjustment Counseling services located in Culver City and Santa Barbara.

GLA contributes its resources to veterans in the western United States, especially Veterans Integrated Service Networks 21 and 22, with a Consolidated Laundry, Consolidated Mail-Out Pharmacy, Radiation Therapy, Central Dental Laboratory, Positron Emission Tomography Scanner, Prosthetics Treatment Center, Fast Neutron Beam Therapy, Behavioral Improvement

Treatment Refractory programs, Substance Abuse programs, Hospice program, Open Heart Surgery Referral Center, Regional Acute Psychiatric Treatment ward, and Department of Defense medical sharing agreements.

According to the original VA’s *Capital Assets Index* provided to the contractor upon initiation of Stage I, the West LA campus has 94 buildings on 387 acres in the Brentwood neighborhood. A later index tallied a total of 91 buildings; note however that this total does not tie to the inventory of structures included in this report. Forty-one of these buildings are registered in historic districts within the City of Los Angeles; they are not included on the National Historic Register. Over 30 buildings require seismic corrections. The majority of the buildings were built in the 1930s and 1940s, but there are some buildings built in the 1800s. A 900,000 square foot replacement hospital was built in 1976. The total building gross square footage of West LA facilities approaches three million (2,807,039 BGSF), with 325,725 unused / vacant gross square footage, and approximately 200,000 square footage leased to various federal and community organizations.

Figure 1: Map of California Market including Greater Los Angeles HCS



Projected Enrollment and Utilization Trends

Enrollment Trends

Overall enrollment by all priorities is declining over the projection period (2003-2023), from 332, 234 in 2003 to 245,684 by 2023, a 23% decline in the ‘California Market’, or VA service area of West LA. The greatest decline is in the Priority 7 and 8 groups, which declines in overall enrollment by 50% over this same time period. Priorities 1-6 has the least drop in enrollment, beginning in 2003 at 240,447 and dropping to 210,745 enrollees by 2023, a 12% decline.

Figure 2: Projected Enrollment Trends by Priority

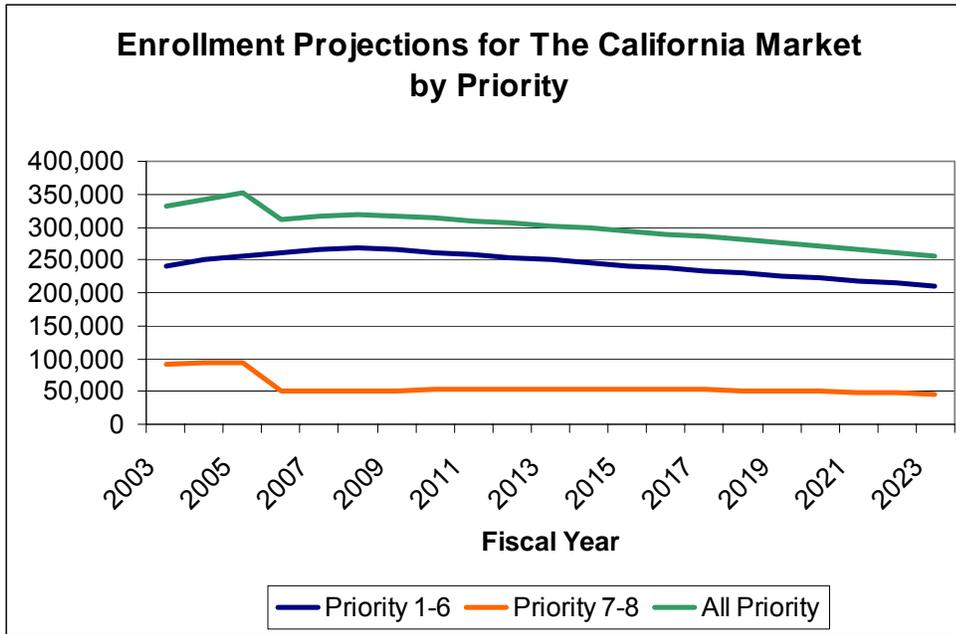


Table 1: Projected Enrollment Trends by Priority

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

Enrollment by age overall shows a similar decline (23%), but is manifested differently depending on age cohort. The age cohorts '>45 years' and '45 to 64 years' decline at about the same rate, 38 and 42%, respectively. The most aged cohort (85 years and over) counters this trend and increases in overall population by 72% over the projected period, rising from 10,260 in 2003 and increasing to 17,609 in 2023. The '65-84 years' cohort remains steady and drops a mere three percent over the 20 year period.

Figure 3: Projected Enrollment Trends by Age Group

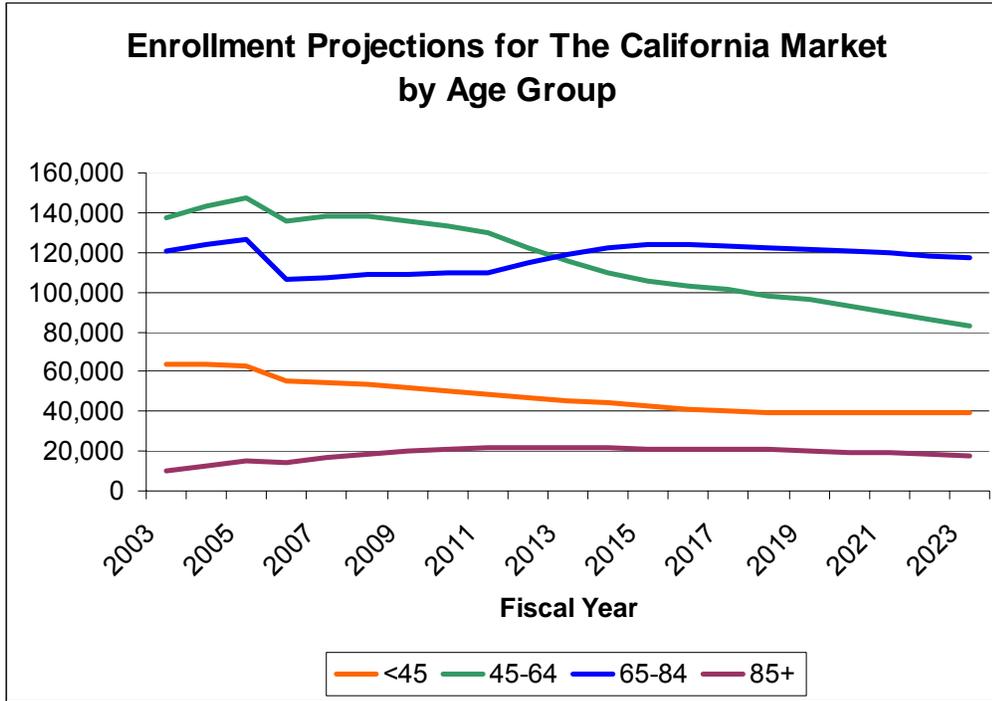


Table 2: Projected Enrollment Trends by Age Group

Fiscal Year	2003	2013	% Diff	2023	% Diff
Age <45	63,713	45,603	-28%	39,269	-38%
Age 45-64	137,485	115,204	-16%	82,626	-40%
Age 65-84	120,776	119,160	-1%	117,180	-3%
Age 85+	10,260	21,912	114%	17,609	72%
Total	332,234	301,879	-9%	256,684	-23%

Utilization Trends

The utilization for healthcare services was projected for twenty years using 2003 data as the base year and projecting through 2023. A summary of utilization data is provided for each CARES Implementation Categories (CICs) in the following figures. Inpatient utilization is measured as Number of Beds, while both Ambulatory and Outpatient Mental Health utilization is measured as Number of Clinic Stops. A Clinic Stop is a visit to a clinic or service rendered to a patient..

Inpatient Utilization Trends

Overall, the demand for the majority of inpatient services, specifically medicine and observation, psychiatry and substance abuse, other VA mental health programs, and surgery decline over the projected time period. Nursing Home and Rehabilitation and Domiciliary remain constant.

Figure 4: Projected Utilization Inpatient CICs West LA

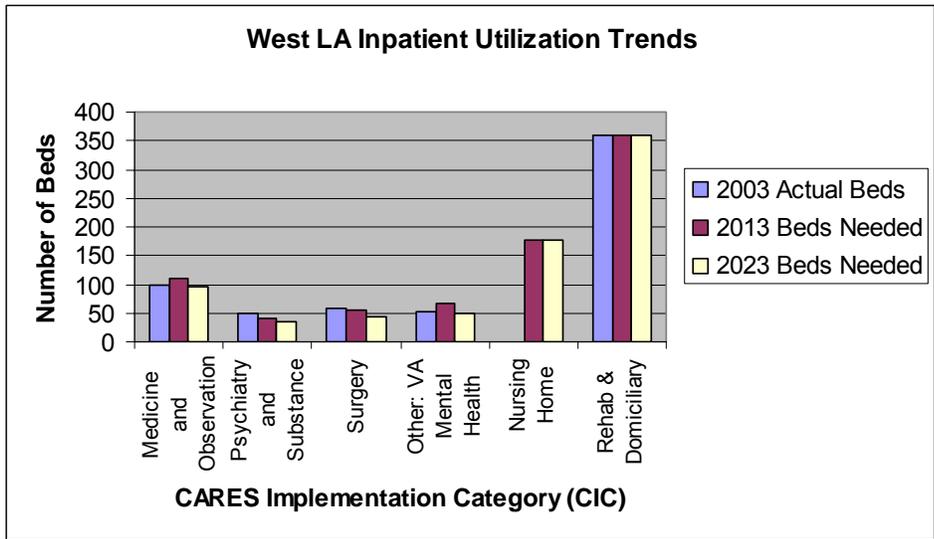


Table 3: Projected Utilization for Inpatient CICs for West LA

CARES Implementation Category (CIC)	2003 Actual Beds	2013 Beds Needed	2023 Beds Needed
Medicine and Observation	97.8	109.4	96.3
Psychiatry and Substance Abuse	50.3	41.8	34.7
Surgery	58.4	53.9	42.7
Other: VA Mental Health Inpatient Programs	51.2	67.3	49.9
Nursing Home	0.0	176.5	176.4
Rehab & Domiciliary	358.8	358.8	358.8
Total	617	808	759

Ambulatory Utilization Trends

The bulk of ambulatory utilization (not including diagnostics) is primary care which shows a decrease for the study period. There is a decrease in demand for non-surgical specialties as well as surgical and related specialties. Rehab medicine remains level throughout the study period

There are net increases indicated for the following ambulatory services:

- Cardiology
- Eye Clinic
- Orthopedics
- Urology

Figure 5: Projected Utilization for Ambulatory CICs for West LA

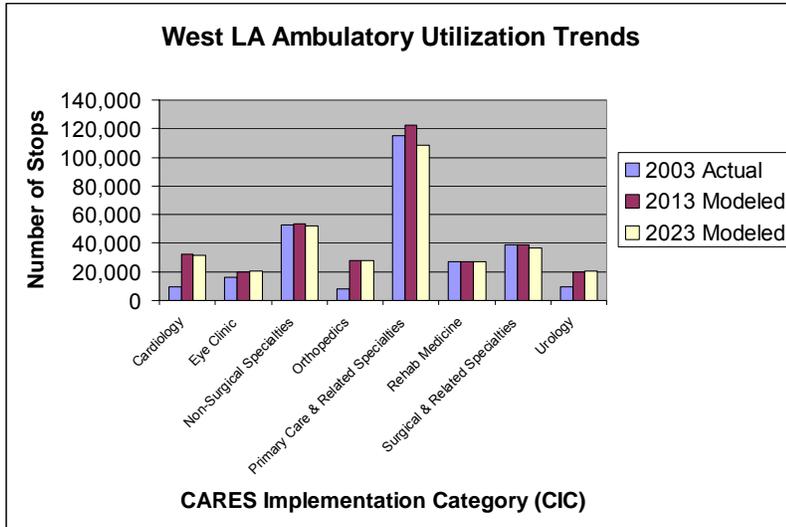


Table 4: Projected Utilization for Ambulatory CICs for West LA

CARES Implementation Category (CIC)	2003 Actual	2013 Modeled	2023 Modeled
Cardiology	9,581	32,510	31,183
Eye Clinic	16,388	20,132	20,303
Non-Surgical Specialties	52,537	53,754	52,265
Orthopedics	7,973	27,991	27,657
Primary Care & Related Specialties	115,055	122,244	108,173
Rehab Medicine	27,136	27,136	27,136
Surgical & Related Specialties	39,101	38,728	36,711
Urology	9,220	19,516	20,385
Total	276,991	342,011	323,813

Figure 6: Projected Utilization Pathology and Radiology West LA

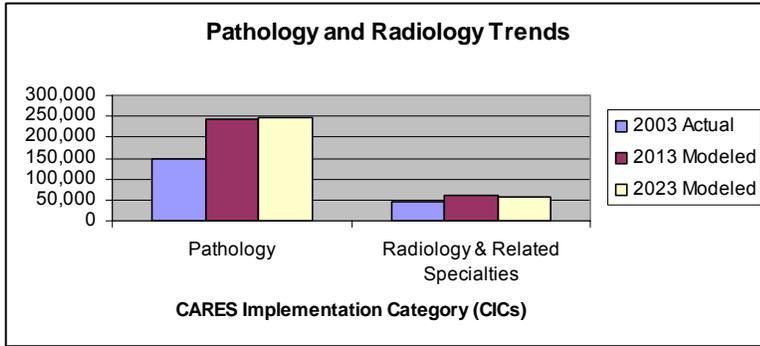


Table 5: Projected Utilization Trends Pathology and Radiology West LA

CARES Implementation Category (CIC)	2003 Actual	2013 Modeled	2023 Modeled
Pathology	147,899	242,295	246,212
Radiology & Related Specialties	46,402	59,316	56,483

Outpatient Mental Health Utilization Trends

Expected demand for outpatient mental health services shows an overall downward trend for all services with the exception of mental health intensive case management, work therapy and methadone treatment which show an increase.

Figure 7: Projected Utilization for Outpatient Mental Health CICs for West LA

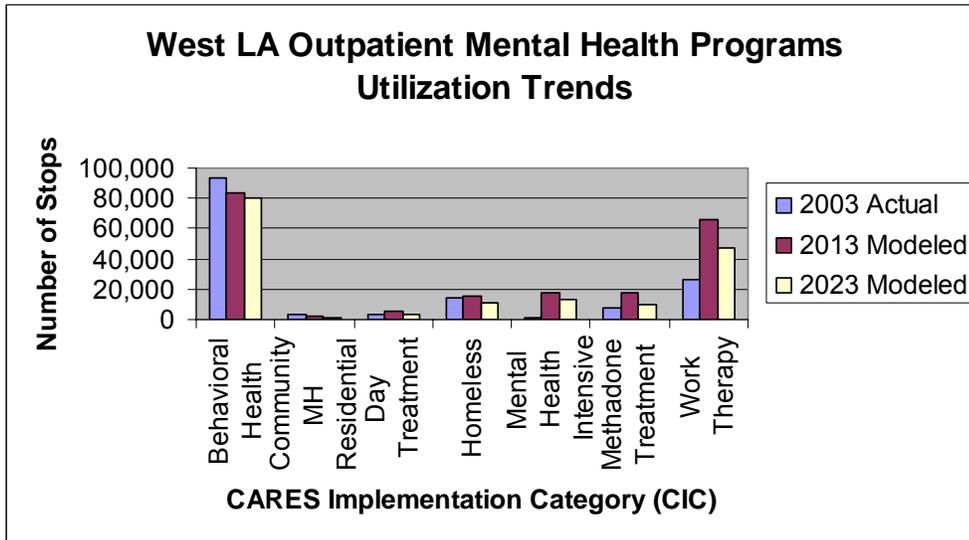


Table 6: Projected Utilization for Outpatient Mental Health CICs for West LA

CARES Implementation Category (CIC)	2003 Actual	2013 Modeled	2023 Modeled
Behavioral Health	93,765	84,000	80,484
Community MH Residential Care	2,795	2,172	1,378
Day Treatment	3,534	5,415	3,327
Homeless	14,322	15,338	11,455
Mental Health Intensive Case Management (MHICM)	739	17,846	12,850
Methadone Treatment	8,087	17,663	9,953
Work Therapy	26,713	66,261	47,309
Total	149,955	208,694	166,756

Stakeholder Input

For the West LA CARES Study Site, 191 individual stakeholder responses were received between January 1st, 2005 and June 30th, 2005, including comment forms (paper and electronic), letters, written testimony, oral testimony, and other types of responses. The greatest amount of written and electronic input was received from veterans and veterans’ family members.

Stakeholders who submitted written and electronic input indicated that their top two key concerns centered on maintaining the current services and facility and the effect of the CARES process on research and educational programs. Stakeholders who contributed oral testimony at the Local Advisory Panel public meeting also indicated the key concerns related to maintaining the current services/facility and the effect of this capital planning and re-use evaluation process on research and education currently offered at the facility.

The following tables summarize the key concerns from stakeholders as collected through written, electronic, and verbal testimony.

Figure 8: Definitions of Stakeholder Concerns

All written submissions from stakeholders were read and sorted according to specified “Key Concerns of Stakeholders”. If the author conveyed multiple concerns, each concern was recorded.

The definitions of the categories are listed below:

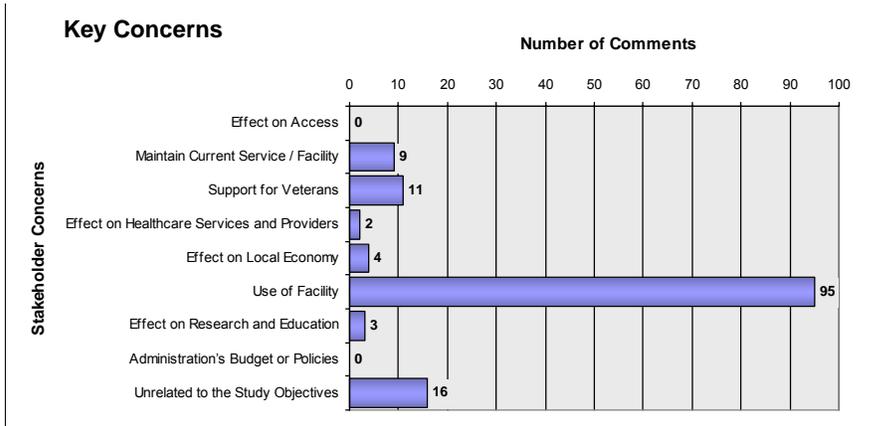
<i>Stakeholder Concern</i>	<i>Definition</i>
Effect on Access	Involves a concern about traveling to another facility or the location of the present facility.
Maintain Current Service/Facility	General comments related to keeping the facility open and maintaining services at the current site.
Support for 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 9 & 10: Key Concerns of Stakeholders

VA CARES BUSINESS PLAN STUDIES
 STAKEHOLDER INPUT ANALYSIS REPORT
 West LA Study Site

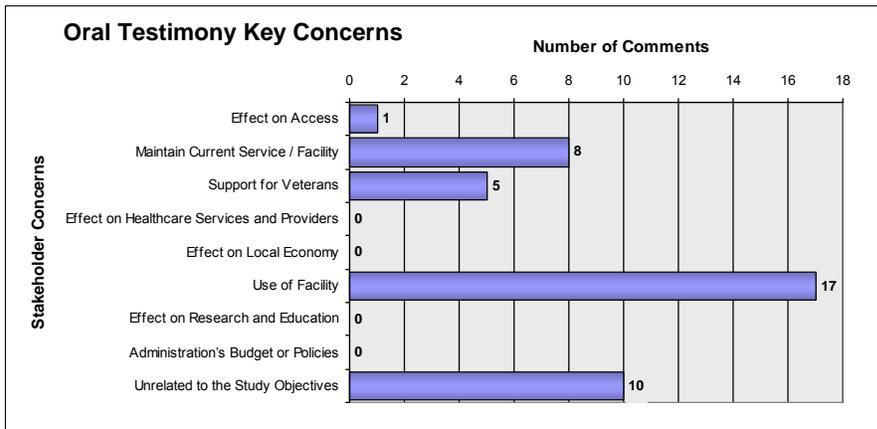
**Analysis of Written and Electronic Inputs
 (Written and Electronic Only):**

The breakout of "Key Stakeholder Concerns" regarding the West LA 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 West LA 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.

Current Status Summary

Through review of Government Furnished Information (GFI) as well as onsite interviews and tours, the current state of the West Los Angeles VA Medical Center (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 LA is part of VISN 22, in the community of West Los Angeles, California approximately 14 miles west of downtown Los Angeles. The West LA site 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 Interstate 405 freeway is among 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 387 acres of land, with 91 buildings (based on latest VA *Capital Asset Index*) total number, with two structures on the campus totaling 2,792,816 square feet. The buildings range from 2 years to 105 years in age. The largest of the buildings is the VAMC (hospital) which has seven stories and 900,000 square feet. Surface parking is available throughout the site interspersed among the buildings.
- Buildings have received ratings in the full range of ‘1’ to ‘5’ based on the VA *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 VA's Capital Asset Index (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 West LA 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 Wadsworth and Brentwood campuses. This Act prohibits the sale and limits the land use of these parcels. Three of the parcels are located in the north portion of the Brentwood campus and encompass Barrington Park, the Barrington Village parking lot, the Brentwood School 20-acre athletic field, the golf course, and the ridge and berm area adjacent to Brentwood Glen. Two additional parcels are located on the Wadsworth campus: the southerly portion of the Wadsworth Hospital historic district, and the undeveloped open space immediately west of the Dowlen Drive ring.
- Historic Considerations:
 - On the VA database all buildings built before 1950 are marked as ‘historic’, and this includes 42 buildings at West LA. Two of these buildings are listed on the National Historic Register.
 - This campus also includes historic districts as identified in the Master Plan Document dated April 2001 provided by the VA. 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 affiliation (e.g., clinical teaching and research programs) with the UCLA School of Medicine.
- There is a nine-hole golf course on the north end of the site that is in operation as a veterans rehabilitation program 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 – has a 50-year revocable license which expires April 2039

- Breitburn Energy – mineral rights lease which is a site revocable license for oil drilling
- Wadsworth Theater Management – 20-year Enhanced Sharing Agreement which expires December 2025
- Salvation Army (B 212) – 10-year Enhanced Sharing Agreement which expires July 2014
- Salvation Army (B 207) – 10-year Enhanced Sharing Agreement which expires April 2015
- New Directions (B 116) – 50-year Federal Lease which expires August 2045
- New Directions (B 257) – Memorandum of Agreement which expires August 2012
- Jackie Robinson Stadium – 10-Year Enhanced Sharing Agreement with UCLA for baseball games which expires April 2011.
- Major Infrastructure Issues:
 - The underground storm drainage system, in general, is undersized and does not provide adequate site coverage. During heavy rain, run-off becomes surface flow, causing flooding of the site and in selected buildings' basements.
 - Steam is generated in Building 295 and 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 provided to West LA facilities through a decentralized system.
 - On the Wadsworth campus, 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 buildings 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.
- Costs are to be determined in Stage II of the VA CARES process.

Figure 11: Existing Building Distribution (refer to Exhibit A and parcel description)

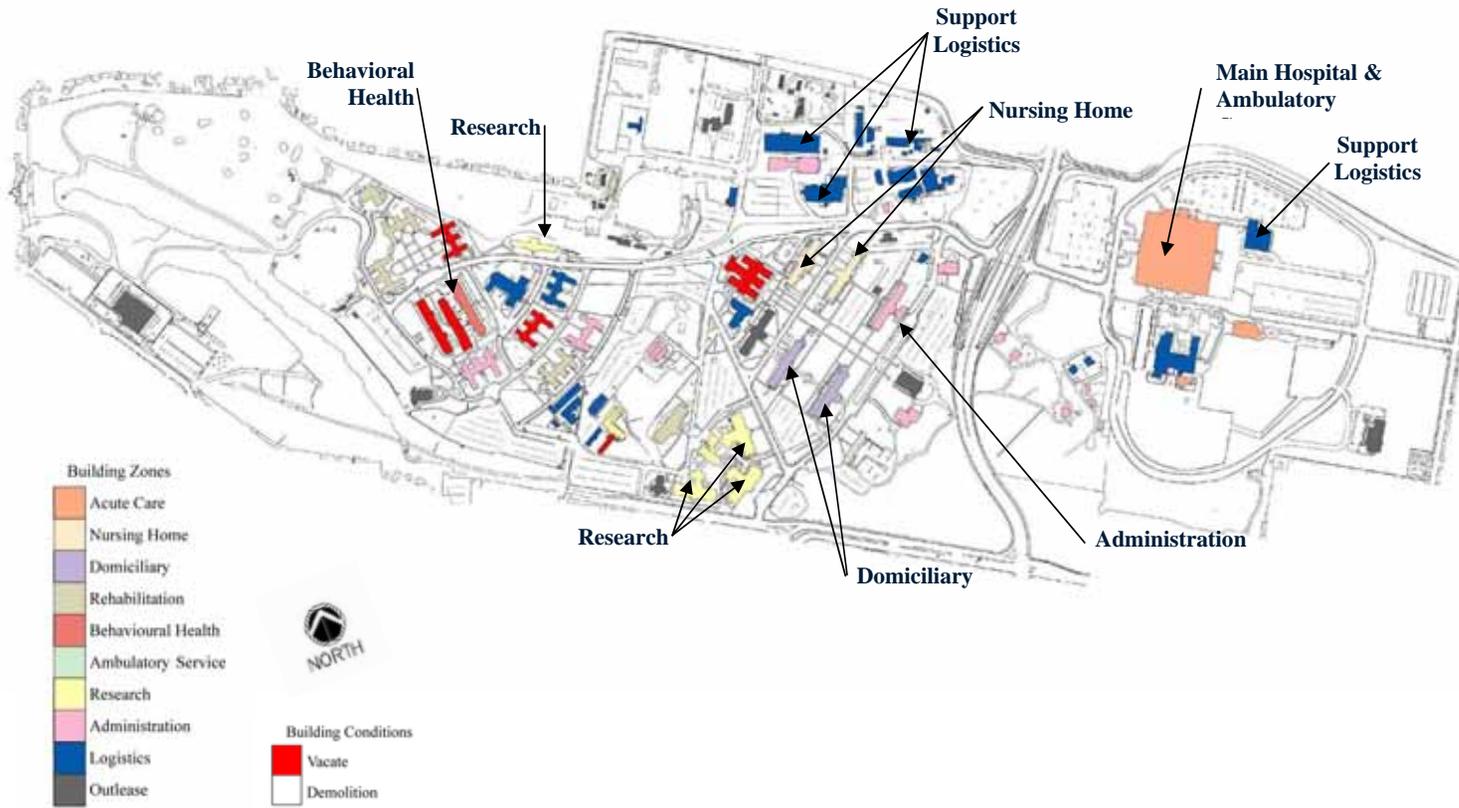
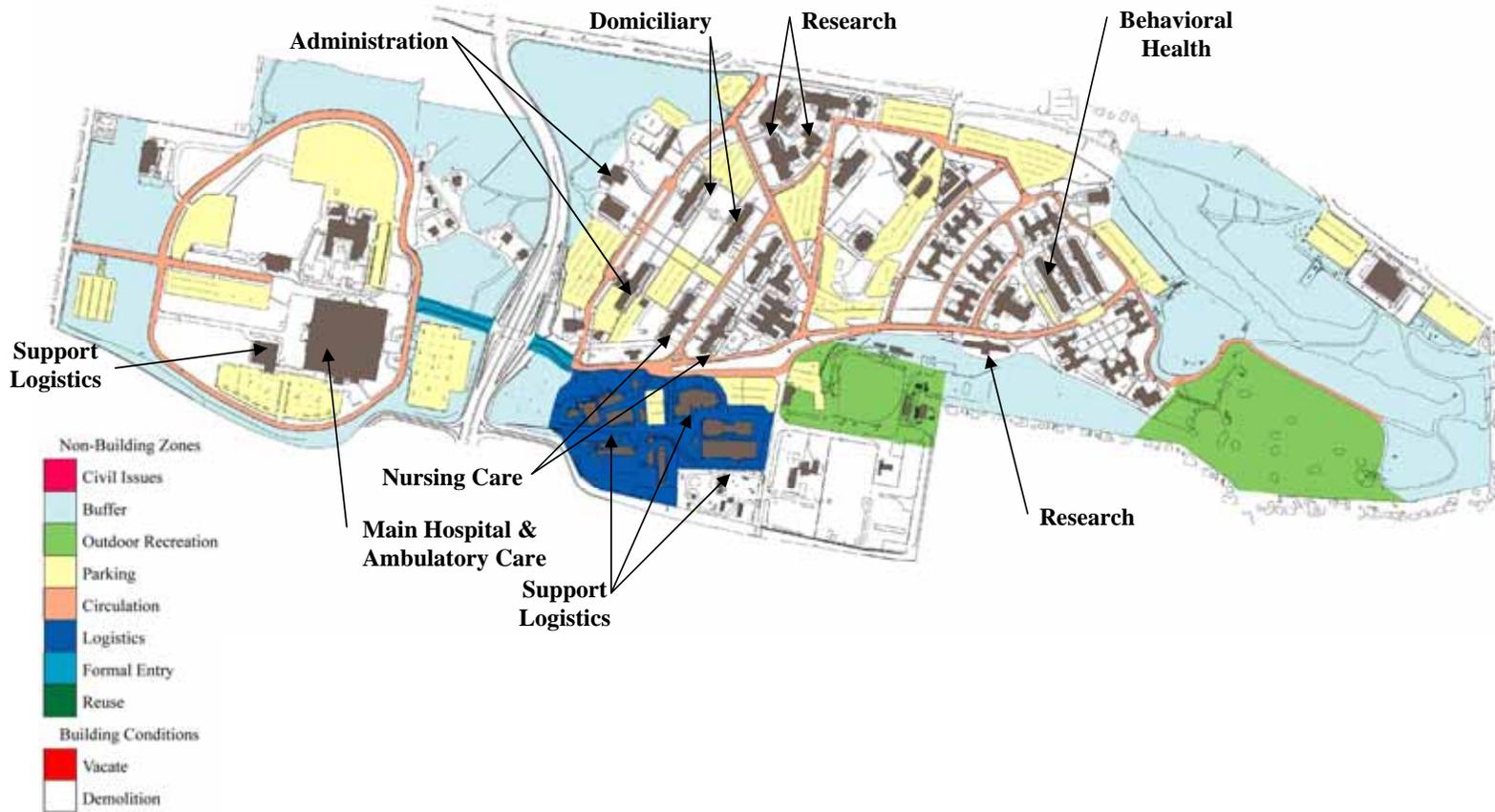


Figure 12: Existing Non- Building Parcels (refer to Exhibit A and parcel description)



Existing Square Footage by Building (♦ Denotes VHA Historic Asset, * Listed in National Historic Register; note this listing totals 94 structures, based on the detail provided in VA Capital Asset Index provided to the contractor at inception of Stage I.)

- 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 ♦ - Out lease 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 ♦ - Out leased 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 - Out leased Laundry -1 Floor, 29,257 BGSF
- Building 226 ♦ - Out leased 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

Current Property Report¹

Site Location and Description

West Los Angeles VA is a 387 acre institutional site located on an alluvial plain sloping gently down from the north toward the south. The property is very roughly rectangular extending northwest to southeast alongside the Interstate 405, which borders the northeasterly side of the property. The site is surrounded by a built-up residential area containing single-family and multi-family residences along with several schools and parks at the northwest and southwest sides of the property. The University of California, Los Angeles is located within a half mile of the West LA campus to the northeast.

Except for an arroyo at the north end of the property and an embankment along the northeasterly side adjacent to a housing development, most of the site has been extensively developed. Development began in the 1880's and has extended to the present.

The topography slopes gently from a high point of approximate elevation of 495 feet on the northern boundary to a low point of approximate elevation of 245 feet on the southern boundary. This represents a change in elevation of 250 feet in a distance of 8,600 feet, or a slope just under 3%.

The golf course is located on the highest elevation on site, overlooking the Brentwood residential neighborhoods to the east and north. The course is bordered on the southwest by the fence-enclosed Japanese Garden and on the east by a steep, vegetated escarpment. The existing development on the north campus conforms to the natural slope, with buildings, roads, and parking generally following the site contours. The northwestern and eastern portions of the north campus and all of the south campus show evidence of extensive grading and filling to accommodate buildings and parking, including the Jackie Robinson Baseball Stadium, and the south campus medical facility (completed in 1977).

¹ West Los Angeles VA Campus, Phase 2 Deliverable, Microtech Team, August 2005

On the north campus, there is an arroyo about 3,500 feet in length located in the northwest, with an elevation change of approximately 70 feet, and 25 to 35 feet deep. There is a long escarpment 35 to 50 feet high on the northeast. The steep slopes of the arroyo and the escarpment are the most distinctive landforms on the site. Both the arroyo and the escarpment are natural landscape buffers. The former is adjacent to the out lease parcels on the west, and the latter is adjacent to Brentwood Glen on the east.

Steep slopes along the San Diego Freeway-Interstate 405 and the southwestern boundaries create a separation between the site and the adjacent areas. In contrast, the west side of the north campus is close to grade with San Vicente Boulevard / Bringham Avenue and the commercial uses on the opposite sides of these streets.

The arroyo is a well-defined natural watercourse within the site. There is a small area of wetland within the arroyo. State and federal regulations allow development of a wetland elsewhere to compensate for removal of an existing wetland.

The site is not considered a significant ecological area by the City of Los Angeles. No areas of threatened or endangered species have been designated by the City of Los Angeles. Existing studies have not identified threatened or endangered species within the site.

The arroyo and the escarpment and the extensive landscape with mature trees over most of the site provide potential habitat for threatened or endangered species, including plants and animals. A site survey would be required to determine the presence of any threatened or endangered species within the site.

The site is within an undifferentiated shallow superficial landslide area and contains liquefiable areas. The southern portion of the site is within a fault rupture study area and contains an area of potential inundation. Slopes along the arroyo and the escarpment within the site have the potential for localized slope instability.

Buildings and Historic Conditions

The VA West Los Angeles Medical Center Campus includes 94 buildings (under original VA *Capital Asset Index*, though new index reports a total of 91 structures); most of these are concentrated in three of the five focus areas: Historic Village, Revitalization area, and Medical Campus. The Brentwood Campus recreation area and the Wilshire View shed contain very few buildings.

Although these buildings range in size from a 144 square foot gatehouse to the 900,000 square foot Wadsworth Hospital, nearly half of the campus buildings are less than 10,000 square foot in size and one quarter are in the range of 45,000- 65,000 square foot. Only three buildings exceed three stories. Twelve buildings are listed as vacant and fourteen more are used as staff housing or garage. The majority of buildings are considerably smaller than modern construction for most building types and may have limited opportunities for re-use based on the inefficiency of the small footprint and overall volume.

Fourteen buildings have been seismically evaluated as high risk or very high risk. In addition, there are thirteen non-exempt buildings that should be evaluated before renovation or re-use. Seismic retrofits, if feasible, are likely to add additional cost to renovation and re-use budgets.

The Historic Village of the Brentwood Campus includes many small narrow buildings, organized in traditional campus clusters. The Medical Campus of the Wadsworth Campus is typical of modern hospital buildings with the large footprints that support convenient adjacencies on each floor. The Revitalization Area to the west along Interstate 405 includes a mix of building sizes and ages reflecting its use for all types of service and “back of house” functions.

Historic Preservation Information

The data on the status of historic buildings seems to be incomplete. On the site visit Team PwC was told that there were two historic buildings (the trolley station and chapel). The Office of Facilities Management web site indicates that those two buildings are on the National Register and that 41 buildings in the Brentwood and Wadsworth districts are considered significant. The Building Data Sheet lists 41 buildings as historic.

Of the 94 buildings in the original portfolio provided for review to the contractor, only 15 of them are less than 50 years old. All others may be subject to the National Historic Preservation Act (NHPA). Section 106 of the NHPA requires that the federal government consider the effects of its undertakings on historic properties-- defined as districts, sites, buildings (more than fifty years old), structures and objects included in or eligible for inclusion in the National Register of Historic Places. For purposes of the Baseline, Team PwC assumed that any structure more than 50 years old may be eligible and is considered as a potentially historic structure in this evaluation.

The buildings with a high historic re-use potential are those buildings that are less than 50 years old and not subject to NHPA. The remaining buildings have medium re-use potential. Barriers to re-use may include technical compatibility of the existing structure with proposed future uses, cost of renovation and rehabilitation, and demand for that building type.

See following Exhibit B for a graphic view of the historical districts on the West LA campus.

Building Condition Information

Building Condition Reports that describe current conditions of each building would be necessary to assess individual buildings in terms of building systems (MEP), roofing, historic resources, structural type, hazardous materials, seismic evaluation, utilities and services to the building, etc.

VHA Office of Facilities Management’s Facility Condition Assessment Database provides proposed building corrections with costs by system for each building. This information will be useful in evaluating the types of improvements necessary for building re-use. The replacement cost will aid in evaluating viability for re-use. It should be noted that additional improvements beyond the corrections noted in the database could be recommended depending on each re-use recommendation.

Both types of information would allow a more detailed determination of re-use potential once specific re-use concepts are developed.

Potential Range of Uses and Restrictions

A “high level” market assessment was performed, supported by a broad range of market values, as well as an introductory study of the lending climate, and political and regulatory environments.

This analysis is not, nor does it incorporate, an appraisal in accordance with appraisal industry guidelines. The range of uses examined below are those allowable under former Secretary Principi's letter of February 2004, qualifying the definition of "commercial" use to explicitly pertain to being consistent with the mission of the VA and care of veteran population in consideration in prospective reuse scenarios. Existing land use agreements will not be terminated pursuant to re-use/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 re-use/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 re-use/redevelopment in the scenarios presented in this study. However, should the VA elect to explore modifying the scenarios to include demolition of protected historic buildings, additional legal analysis will be required to identify the applicable risk. The VA may choose to assume this risk in development of additional Business Plan Options for consideration in Stage II. High level costs of construction as well as operating costs, development phasing, scheduling, and net operating income estimates are not addressed in this analysis and will be addressed in Stage II of this CARES process. Furthermore, development phasing and scheduling issues are not addressed until Stage II

Market Value and Potential Range of Uses

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 re-use/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 re-use/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.ⁱ

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 re-use/redevelopment projects would be subject to a 75-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.

Re-Use Options

Overview:

The range of re-use/redevelopment options is substantially limited by legal constraints and VA policy. As stated at the beginning of this report and included in clarifying guidance for this study as delineated by former Secretary's Principi letter of February 25, 2002. As noted earlier, Secretary Principi's 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 and may be higher than anticipated. If the Davis Bacon Act is applicable to prospective construction on the campus, its "prevailing wage" requirement may add 20 to 25 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 but is important as it can determine estimated ranges in construction costs under Stage II analyses and recommendations.

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 rates; 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 approximately \$55-65,000/room for a brand such as a Hampton Inn & Suites up to approximately \$140,000/room for a Residence Inn or 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 the PKF Trends report (a national hospitality trend report), the average daily rate (ADR) in the West L.A. area for 2004 was \$183.53 with an occupancy rate 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 from \$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/square foot; this estimate is incremental to the total cost of land, which has been determined by the re-use contractor and will be further assessed, as appropriate under Stage II analyses and recommendations.

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 percent 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 per 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 ranges of \$150-200 per square foot.

There have 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 per square foot. West LA is a stronger market than downtown and values would likely be higher. Despite the difference in location, the

downtown projects are comparable conversion scenarios and consequently serve as a helpful benchmark.

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

Assisted Living: Assisted living will only be considered appropriate for re-use if in 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, recognized assisted living providers, are active in West LA. Commencing in 2006, Sunrise will operate a large new facility as part of the new community Playa Vista, being developed in nearby Marina Del Ray. 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 subterranean parking should be expected at minimum to be \$250 per square foot. Note that only limited retail would be considered, based on Secretary Principi’s letter of February 2004 and subsequent clarifying view on ‘commercial’ re-use.

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.ⁱⁱ

It is assumed that under the clarifying guidance of Secretary Principi's letter of February 2002, conventional multi-tenanted office buildings for lease to private entities are not to be considered. However, a medical office building housing doctors, related staff, and vendors supporting the mission of the VA and care the veterans may be appropriate. According to local professionals, annual rent for a medical office use may command as much as \$42 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.ⁱⁱⁱ 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. UCLA has expressed interest in exploring the concept of having a Research & Development facility on the campus, and they are likely to be much more warmly received 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 per square foot per year at a Full Service Rate.^{iv} However, tenant improvement allowance packages are an important departure from conventional office economics. Where a conventional office transaction, if generous, may provide \$20-30 per square foot for a tenant improvement allowance; a Bioscience facility may command \$110 a square foot.^v This 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 re-use 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 golf course use would be between approximately \$2-3 a square foot. 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 redevelopment of golf courses for residential use. In 2004, 60 golf courses nationally were converted to residential use.

Therefore, based on the above consideration of market conditions, the following are use/redevelopment considerations for the West LA campus.

Hospitality

Full-service hotel:

Secretary Principi's February 2002 letter as well as VA policy is assumed to limit the development of a full service hotel. 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, such as that provided in the VA's Fisher House model.

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 corresponding with the previously clarification described in the 'Statement of Work' section of this report.

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 Secretary Principi's letter's definition of 'commercial'; however, a retail use may be appropriate to support a modest mixed-use concept and still support or complement needs of veterans.

Office

General commercial office use is excluded by Secretary's Principi letter; however, a mid-rise medical office may be considered.

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.^{vi}

Recreation

Team PwC does not assess all ranges of recreational uses. However, Team PwC does present a high level value for a golf course use and recommend that the underutilized parcels could provide

enhanced recreational uses, including potential expansion of the nine-hole golf course to eighteen holes.

Restrictions

The campus is subject to many restrictions for prospective re-use/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 re-use/redevelopment.

West LA Site Map and Description of the Parcels

Team PwC has organized the campus into 15 Parcels. Parcels were designated according to logical surrounding land use patterns. In some cases Parcels were designated with a recommended alternate land use than what currently predominates. For example, Parcel H1 is currently a surface parking lot that may be better suited for green space with additional structured parking elsewhere adjacent to the hospital to accommodate the parking requirement.

The following illustration (*Exhibit A*) depicts the full West LA campus and the 15 parcels identified in subsequent sections in this report – both in this section and in the BPO Development sections.

Exhibit A – West LA Site Map and Re-Use/Redevelopment Parcels

Figure 13: West LA Site Map and Re-use/Redevelopment Parcels



Parcels are discussed beginning with the south campus (south of Wilshire) and progressing around the campus (including the Brentwood portion of the campus) in a clockwise manner:

Parcel K has approximately 67 acres and six 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 Parcel presents ample development opportunity.

Legal constraints challenging prospective development on this Parcel 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 Parcel 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 Parcel 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.

Parcel J has approximately 14 acres and seven 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 Governor's House.

The central legal constraint to re-use/redevelopment on this Parcel is its inclusion on the National Register of historic districts. Consequently, any prospective re-use/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.

Parcel I has approximately three 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 re-use/redevelopment of this Parcel.

Parcels H1, H2, H3 consists of 20 acres and are currently used for surface parking, residential, and green space. Parcel H3 is encumbered by the Cranston Act and Parcel H2 is encumbered by its historic designation. Parcel H1 is not encumbered. Parcel H2 abuts Wilshire and provides a pleasant and unique green space along the Wilshire corridor. This Parcel along with the adjacent Parcel J to the south is constrained by its historic designation. Parcel H3 consists exclusively of a green area populated with attractive trees.

Parcel F has approximately 19 acres and is mostly green space fronting Wilshire and San Vicente. The majority of this Parcel 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 Team PwC has not analyzed the terms and conditions any existing land use agreement for the proposed park.

Parcel 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 Parcel currently hosts facilities with research, acute care, nursing home care, administrative, and inpatient rehabilitation and domiciliary uses. Salvation Army currently occupies a building in the northerly section of this Parcel. This Parcel 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.^{vii}

Parcel G1 and G2 have approximately 23 acres and 15 buildings with a gross square footage of 160,485. This area is currently used for campus support (industrial) uses such as engineering shops and laundry. Many of the existing buildings are inefficient and spread out. These Parcels are adjacent to the intersection of Wilshire and the San Diego Freeway as well as Constitution. A portion of the Parcels fronting Wilshire Boulevard are designated a historic district.

Parcel B1 and B2 have approximately 14 acres and three buildings with a gross square footage of 12,937. These Parcels are adjacent to a low density single family housing neighborhood. Re-use/redevelopment for this area was considered in the most recent 2001 land use plan, and was met with the greatest amount of controversy, due to the low density of the adjacent residential neighborhood. Currently, a columbarium supporting the VA's National Cemetery Administration (NCA) is proposed for the Parcel. Parcel B2 is adjacent to Parcel 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.

Parcel D has approximately 17 acres and five 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 re-use/redevelopment by this study.

Parcel C has approximately 37 acres and 16 buildings with a gross square footage of 684,735. This Parcel is consistent with the historic Brentwood Hospital District which currently is used for medical support services, homeless facilities, and rehabilitation. Although Team PwC has 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.

Parcel A has 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 under which Jackie Robinson Stadium is lodged, providing a venue for UCLA's home baseball games. UCLA has indicated strong preference to retain the stadium in addition to expanding its use of other prospective recreational grounds. The Parcel 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 Parcel, 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 Chamber of Commerce. 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 current ownership status.

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

Regulatory and Legal Environment

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:

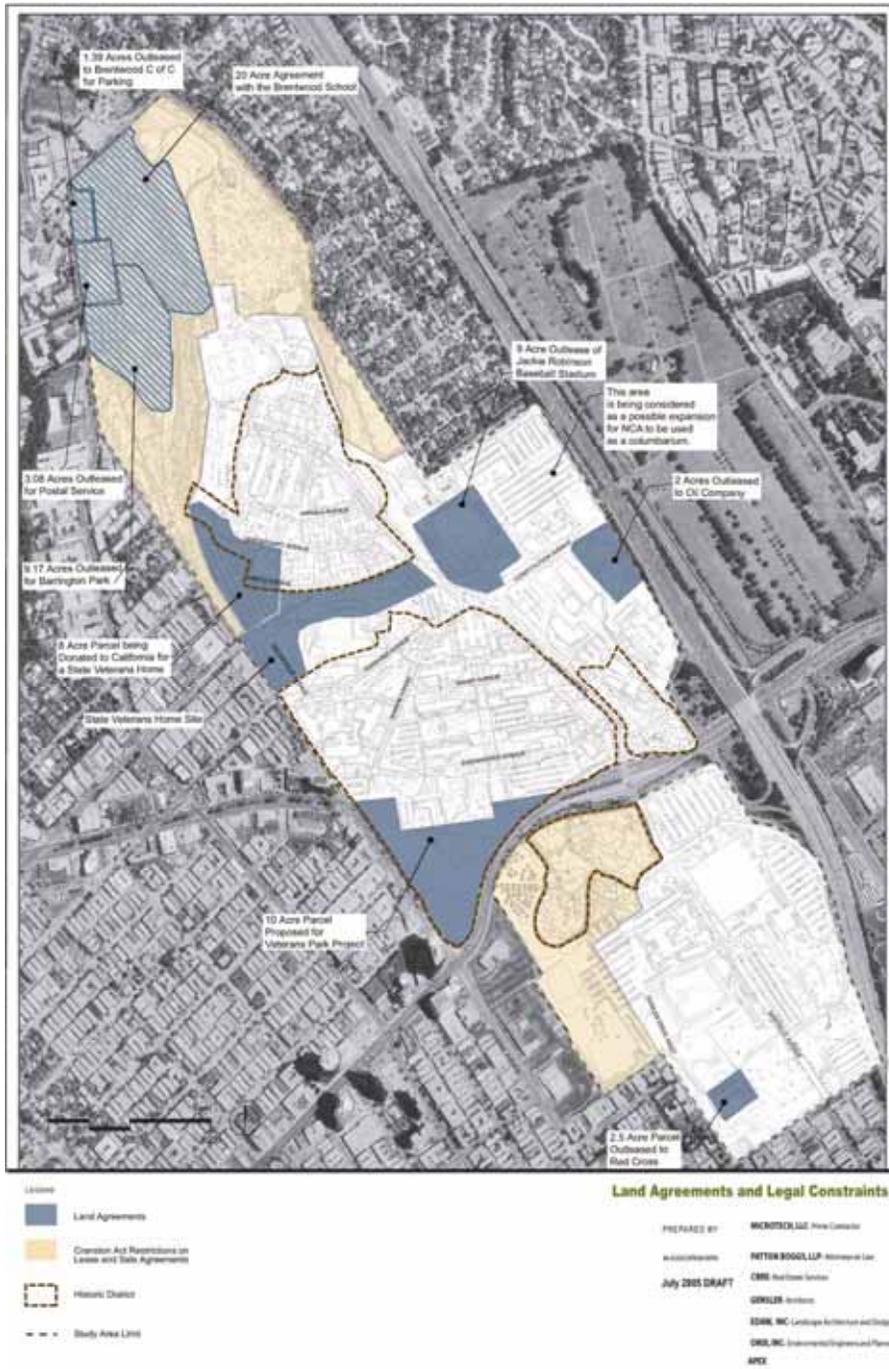
The Administrator may not declare excess to the needs of the Veterans’ administration, or otherwise take any action to dispose of, the land and improvements at the Veterans’ Administration Medical Center, West Los Angeles, California (consisting of approximately 109 acres) . . . described in letters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

Team PwC has 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.

For those portions of the Medical Center campus outside of the perimeter of the Cranston Act area, VA's legal ability to have its property redeveloped by non-VA entities for non-VA uses is more expansive. 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).

Exhibit B – West LA Historic Designation and Impact on Re-Use

Figure 14: West LA 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 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.

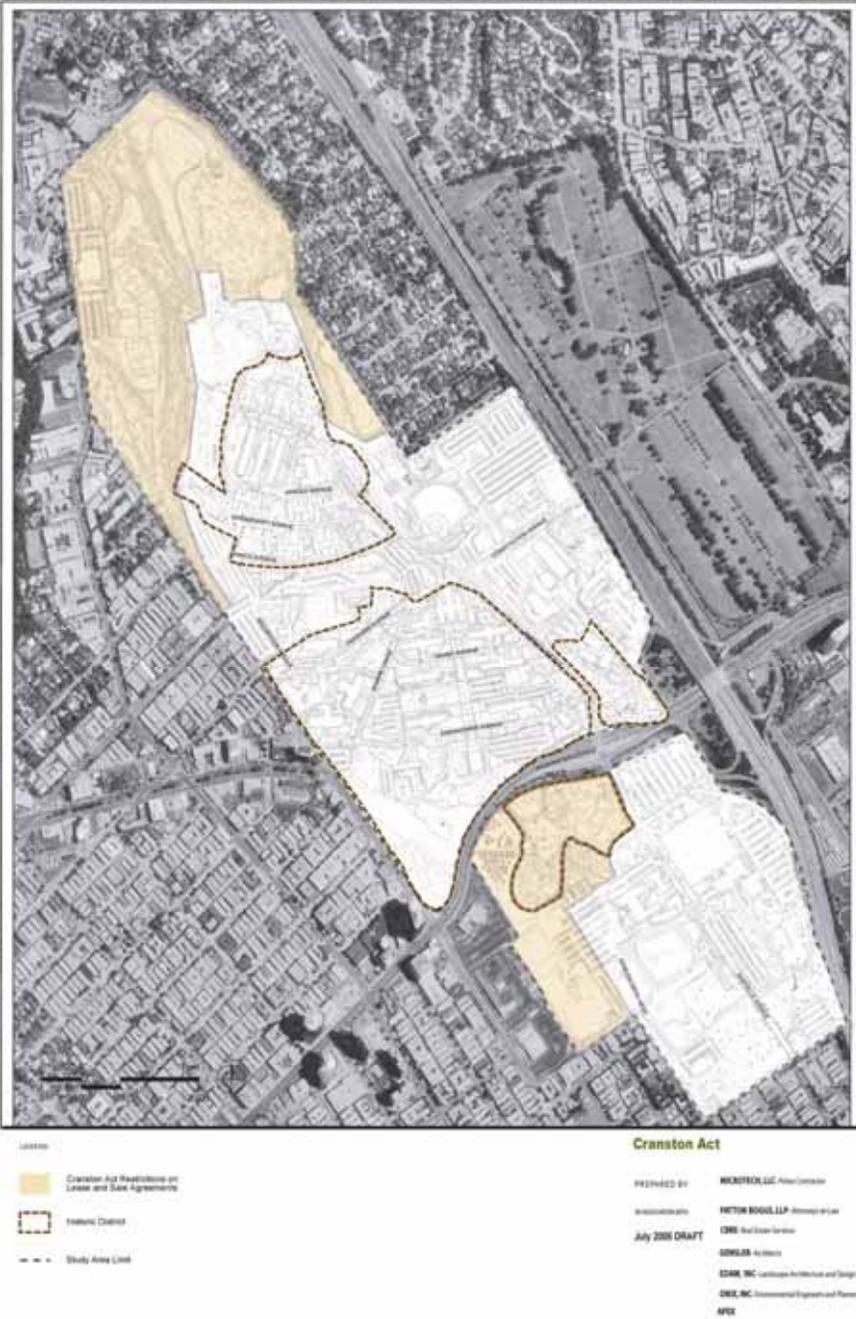
Both of these laws are “process” oriented, in that they mandate that VA undertake certain actions and consider certain information before or as part of any decision regarding the development and or use of property or facilities within the VA Medical Center campus.

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.

Exhibit C – West LA Campus Current Sharing and Lease Agreements

Figure 15: West LA Campus Current Sharing and Lease Agreements



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 General 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:

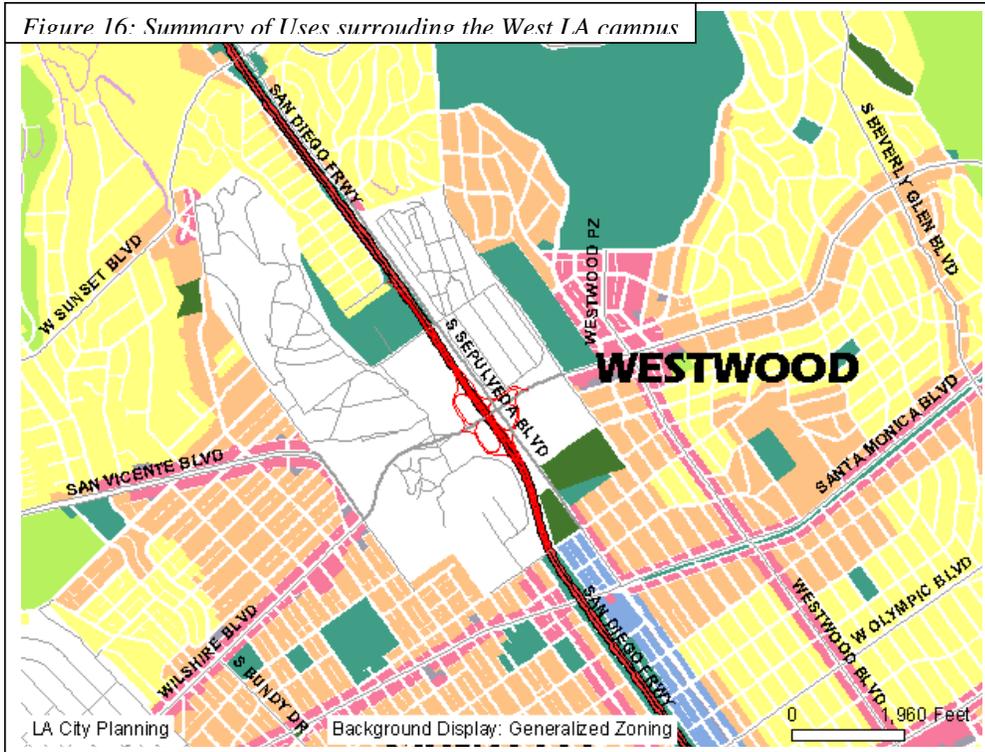
- The West LA Campus is located in a West Los Angeles Transportation Improvement and Mitigation Specific Plan District that requires that any development develop a mitigation plan to be approved by the LA Department of Transportation and City Engineer prior to being able to secure a building permit.
- 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. 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.

- West LA is in an area identified by the City to be either a "Methane Zone" or "Methane Buffer Zone". Generally speaking, these areas have a risk of methane intrusion emanating from geologic formations. The areas have developmental regulations that are required by the City pertaining to ventilation and methane gas detection systems depending on designation category. Any development should comply with City of Los Angeles Building Code for construction requirements.
- From a municipal seismic perspective, the 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.

Surrounding Use Analysis

The following map and legend provide a summary of the uses surrounding the West LA campus.

Figure 16: Summary of Uses surrounding the West LA campus



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 re-use 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), Team PwC recommends that VA rely, to the greatest extent possible, upon local building codes, safety requirements, construction standards and local government inspection services. While VA may have its own construction standards and criteria for 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. Also, as the legal entity, the developer is assuming responsibility for the conduct and liability of business operations. The VA's interest in the development is that of a ground lessor and potential user instead of that of a joint venturer or partner.

In such instances, Team PwC believes 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 is required; The County Board of Supervisors controls government within Los Angeles County and is comprised of five supervisors. The Board is responsible for quasi-judicial, legislative, and executive duties. The assessor, district attorney, and sheriff (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, Team PwC recommends that it is in VA's interest to actively participate in any discussions with the local government to resolve any such questions or issues.

Real Estate Market and Demographic Overview²

Los Angeles

Overview: Los Angeles is the largest 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.^{viii}

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.

² Source: Baseline Real Property Report, The Metis Group, July 28, 2005

Table 7: Population Trends

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.

Table 8: Employment by Industry

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 ¹	474,200	11.9%	277,500	7.0%	359,500	7.7%
Non-durable Goods ¹	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%

¹ 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.

Table 9: Largest Private Employers—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	Ralph's 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 LA. West LA 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 LA area surrounding the campus.

Table 10: Demographics

Demographic Report³	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	

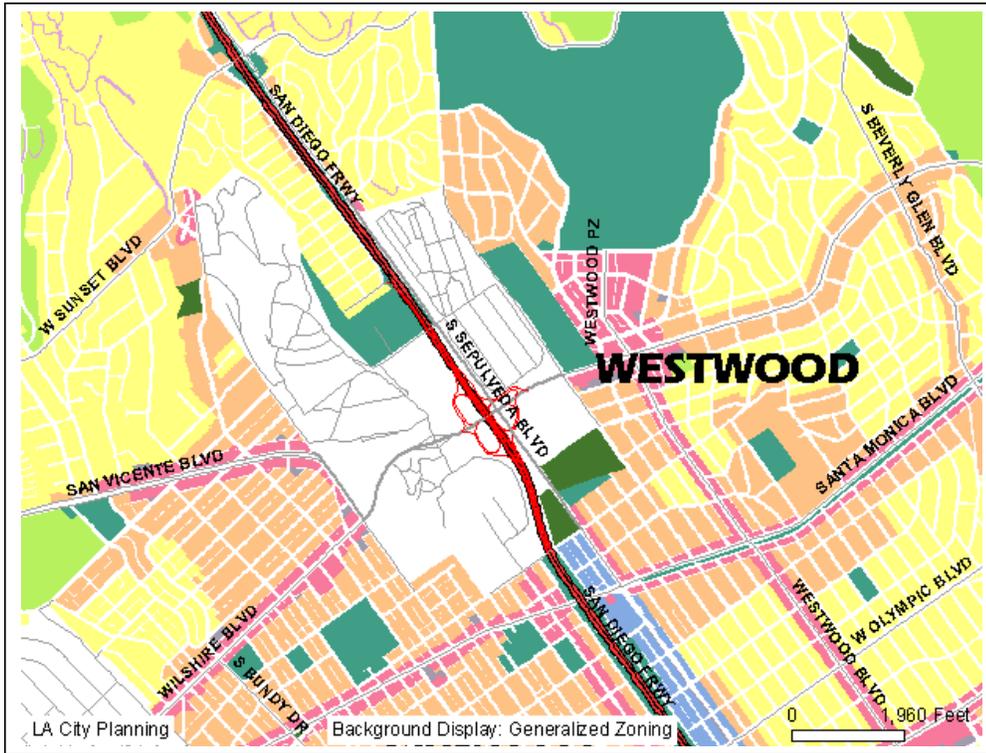
³© 2005 CB Richard Ellis. All rights reserved. This report contains information from sources Team PwC believes to be reliable, but Team PwC makes no representation, warranty or guaranty of its accuracy. Opinions, assumptions and estimates constitute CBRE's judgment as of the date this report is first 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.

Demographic Report³	11301 Wilshire Blvd 1 mile radius		11301 Wilshire Blvd 3 mile radius		11301 Wilshire Blvd 5 mile radius	
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	

Surrounding Use Analysis

The following map and legend provide a summary of the uses surrounding the West LA campus.

Figure 17: Surrounding Use Map West LA Campus



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 re-use 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), Team PwC recommends that VA rely, to the greatest extent possible, upon local building codes, safety requirements, construction standards and local government inspection services. While VA may have its own construction standards and criteria for 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. Also, as the legal entity, the developer is assuming responsibility for the conduct and liability of business operations. The VA's interest in the development is that of a ground lessor and potential user instead of that of a joint venturer or partner.

In such instances, Team PwC believes 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 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 is required; The County Board of Supervisors controls government within Los Angeles County and is comprised of five supervisors. The Board is responsible for quasi-judicial, legislative, and executive duties. The assessor, district attorney, and sheriff (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, Team PwC recommends that it is in VA's interest to actively participate in any discussions with the local government to resolve any such questions or issues.

Real Estate Market and Demographic Overview⁴

Los Angeles

Overview: Los Angeles is the largest 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.^{ix}

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.

⁴ Source: Baseline Real Property Report, The Metis Group, July 28, 2005

Table 11: Population Trends

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.

Table 12: Employment by Industry

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 ¹	474,200	11.9%	277,500	7.0%	359,500	7.7%
Non-durable Goods ¹	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%

¹ 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.

Table 13: Largest Private Employers – 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	Ralph's 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 LA. West LA 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 LA area surrounding the campus.

Table 14: Demographics

Demographic Report⁵	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	

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Demographic Report⁵	11301 Wilshire Blvd 1 mile radius		11301 Wilshire Blvd 3 mile radius		11301 Wilshire Blvd 5 mile radius	
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	
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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	

Environment⁶

This section is a discussion and summary of a review of existing documentation with regard to environmental issues and hazards. Based on the review of the existing documentation the development potential of all of the site buildings and areas were rated based on environmental issues.

"High" potential for development will be defined as an area or building without known or potential environmental hazards requiring remediation. Buildings or areas that would fall into this category would be buildings constructed or extensively remodeled after the late 1970's, and that are not in an area of the site subject to liquefaction, fault rupture, or inundation.

"Medium" potential for development will be defined as an area or building with known or potential environmental hazards or liabilities that are typical of similar areas, hazards that can be remediated with minimal to moderate expenditure using known and proven technology and methods. This category includes areas or buildings with environmental hazards that have already been remediated or that have known contaminants below threshold levels. This also includes buildings that are in an area with a potential for liquefaction, or deep fill areas, etc.

"Low" potential for development will be defined as an area or building with known or potential environmental hazards or liabilities that will require substantial expense to remediate or hazards that may be politically or legally sensitive. An area that may fit into this category would be the wet land area, the medical waste fill area, and the areas with a potential for fault rupture or inundation.

Environmental Findings

A review of the available literature reveals the following environmental issues with regard to the site:

⁶ Source: West Los Angeles VAMC, Baseline Report-Phase I, Microtech Team, July 2005

1. **Radioactive Material Storage.** Operation of the medical facilities involves the use of radioactive materials used in diagnosis and treatment of medical conditions. Records show that radioactive materials are used and/or stored in at least 12 site buildings. There is no evidence from the records that these materials have ever been mishandled or improperly disposed.
2. **Lead Based Paint (LBP).** Until lead-based paints were banned from use in the 1970's most exterior and interior gloss and enameled paints contained lead. As a result of the historic nature of many buildings on this property lead-based paint should be anticipated to occur in most if not all of the buildings constructed prior to the mid 1970's.

Several buildings were sampled and tested for lead. There does not appear to have been an effort to do a comprehensive visual inspection accompanied with a sampling and testing program for all buildings.

The records did not indicate if the sampling was random, done in anticipation of remodeling work, or a comprehensive inspection and sampling of all suspected areas with lead-based paint.
3. **Asbestos Containing Materials (ACM's):** Until banned from use by the EPA in 1979, asbestos was in common use as an ingredient in many building materials including, but not limited to:
 - Sheet flooring
 - Vinyl tile flooring
 - Flooring mastic
 - Pipe insulation
 - Built-up roofing
 - Roof sealants and mastics
 - Plaster
 - Texture wall and ceiling compounds
 - Ceiling tiles

Many of the site buildings, as well as underground steam piping, have been subject to testing for ACM's. In the majority of buildings tested ACM's were found in some form. Much of the sheet and vinyl tile flooring and mastic sampled were found to contain non-friable asbestos. Most pipe insulation tested was found to be friable asbestos.
4. **Underground Storage Tanks (UST's):** There are reported to be 10 underground storage tanks on site with three of the 10 already abandoned. There is no record of leaks from any of the tanks.
5. **Medical Waste Disposal Areas:** An approximately two-acre area in area "J" along the banks of the arroyo was used as a medical waste disposal area from the 1950s until 1968. This medical waste included radioactive biomedical wastes. These radioactive medical wastes were apparently disposed of in accordance with the U.S. Department of Energy requirements that allow for burial of radioactive medical wastes.

Construction of athletic fields for the Brentwood School between 1996 and 1999 uncovered several of the disposal areas. Excavated wastes were collected and removed to an off-site disposal facility.

At this point the radioactive wastes are at approximately 10 half-lives and theoretically do not emit radiation greater than other non-radioactive materials. Testing of the waste did not detect any radiation levels above background. Off-site monitoring well sampling has not detected any radiation above background levels.

Radioactive medical wastes not excavated for construction of the athletic fields remains in place in this area under 15'-to-30' of soil fill.

6. **Solid Waste Disposal:** The banks of the arroyo appear to have been used for solid waste disposal, particularly demolition wastes, since the site was developed as a veterans' home. The majority of the demolition wastes appear to be from demolition of the original Wadsworth Hospital in the early 1970's. These wastes contain asbestos containing materials. Wastes uncovered by construction of the Brentwood School athletic fields were removed to an off-site disposal area. Waste remaining is buried under at least 15 feet of soil fill.
7. **Wetlands:** The bottom of the arroyo supports wetland vegetation. Approximately ½ of the wetland growth was destroyed by the mid-90's installation of a storm drain extension under the new Brentwood School athletic fields. This was done with the understanding that demolished wetlands would be replaced on 1.5:1 basis. At this time the wetlands area is in excess of three acres along the remaining portion of the arroyo.
8. **Potential Fault Rupture Hazard:** The southern portion of the South Campus Medical Center Area is within an area identified as having a potential for rupture during an earthquake. A Fault Rupture Hazard Study will be required by the permitting agencies prior to development within this area. If a future study finds this to be an active fault zone, there is little likelihood that residential structures would be allowed to be constructed in this area. Development would most likely be limited to low-rise commercial structures.
9. **Potential Liquefaction Hazard Area:** An area with a potential for liquefaction during an earthquake is located in the Revitalization Area in the eastern portion of the campus. Development over this area will be dictated by the findings of geotechnical studies done for any proposed structures. High-value structures that can justify deep pier foundations or extensive ground improvement work can be built over this area. The value of typical single-family or multi-family structures cannot justify this engineering and construction expense associated with a foundation capable of compensating for liquefaction hazards.
10. **Deep Fills:** Areas of deep soil fill are located along the arroyo in the North Campus Recreation Area and also in the South Campus Medical Center Area as well as the western portion of the Wilshire View shed Area. Foundations can be engineered to prevent the destructive differential settlement that can occur over the uneven deep fill depths but these are generally not associated with residential construction.
 Deep fill materials, especially if associated with demolition debris or other waste materials are considered poor foundation material. Construction of buildings over such areas typically

involves removal of poor foundation materials, subsurface ground improvements, or expensive foundation systems.

11. **Potential Inundation Hazard Area:** The southernmost portion of the South Campus Medical Center Area is identified as being in the path of flooding that may occur should an upstream dam fail during an earthquake. This type of risk will dictate the types of uses for this area that will be allowed by the local permitting agencies. However, aerial photographs show residential development of off-site areas within this zone.
12. **Heritage Trees:** Previous environmental studies have identified a number of trees near some of the historic buildings as being “heritage” trees. Removal of these trees for future development should not be anticipated unless the condition of the tree poses a hazard to existing and proposed structures. In some cases a tree may be removed once an agreement has been reached with the permitting agencies to plant and maintain replacement trees elsewhere.
13. **Mold:** Mold spores were found in Building 308, a “single quarters” building. The mold investigation was done in response to complaints regarding chronic mold and mildew growth in the building. While the study confirmed the presence of mold it did not identify the source of moisture that continued to promote the mold growth. The study did report that there was no obvious roof or plumbing leaks in the structure. It is likely that there is inadequate ventilation in the structure that prevents excessive humidity from showers and baths, crawl space soil, etc. from being dissipated out of the structure. This condition can most likely be remediated by ventilation improvements to the building.
14. **Methane Gas:** Methane gas is associated with the on-site oil wells. Wind dissipation of gases often reduces or eliminates the risk of combustion associated with high concentrations of this gas. Where there is known subsurface methane gas it can also be trapped in basements, under concrete slabs, and in crawl spaces. High concentrations of gas in basements and crawl spaces (steam tunnels) can be a health risk as well as an explosion and/or fire hazard.
15. **Oil Wells:** There are a number of active and inactive oil wells on site. There is the potential for oil leaks at the wellhead or along the pipelines conveying oil away from the wells. The presence of an abandoned well can also be detrimental to foundations systems if located directly under a bearing point of the building.

Conclusions on Environmental Assessment

The majority of the site and buildings may be classified as having a "Medium" potential for development based on the presence of Lead Based Paint (LBP) and Asbestos Containing Materials (ACM's) in the preponderance of the buildings. ACM's will also need to be removed from steam piping insulation throughout the south end of the site. These materials are typical of most sites and buildings built prior to the late 1970's.

The north end of the site (Brentwood campus) may also be classified as having a "Medium" potential for development although there are known biomedical, radioactive medical waste, and construction demolition waste (containing ACM's) areas. The arroyo at the north end also contains a wetland area. There is the potential for future negative public reactions to living on or near these types of environmental hazards that pushes this end of the site closer to the "Low" potential for development.

The wetland area is not a significant obstacle to future development in that State and Federal regulations allow for development of a wet land elsewhere to compensate for remove of this wetland. This can become a politically or publicly sensitive issue especially if endangered species are known to inhabit the area. Since the existing studies have not identified any endangered species in this area and installation of the storm drain extension did not result in public opposition (as far as documentation provided identifies) the wetlands themselves should not qualify this area as having a "Low" potential for development.

The biomedical, radioactive medical waste and ACM containing construction debris waste sites are all now buried under 15' to 30' of fill material areas leased to the Brentwood School for use as athletic fields. None of these disposal areas is considered a significant environmental hazard at this time. Radiation and ACM's are below threshold limits. Biomedical wastes encountered during development of the athletic fields were removed to a suitable off-site disposal area. Without a potentially negative public reaction to these types of wastes this end of the site may be considered as having a "Medium" potential for development. Remediation of these wastes includes encapsulation (which has already been done) or removal to an acceptable disposal site. The fact that this area has already been developed for use as athletic fields indicates that:

1. Either the public was not informed as to the contaminates under the athletic fields, or
2. These environmental hazards did not trigger a significant negative public reaction from nearby residents (including parents of students using the fields).

The potential for development in the areas with a subject to liquefaction, ground fault rupture, and inundation, in addition to the deep fill areas will be highly dependent on the nature of proposed developments. There is very little probability that the County of Los Angeles would allow any type of new residential development within a defined fault zone although commercial uses are generally allowed in these areas. However, these areas were classified as having a "low-to-medium" potential for development in that extensive engineering and soils studies will be required for development within these areas.

Operational Costing

The objective of the cost analysis in Stage I is to support a high level comparison of the estimated cost effectiveness of the current state with each BPO. The total estimated costs include the following: operating costs, initial capital planning costs, re-use opportunities, and any cost avoidances. The operating costs for the baseline and each BPO are a key input to the financial analysis. Operating costs for the Stage I analyses include the following: direct medical care, administrative support, engineering and environmental management, miscellaneous benefits and services, etc.

The baseline operating costs were provided to Team PwC by the VACO. These costs were obtained from the FY2004 VA's Decision Support System (DSS), the VA's official cost accounting system. This information was selected for use because DSS is the cost accounting system for the VA, DSS provides the best available data for identifying fixed direct, fixed indirect and variable costs, the data can be rolled up to the CIC level and the data is available nationally for all VAMCs and CBOCs. These costs are directly attributable costs and generally do not reflect the total costs of the operation.

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

- **Total Variable (Direct) Cost:** The costs of direct patient care that vary directly and proportionately with fluctuations in workload. Examples include salaries of providers and the cost of medical supplies. Variable direct cost = variable supply cost + variable labor cost. The cost of purchased care is considered variable direct costs.
- **Total Fixed Direct Cost:** The costs of direct patient care that do not vary in direct proportion to the volume of patient activity. The word "fixed" does not mean that the costs do not fluctuate, but rather, that they do not fluctuate in direct response to workload changes. Examples include depreciation of medical equipment and salaries of administrative positions in clinical areas.
- **Total Fixed Indirect Cost:** The costs not directly related to patient care, and therefore not specifically identified with an individual patient or group of patients. These costs are an allocation of the total other costs (i.e. not direct costs) associated with the operation of the facility. These costs are allocated to individual medical departments through the VA's existing indirect cost allocation process. Examples of indirect costs include utilities, maintenance, and administration costs.

FY2004 operating costs from the DSS were deflated to FY2003 dollars to create the costs for FY2003 which is the base year for current cost comparison. These costs were then inflated for each year of the study period. Variable costs were multiplied by the forecasted workload for each CIC and summed to estimated total variable costs. Variable costs were also provided by the VACO for non-VA care. These are based on the VA's actual expenses and are used in BPOs where care is contracted out.

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

Business Plan Option Development

Team PwC developed a set of comprehensive BPOs to be considered for West LA. 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.

Initially, a broad range of discrete and credible capital and re-use options were developed by the teams. These options were tested against the agreed-upon initial screening criteria of access, quality, and cost, as defined below. 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. All of the comprehensive BPOs were then further assessed at more detailed level according to set of discriminating criteria. The results of these assessments are included in the next section of the deliverable.”

Initial Screening of Options

a) Initial Screening Criteria

A multitude of discrete capital and re-use options were developed for the West LA VAMC and were subsequently screened to determine whether or not a particular option had the potential to meet or exceed the CARES objectives. The following describes the initial screening criteria that were used during this process:

- **Access:** *Would maintain or improve overall access to primary and acute hospital healthcare* – Access was measured during the previous CARES study and contributed to the decision as to where to locate the healthcare service. Therefore, access in terms of compliance with VA guidelines is not being evaluated, but rather ease of accessibility **to or within the campus** is being reviewed for each option.
- **Quality of Care:** *Would maintain or improve the overall quality of healthcare* – This is assessed by consideration of:
 - The sufficiency of healthcare provision; the size of any gaps between supply and demand for healthcare; and the overall impact on wait times in a study site.
 - The level of workload at any facility compared to utilization thresholds. Quality concerns may also occur if it is assumed that the VA would contract with a non-VA provider for particular types of healthcare and there is no current proven healthcare provider of the required services within a particular location. In this case, assumptions may be required regarding the likelihood of such a provider emerging. Any option that relied upon patient care being provided by a third party, 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 were then further screened against quality and 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.

Table 15 : 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-2	Consolidate Acute, Specialty and Ambulatory care functions on to the Wadsworth portion of West LA campus; Renovate facilities lodging existing Nursing-Home and Mental Health programs on Brentwood	

Designation	Label	Description
	portion of West LA campus	
CP-2A	Renovate Existing Hospital and Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Healthcare 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 nursing home 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>
CP-2B	Construct New Hospital and Renovate Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Healthcare 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 nursing home 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>
CP-2C	Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare and Research Facilities	<p>Consolidate projected inpatient acute workload in a replacement hospital (comprised of inpatient acute care beds), and consolidate projected ambulatory acute workload in replacement Ambulatory Care facilities (including within existing hospital) on Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in new and renovated facilities. Consolidate projected nursing home 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 Brentwood campus (Parcel B1). Construct new CA State Veterans Home on Brentwood campus (Parcel D).</p>

Re-Use Options & Descriptions

The table below identifies the parcels for potential reuse. The parcels have been identified based on existing vacant land and the changed footprint of the campus based on the Capital Planning Options. Refer to *Figure 13* for re-use parcels on the West LA campus

For purposes of defining the possible re-use and redevelopment options for West LA, the campus has been subdivided into 15 distinct parcels, each with unique characteristics, including but not limited to location, topography, functional adjacencies, and encumbrances. Each parcel has one or more re-use and redevelopment opportunity that is best suited to its unique characteristics.

The parceled land options, included in the table below, are defined as re-use (RU) options defined for purposes of creating the BPOs and each re-use option has passed all of the initial screening criteria.

Table 16 : Re-Use Options

Designation	Label	Description
RU-1	Parcel A – North Brentwood Campus	Re-use/redevelopment of Parcel A, inclusive of ballpark, golf course and other greenbelt, Brentwood campus.
RU-2	Parcel B1 – East Central Brentwood Campus	Re-use/redevelopment Parcel B1, inclusive of Buildings 294, 506, 509.
RU-3	Parcel B2 – East Central Brentwood Campus	Re-use/redevelopment of Parcel B2, inclusive of utility space and oil derrick.
RU-4	Parcel C – North Central Brentwood Campus	Re-use/redevelopment of Parcel C, inclusive of occupied/vacated nursing home and mental health structures.
RU-5	Parcel D – West Central Brentwood Campus	Re-use/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	Re-use/redevelopment of Parcel E, inclusive of nursing home, inpatient rehab and domiciliary care facilities (Buildings 214 and 217), Brentwood Campus.
RU-7	Parcel F – Southwest Brentwood Campus	Re-use/redevelopment of Parcel F, inclusive of chapel, Wadsworth Theater and greenbelt corner of campus.
RU-8	Parcels G1 and G2 – Southeast Brentwood Campus	Re-use/redevelopment of Parcels G1 and G2, inclusive of utility and storage structures near intersection of I-405 and Wilshire Boulevard.
RU-9	Parcel H1 – Northwest Wadsworth Campus	Re-use/redevelopment of Parcel H1, inclusive of greenbelt space along Wilshire Boulevard.

Designation	Label	Description
RU-10	Parcels H2 and H3 – Northeast Wadsworth Campus	Re-use/redevelopment of Parcel H2 and H3, inclusive of greenbelt space at intersection of I-405 and Wilshire Boulevard. [Parcel H3 is limited in re-use by the Cranston Act and Parcel H2 is encumbered by its historic designation.]
RU-11	Parcel I – North Central Wadsworth Campus	Re-use/redevelopment of Parcel I, immediate north of existing Hospital
RU-12	Parcel J – South Central Wadsworth Campus	Re-use/redevelopment of Parcel J, including greenbelt and housing units.
RU-13	Parcel K – South Wadsworth Campus	Re-use/redevelopment of Parcel K, including but not limited to the existing Hospital and Ambulatory care facilities and parking.

Options Not Selected for Assessment

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

Table 17 : Options Not Selected for Assessment

Label	Description	Screening Results
Full Replacement	BPOs which called for the complete replacement of all facilities providing care to veterans on the campus.	BPOs were rejected as they do not comply with the Secretary’s decision to ‘proceed with maintenance and life safety projects on nursing home facilities that are necessary to ensure quality and safety of patient care’.
Redevelop/Re-use Parcels K, I, H1, H2, H3, J	BPOs that redevelop/re-use Parcels K, I, H1, H2, H3, and J for non-VA re-use	BPOs were rejected because the majority of the West LA’s south (Wadsworth) campus is preserved for the consolidation of VA acute clinical care programs. These programs need to be more convenient to the existing acute care hospital and ambulatory care services currently on Parcel K. Parcel H2 may be encumbered by its historic designation and/or Parcel H3 is limited in re-use by the Cranston Act.

Label	Description	Screening Results
Re-use Parcel D	BPOs that redeveloped/re-used Parcel D;	BPOs were rejected as this site has been preserved for the California Department of Veterans Affairs State Veterans Home (SVH) project, corresponding with the Secretary’s clarification notice.
Re-use for commercial purposes	BPOs that redeveloped/re-used the West LA campus for ‘commercial’ purposes	BPOs were rejected as they did not comply with the clarification notice from the Secretary on redevelopment/re-use of the West LA campus.

Comprehensive BPOs to be Assessed in Stage I

In developing West LA’s comprehensive Business Planning Options (BPOs) to be assessed in Stage I, it became apparent that there are many conceivable BPOs that could be developed based on various combinations of Capital Planning Options (CP 2A-C) and Re-Use Options (RU-1-13).

It is important to note that for each of the 13 Re-Use Options (individual or combination of land parcels comprising the West LA campus) identified and described above, there may be one or more different re-uses for that parcel(s). For example, based on the assessment of Parcel A (RU-1), re-use/redevelopment may include any one or combination of the following:

- Recreation – may include expanding the existing nine-hole golf course to 18 holes or expand on current open space; and/or
- Institutional – opportunity to provide for community education facilities, recreation beside golf in alliance with or independent of a community/institutional operator; and/or
- Mixed use (residential and retail) – expanding an existing parking lot adjacent to the existing US Post Office into a mixed-use project providing for residential use and retail services (off the VA campus). With the exception of recreation, this is an option that does not provide direct or indirect service to the VAMC, yet, as an available parcel in non-conforming use, it may be considered for this use as it would be developed to support or complement the needs of veterans.

When these various Re-Use Option opportunities are coupled with the each of the Capital Planning Options (excluding Baseline) -- CP-2A-2C -- the number of possible comprehensive BPOs expands significantly. The consideration of all possible combinations of Capital Options and Re-Use Options, as defined as comprehensive BPOs to be assessed in Stage I -- even those that may pass the initial screening criteria -- is not practical.

Comprehensive BPOs were compiled and preliminarily assessed. Other combinations of Capital Planning Options and Re-Use Options other than those provided in the details that follow may also be considered by the Local Advisory Panel, stakeholders.

The following briefly describes the approach Team PwC took in aligning Capital Planning and Re-Use Options for analyses in this Stage I report:

- First, after Baseline, the three specific Capital Planning Options (CP 2A, 2B and 2C) are coupled with new VA projects, as directed in the Secretary’s decision or subsequent clarifying directives: California State Veterans Home on the Brentwood campus (Parcel D); the proposed VBA claims processing center, potentially considered for the Wadsworth campus (Parcel K); and NCA 20-acre columbarium, potentially considered for the Brentwood campus (Parcel B1). Following these possible configurations, the balance of the West LA campus is discussed parcel by parcel, with a description of the possible continued uses and/or re-use/redevelopment opportunities for the campus.
- Following these alternative Capital Planning Options, additional BPOs are provided that focus on re-use/redevelopment of the campus, by various configurations. Rather than repeat each Capital Option with these individual or clustered Re-Use Options, only Capital Option CP 2B (Construct New Patient Bed Tower, Renovate Ambulatory Care, Mental Health, Domiciliary, Rehabilitation and other service facilities) were chosen – considered intermediate among the three Capital Planning Options from the perspective of costs, construction schedule, etc. – for pairing with the individual Re-Use Options. The relative costs and schedule of implementation for each of the Capital Planning Options, alone, are not expected to change when similarly paired with the Re-Use Options discussed below.

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 18 : Comprehensive BPOs

BPO Designation	Label	Description
BPO 1 Comprising: CP-1	Baseline	Current state workload projected out to 2023 without any changes to facilities or programs, but accounting for projected utilization changes, and assuming same or better quality, and necessary maintenance for a safe, secure, and modern healthcare. Vacant buildings are to be maintained with no additional renovation, yet are to be secured to ensure that they pose no danger to veterans, patients, employees and visitors. Current agreements are to be maintained (i.e., EULs, sharing agreements, including accommodation of the CA State Veterans Home, currently under development).
BPO 2	Renovate Existing Hospital and	Consolidate projected acute inpatient workload in

BPO Designation	Label	Description
<p>Comprising: CP-2A RU-2, 5, 13</p>	<p>Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Health/Domiciliary Care facilities</p>	<p>renovated hospital and consolidate projected ambulatory acute workload in renovated Ambulatory Care facilities on Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in renovated facilities. Consolidate projected nursing home 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 re-use/redevelopment (see BPOs 5-8).</p>
<p>BPO 3 Comprising: CP-2B/ RU-2, 5, 13</p>	<p>New Acute Care Bed Tower & Renovate Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Health/Domiciliary Care facilities</p>	<p>Consolidate projected inpatient acute care workload in a replacement bed tower on Wadsworth campus. 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 nursing home 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 re-use/redevelopment (see BPOs 5-8).</p>
<p>BPO 4 Comprising: CP-2C/ RU-2, 5, 13</p>	<p>New Acute Care Bed Tower & Ambulatory Care; Renovate Existing Nursing-Home/Mental Health/Domiciliary Care</p>	<p>Consolidate projected inpatient acute workload in a replacement hospital (comprised of inpatient acute care beds), and consolidate projected ambulatory acute workload in replacement Ambulatory Care facilities (including within existing hospital) on Wadsworth campus (Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in new and renovated facilities. Consolidate projected nursing home 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 Brentwood 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 re-use/redevelopment (see BPOs 5-8).</p>

BPO Designation	Label	Description
<p>Selected Re-Use BPOs</p> <ul style="list-style-type: none"> • The contractor determined additional possible re-use opportunities that may be coupled with previously identified Capital Planning Options to create a number of additional BPOs; • Feasible Re-Use Options (as identified by Parcel or group of Parcels) were compiled; • For illustrative purposes, Re-Use Options were coupled with the Capital Planning Option provided in BPO 3 and are provided below in BPO 5-8; • <i>All Capital Planning Options can be accommodated with ALL of the following Re-Use Options as provided below in BPO 5-8.</i> 		
<p>BPO 5 Comprising: CP-2B/ RU-1, 2, 5, 13</p>	<p>New Acute Care Bed Tower & Renovate Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Health/Domiciliary Care facilities; Redevelop Parcel A</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <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 nursing home 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> <p>Redevelop/re-use northern section of Brentwood campus (Parcel A) for use as community and/or institutional education recreation facilities.</p> <p>Consider balance of existing parcel (existing golf course) for enhanced/expansion of recreation/open space; expand greenbelt of Brentwood campus north of VA Historic District A. Also, opportunity for limited mixed use residential in new construction.</p>
<p>BPO 6 Comprising: CP-2B/ RU-2, 4, 5, 6, 13</p>	<p>New Acute Care Bed Tower & Renovate Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Health/Domiciliary Care facilities; Redevelop Parcels C and E</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <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 nursing home and psychiatric care programs in facilities on Brentwood campus (Buildings 214, 217).</p>

BPO Designation	Label	Description
		<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> <p>Redevelop Parcels C and/or E for affordable/transitional veteran, and/or nursing housing in existing and new construction (ranging in 50,000-150,000 GSF). Housing may be used for drug/alcohol treatment programs.</p> <p>Also, consider limited hospitality (VA’s Fisher House concept) and/or administrative support/training facilities.</p>
<p>BPO 7 Comprising: CP-2B/ RU-2, 5, 8, 12, 13</p>	<p>New Acute Care Bed Tower & Renovate Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Health/Domiciliary Care facilities; Redevelop Parcels G1&2, J and K</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <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 nursing home 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> <p>Redevelop Parcels G1 and G2, and portions of J and/or K for medical research institute, comprised of approximately renovated existing structures/new phased construction on approximately 20-30 acres.</p> <p>Alternative re-use/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. Small, limited-use hospitality (Fisher House) and a new veterans-only kitchen are also considerations for re-use/redevelopment of these parcels.</p>
<p>BPO 8 Comprising: CP-2B/ RU-2, 5, 7, 13</p>	<p>New Acute Care Bed Tower & Renovate Ambulatory Care facilities; Renovate Existing Nursing-Home/Mental Health/Domiciliary Care facilities; Redevelop Parcel F</p>	<p>Assume conditions of Capital Planning option 2B (CP-2B), and include:</p> <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</p>

BPO Designation	Label	Description
		<p>(Building 500). Consolidate specialty care (SCI/D) on Wadsworth campus in new and renovated facilities. Consolidate projected nursing home 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> <p>Redevelop Parcel F for community education/recreation, mixed use residential in limited new construction, and/or open space/greenbelt, adjacent to San Vicente /Wilshire Boulevards intersection.</p>

Discriminating Criteria

The primary discriminating criteria are:

- **Healthcare Quality** – These criteria are to assess the following:
 - 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** – These criteria are to assess how the BPO impacts the ease with which patients can access services on the site.

- **Making best use of VA resources** – These criteria are 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 are to assess the risk of implementation for each BPO. Team 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 are to assess how the BPO would impact the sharing of resources with DoD, enhance one-VA integration, and impact special considerations, such as DoD contingency planning, Homeland Security needs, or emergency need projections.

Baseline Option

The Baseline is the 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 forecasts 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.
- 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, the Baseline would retain all clinical care services currently provided at West LA.

BPO 1 (CP-1): Baseline

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 (Buildings. 33, 111, 156, 157, 158, 199, 209, 233, 265, 266, 267, and 268).
- The CA State Veteran’s Home is a funded project included in the Baseline Option on Parcel D.

Accordingly, in the Baseline the capital investments focus on 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

Table 19: CP-1 Pros & Cons

Pros	<ul style="list-style-type: none"> ▪ 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. ▪ Supported by most veteran stakeholders. ▪ Costs required include heavy renovation for the services being provided, but no new construction is anticipated.
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Cons	<ul style="list-style-type: none"> ▪ Does not reduce the total number of buildings occupied nor provide efficient floor plates/unit sizes and physical relationship of services. This will continue current staffing inefficiencies that can only be rectified through replacement buildings and/or major renovations. The renovated facilities in CP-2A cannot be considered modern. ▪ The facilities in the Brentwood campus cannot be considered modern as many healthcare and research functions can not be retrofitted into buildings this old. ▪ There remains a number of existing buildings that will be vacant and will require some level of continued maintenance. ▪ Limits the re-use/redevelopment of the site. ▪ Maintains existing campus and associated increased operational and maintenance costs.
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CP-1: Assessment

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

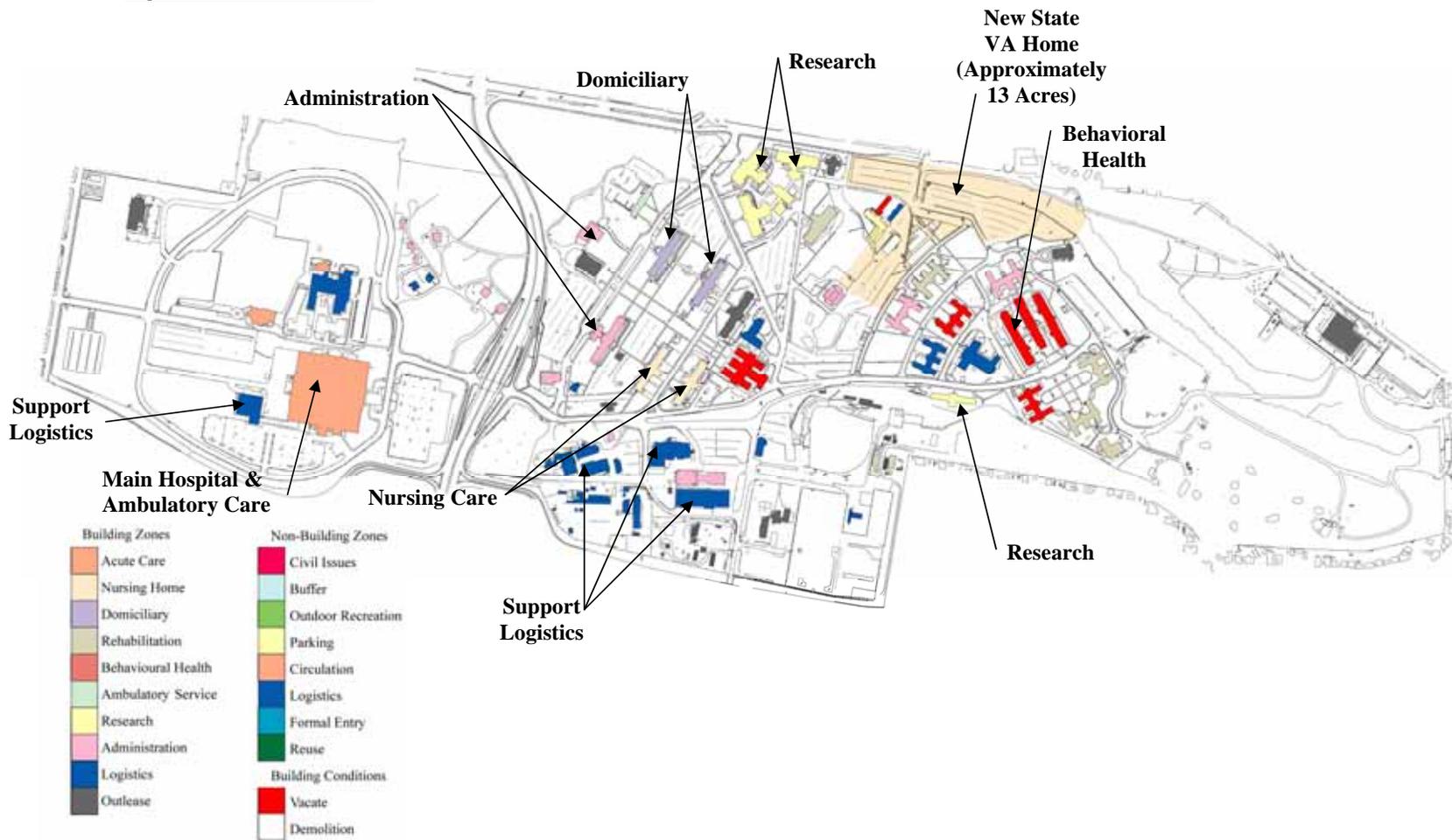
Table 20: Assessment of CP-1

Assessment of CP-1	Description of Impact
Healthcare Access	Maintains current on-site access.
Healthcare Quality	
Modern, safe, and secure environment	Investment in structures yields a safe, modern and secure patient investment.
Meets forecasted service need	Facility sized to meet projected demand.
Cost Effectiveness	
Operating cost effectiveness	NA
Level of capital expenditure anticipated	Investment made to achieve facilities' right-sizing to accommodate workload in 2013 and 2023.
Level of re-use proceeds	NA
Cost avoidance opportunities	NA
Overall cost effectiveness	NA
Ease of Implementation	
Riskiness of BPO implementation	There is no inherent risk associated with the Baseline BPO.
Wider VA Program Support	
DoD sharing	The Baseline BPO has no impact on DoD sharing arrangements.
One-VA Integration	Baseline BPO does not enhance integration with the VBA nor provide additional acreage required by the NCA for a columbarium, yet provide materially the same level of One-VA integration
Special Considerations	The Baseline BPO does not impact the DoD contingency planning, Homeland Security requirements or emergency need

Assessment of CP-1	Description of Impact
	requirements.

CP-1: Capital Plan

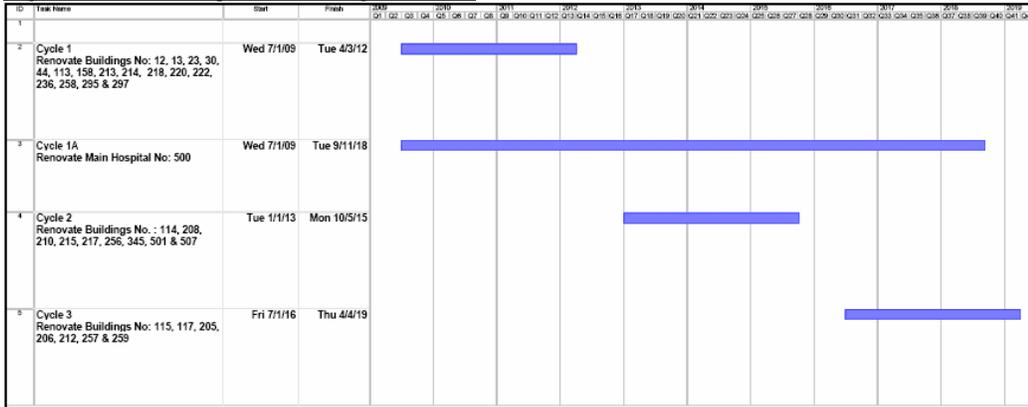
Figure 18: CP-1 Site Plan



Schedule

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

Figure 19: CP-1 Capital Planning Schedule



Cost

- Costs will be determined in Stage II

CP-1: Re-Use

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

It is understood 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 Parcel D).

BPO 2 (CP-2A/RU-2, 5, 13): Renovate Existing Hospital and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

CP-2A/RU-2, 5, 13: Description

In BPO CP-2A/RU -2, 5, 13 all services will remain on campus. The projected acute inpatient workload and ambulatory workload will be consolidated in the renovated Ambulatory/Hospital (Building 500) on the Wadsworth campus. The Nursing Home/Mental Health functions will be located in renovated existing facilities (Buildings 214 and 217). This BPO provides new and more efficient renovated facilities for inpatient/outpatient, long term care and mental health services.

A new Veterans Benefits 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 D).

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 facilities for the VBA on the Wadsworth campus, and for NCA and CA State Veterans Home on the Brentwood campus.
- The level of complexity required for the renovations is moderate, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards, however, the riskiness of implementation is favorable in that it secures stakeholder support and integrates more VA functions (VBA and NCA) on the campus.

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

Table 21: CP-2A/RU-2, 5, 13 : Pros and Cons

Pros	<ul style="list-style-type: none"> ▪ Meets stakeholder concerns by keeping all services on current grounds and provides improved facilities for outpatient services and acute care. ▪ Upgrades and renovates some of the aging and inefficient facilities. ▪ Permits the re-use/redevelopment of Parcels A, C, D, F, G, H, I, and J. ▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services. ▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.
Cons	<ul style="list-style-type: none"> ▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications. ▪ 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, Rehabilitation and Domiciliary services. This will continue current staffing inefficiencies that can only be rectified through replacement buildings. The renovated facilities in CP-2A cannot be considered modern.

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

Table 22: Assessment CP-2A/RU-2, 5, 13

Assessment of CP-2A/RU-2, 5, 13	Impact on Current State	Description of Impact
Healthcare Access	↔	No change.
Healthcare Quality		
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.
Cost Effectiveness		
Operating cost effectiveness	-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
Level of capital expenditure anticipated	-	Similar level of investment required relative to the Baseline BPO (+/- 20% of Baseline)
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)
Cost avoidance opportunities	-	No cost avoidance opportunity
Overall cost effectiveness	-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)

Assessment of CP-2A/RU-2, 5, 13	Impact on Current State	Description of Impact
Ease of Implementation		
Riskiness of BPO implementation	↑	As with Baseline, there is no inherent risk associated with this BPO in renovation of existing facilities; risk is enhanced with overall stakeholder support for BPO and with one-VA integration of VBA and NCA functions on the campus
Wider VA Program Support		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.

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

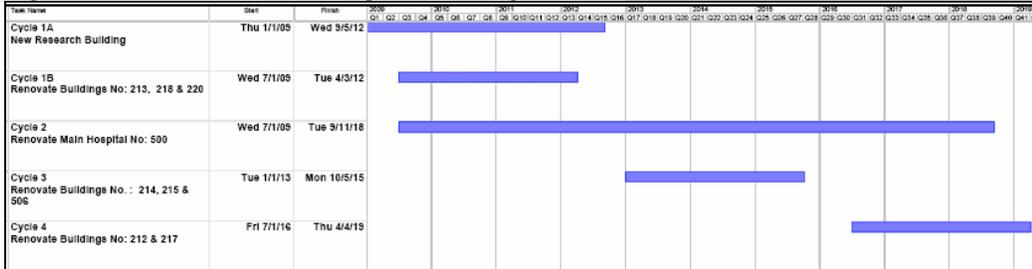
Figure 20: CP-2A/RU-2, 5, 13 Site Plan



Schedule

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

Figure 21: CP-2A/RU-2, 5, 13 Capital Planning 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.
- Costs will be determined in Stage II

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

Description and Assessment:

As in the Baseline BPO, the proposed CA State Veterans Home is assumed to be built (replacing Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77) on Parcel D. Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Administration (VBA) Regional Office 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 lodged in Parcel K, near the hospital. The area on the southern portion of Parcel K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging the Cranston Act. However, additional study of Cranston is required to ensure compatibility.

The National Cemetery Administration was allocated up to 20 acres of land on the campus to accommodate a columbarium. Current discussions have assumed that such use will occur on Parcel B1. This is 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, Team PwC recommends that consideration also be given to Parcel B2. This parcel is encumbered by a lease for oil drilling operations. Such activities may have an environmental impact making alternate re-use/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 Parcel B1 to alternate re-use/redevelopment.

Re-use/Redevelopment – (Refer to Exhibit A for location of parcels)

1. South Campus

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

Team PwC does not recommend any redevelopment of existing buildings for non-VA re-use. 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. Parcel F (See BPO 8 for further specific discussion about re-use/redevelopment of this parcel.)

Recreation

Team PwC recommends a recreational, open space use for this Parcel. There is an existing agreement with the Veterans Park Conservancy for a recreation park or open space. 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. Parcel E (See BPO 6 for further specific discussion about re-use/redevelopment of this parcel.)

Residential Overview

Team PwC recommends redeveloping the majority of Parcel 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 Housing

Team PwC recommends redeveloping at least two of the buildings in Parcel 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.

Affordable & Transitional Housing

Team PwC recommends redeveloping buildings in the central portion of Parcel 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 Parcel C (Building 205, 208, 209). Team PwC recommends this process be re-directed to buildings in Parcel E.

Administrative Support and Training:

Turning to the existing research buildings, Team PwC recommends 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 Parcel 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. Team PwC recommends considering the existing administration building in Parcel E for a VA related hospitality use (Building 218). One concept is to have a limited use hotel operation supporting campus visitors. Alternatively, Fisher House, a facility that will house families of veteran patients, has previously expressed interest in developing a facility on the campus in Parcel K. Team PwC does not recommend Parcel K for such a use. A more thorough assessment of Parcel K's accommodation of the medical consolidation mentioned above is necessary before additional non-medical users are evaluated. Furthermore, Parcel K possesses an institutional atmosphere rather than the hospitable atmosphere of Parcel 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. Team PwC has 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. Parcel G

There will be no redevelopment of existing buildings

d. Parcel D

CA State Veterans Home assumed to control the entire parcel, based on the clarifying memorandum provided to the contractor in July 2005.

e. Parcel C (See BPO 6 for further specific discussion about re-use/redevelopment of this parcel.)

Residential

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

- f. Parcel A (See BPO 5 for further specific discussion about re-use/redevelopment of this parcel.)

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

BPO 3 (CP-2B/RU-2, 5, 13): Construct New Acute Bed Tower and Renovate Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities

CP-2B/RU-2, 5, 13: Description

In BPO CP-2B/RU -2, 5, 13 all services will remain on campus. The projected acute inpatient workload will be located in the new Acute Bed Tower on the Wadsworth campus. The projected Ambulatory Care will be located in the renovated Hospital (Building 500). The Nursing Home/Mental Healthcare 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 Benefits Administration Building (VBA) 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 potentially, B2).

As in the baseline option the CA State Veterans Home is to be constructed on the Brentwood Campus (Parcel D).

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 Inpatient Bed Tower.
- 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 moderate, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.

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

Table 23: CP-2B/RU-2, 5, 13 Pros and Cons

Pros	<ul style="list-style-type: none"> ▪ Meets stakeholder concerns by keeping all services on current grounds and provides renovated facilities for outpatient services and acute care. ▪ Upgrade and renovates some of the aging and inefficient facilities. ▪ Permits the re-use/redevelopment of Parcels A, C, F, G, H1, I, and J. ▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services. ▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.
Cons	<ul style="list-style-type: none"> ▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications. ▪ 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, Rehabilitation 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.

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

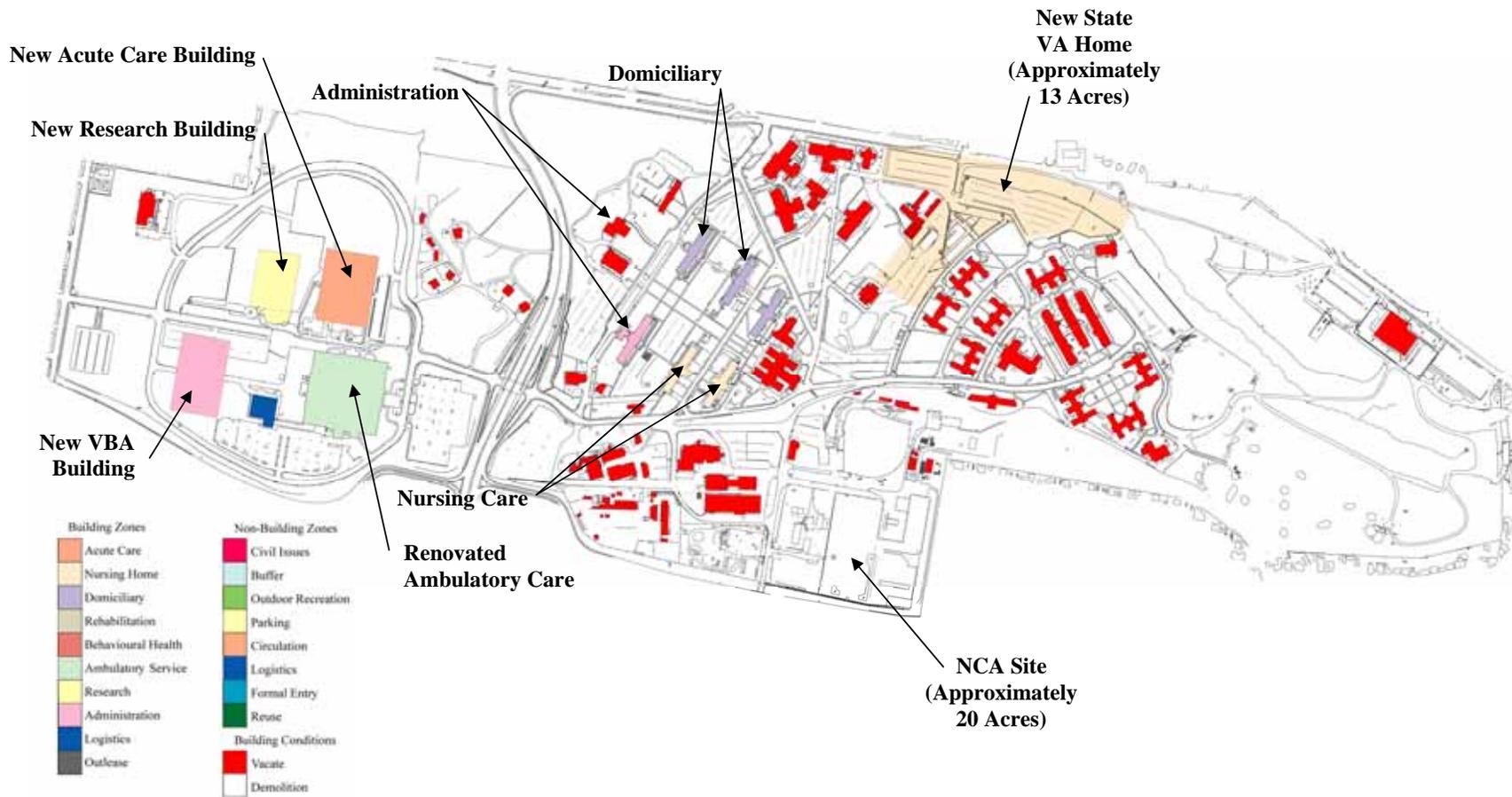
Table 24: CP-2B/RU-2, 5, 13 Assessment

Assessment of CP-2B/RU-2, 5, 13	Impact on Current State	Description of Impact
Healthcare Access	↔	No change.
Healthcare Quality		
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.
Cost Effectiveness		
Operating cost effectiveness	-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
Level of capital expenditure anticipated	-	Similar level of investment required relative to the Baseline BPO (+/- 20% of Baseline)
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)
Cost avoidance opportunities	-	No cost avoidance opportunity
Overall cost effectiveness	-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)

Assessment of CP-2B/RU-2, 5, 13	Impact on Current State	Description of Impact
Ease of Implementation		
Riskiness of BPO implementation	↔	The risk of stakeholder support for new acute care inpatient bed tower and renovation of ambulatory care and other care facilities is offset by the consolidation of new, though phased construction in Parcel K with new VBA facilities
Wider VA Program Support		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.

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

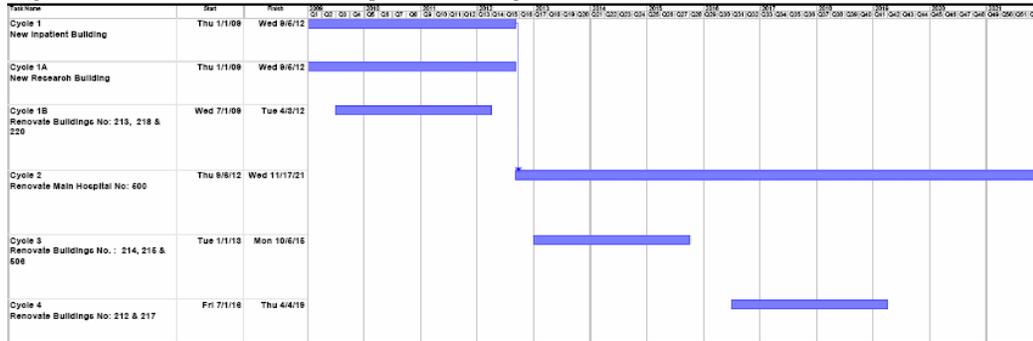
Figure 22: CP-2B/RU-2, 5, 13 Site Plan



Schedule

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

Figure 23: CP-2B/RU-2, 5, 13 Capital Planning Schedule



Cost

- Costs will be determined in Stage II

CP-2B/RU-2, 5, 13: Re-Use

Description and Assessment:

As in the Baseline BPO, the proposed CA State Veterans Home is assumed to be built (replacing Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Parcel D). Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Administration (VBA) Regional Office 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 lodged in Parcel K, near the hospital. The area on the southern portion of Parcel K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging the Cranston Act. 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 Parcel B1. This is 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, Team PwC recommends that consideration also be given to Parcel B2. This parcel is encumbered by a lease for oil drilling operations. Such activities may have an environmental impact making alternate re-use/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 Parcel B1 to alternate re-use/redevelopment.

Re-use/Redevelopment – (Refer to Exhibit A for location of parcels)

1. South Campus

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

Team PwC does not recommend any redevelopment of existing buildings for Non-VA re-use. 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. Parcel F (See BPO 8 for further specific discussion about re-use/redevelopment of this parcel.)

Recreation

Team PwC recommends a recreational, open space use for this Parcel. There is an existing agreement with the Veterans Park Conservancy for a recreation park or open space. 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. Parcel E (See BPO 6 for further specific discussion about re-use/redevelopment of this parcel.)

Residential Overview

Team PwC recommends redeveloping the majority of Parcel 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 Housing

Team PwC recommends redeveloping at least two of the buildings in Parcel 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.

Affordable & Transitional Housing

Team PwC recommends redeveloping buildings in the central portion of Parcel 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 Parcel C (Building 205, 208, 209). Team PwC recommends this process be re-directed to buildings in Parcel E.

Administrative Support and Training:

Turning to the existing research buildings, Team PwC recommends 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 Parcel 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. Team PwC recommends considering the existing administration building in Parcel E for a VA related hospitality use (Building 218). One concept is to have a limited use hotel operation supporting campus visitors. Alternatively, Fisher House, a facility that will house families of veteran patients, has previously expressed interest in developing a facility on the campus in Parcel K. Team PwC does not recommend Parcel K for such a use. A more thorough assessment of Parcel K's accommodation of the medical consolidation mentioned above is necessary before additional non-medical users are evaluated. Furthermore, Parcel K possesses an institutional atmosphere rather than the hospitable atmosphere of Parcel 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. Team PwC has 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.

g. Parcel G

There will be no redevelopment of existing buildings

h. Parcel D

CA State Veterans Home assumed to control the entire parcel, based on the clarifying memorandum provided to the contractor in July 2005.

i. Parcel C (See BPO 6 for further specific discussion about re-use/redevelopment of this parcel.)

Residential

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

j. Parcel A

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

BPO 4 (CP-2C/RU-2, 5, 13): Construct New Acute Care Tower and Ambulatory Care Facilities; Renovate Existing Nursing Home/Mental Healthcare/Domiciliary and Research Facilities

CP-2C/RU-2, 5, 13: Description

In BPO CP-2C/RU -2, 5, 13 all services will remain on campus. The projected acute inpatient workload will be located in a new Acute Bed Tower on the Wadsworth campus. Projected Ambulatory Care will be located in a new Ambulatory Building on the Wadsworth campus with connection to the Acute Bed Tower for diagnostic/treatment patient access. Research will be relocated into a renovated Hospital Building (Bldg 500). The Long Term/Mental Healthcare will be located in renovated existing facilities (Buildings 214 and 217). This BPO provides new and more efficient facilities for inpatient/outpatient, research, long term care and mental health services. These new facilities are assumed to be required based on the expectation that existing facilities will be past their useful life by the planning horizon of 2023.

A new Veterans Benefits Administration (VBA) 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 D).

The intent is consolidation of the campus footprint with the minimal amount of renovation to existing buildings that will be at their useful life in 2023. The scope of the analysis includes:

- Consolidate Ambulatory/Outpatient, and Specialty Care (SCI/D) services in a new Ambulatory building.
- Consolidate Inpatient Acute Care into a new replacement Bed Tower.
- Renovate the existing Hospital Building (Bldg 500) into a research building housing VA affiliated basic and clinical research. Excess square footage could also be utilized for non-VA basic and clinical research.
- 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 moderate, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.

CP-2C/RU-2, 5, 13: Pros & Cons

Table 25: CP-2C/RU-2, 5, 13 : Pros and Cons

Pros	<ul style="list-style-type: none"> ▪ Meets stakeholder concerns by keeping all services on current grounds and provides appropriately sized outpatient services and acute care facilities. ▪ Upgrade and renovates some of the aging and inefficient facilities. ▪ Permits the re-use/redevelopment of Parcels A, C, E, F, G, H1, I, and J. ▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services. ▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.
Cons	<ul style="list-style-type: none"> ▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications. ▪ 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, Rehabilitation 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-2C cannot be considered modern.

CP-2C/RU-2, 5, 13: Assessment

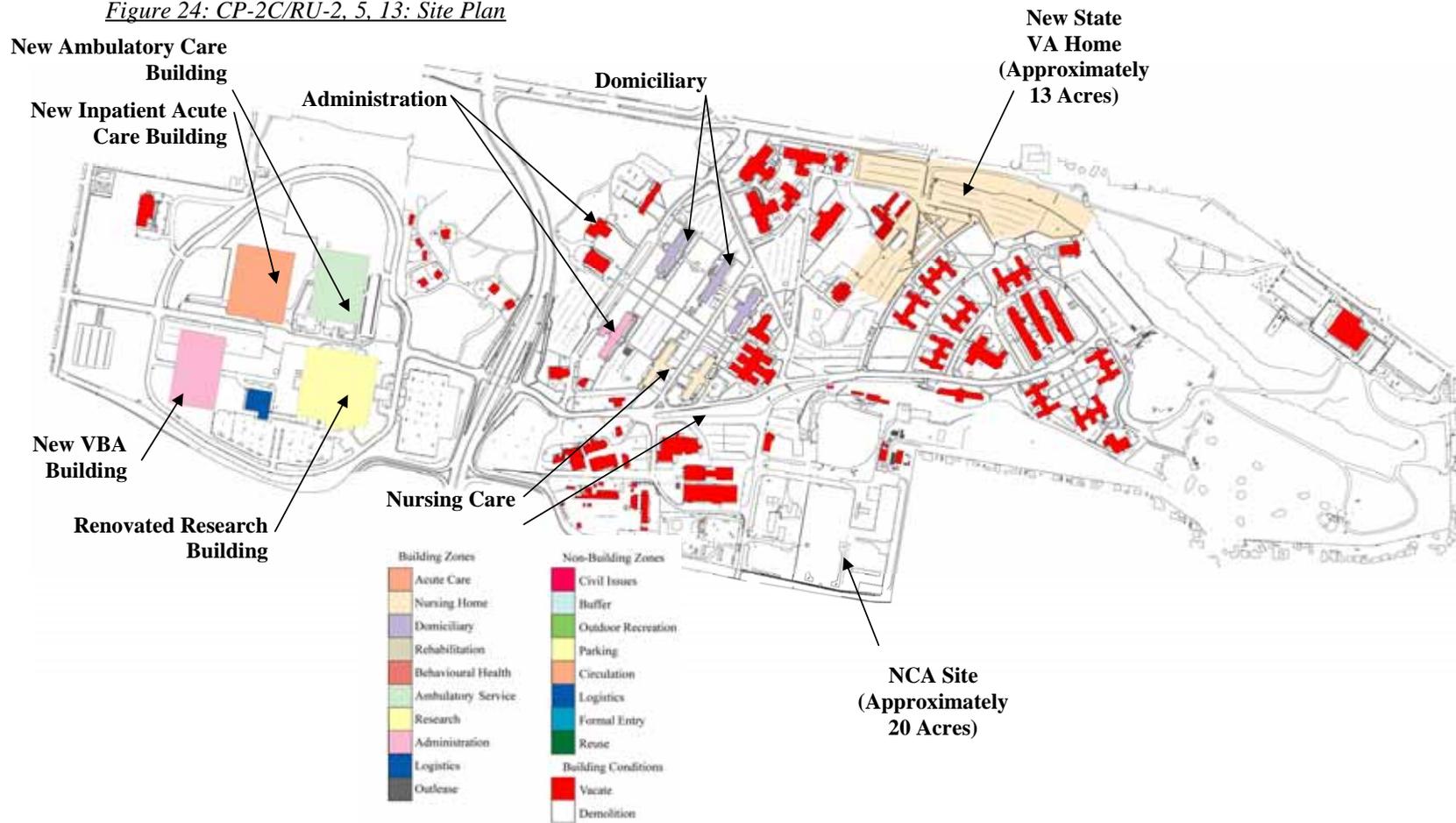
Table 26: CP-2C/RU-2, 5, 13 Assessment

Assessment of CP-2C/RU-2, 5, 13	Impact on Current State	Description of Impact
Healthcare Access	↔	No change.
Healthcare Quality		
Modern, safe, and secure environment	↑	Improving operations and patient care delivery by providing fully up to date modern new buildings. Improving current site security due to new construction.
Meets forecasted service need	↑	Facility sized to meet projected demand.
Cost Effectiveness		
Operating cost effectiveness	-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
Level of capital expenditure anticipated	-	Similar level of investment required relative to the Baseline BPO (+/- 20% of Baseline)
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)
Cost avoidance opportunities	-	No cost avoidance opportunity
Overall cost effectiveness	-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)

Assessment of CP-2C/RU-2, 5, 13	Impact on Current State	Description of Impact
Ease of Implementation		
Riskiness of BPO implementation	↓	The risk of stakeholder support for new acute care inpatient bed tower and ambulatory care and other care facilities is moderately greater than BPO 3, particularly with additional new construction of VBA on same Parcel K
Wider VA Program Support		
DoD sharing	↔	No change.
One-VA Integration	↔	No change.
Special Considerations	↔	No change.

CP-2C/RU-2, 5, 13: Capital Plans

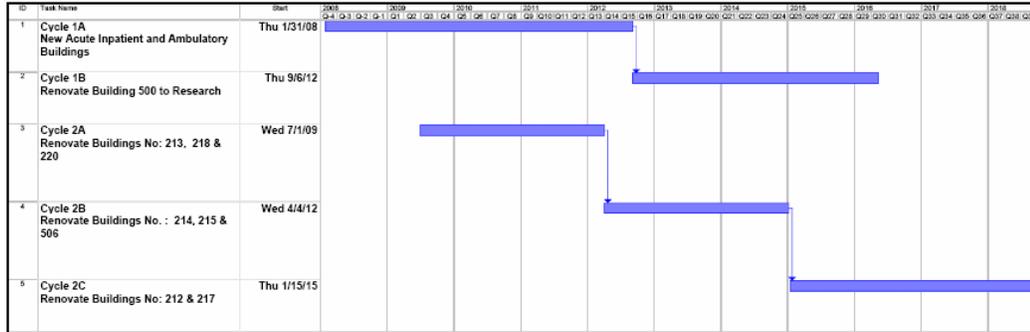
Figure 24: CP-2C/RU-2, 5, 13: Site Plan



Schedule

The schedule for development in Stage I is intended to identify relative duration of new or renovated work in order to calculate occupancy dates for utilization of space and escalation costs. The table below indicates the construction duration for this option.

Figure 25: CP-2B/RU-2, 5, 13 Capital Planning 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.
- Costs will be determined in Stage II

CP-2C/RU-2, 5, 13: Re-Use

Description and Assessment:

As in the Baseline BPO, the proposed CA State Veterans Home is assumed to be built (replacing Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Parcel D). Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Administration (VBA) Regional Office 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 lodged in Parcel K, near the hospital. This location will also not impede potential hospital expansion in the future due to the current kitchen, dock and central plant locations. The area on the southern portion of Parcel K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging the Cranston Act. However, additional study of Cranston is required to ensure compatibility.

The National Cemetery Administration (NCA) 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 Parcel B1. This is 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, Team PwC recommends that consideration also be given to Parcel B2. This parcel 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 Parcel B1 to alternate reuse/redevelopment.

Reuse/Redevelopment – (Refer to Exhibit A for location of parcels)

1. South Campus

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

Team PwC does 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. Parcel F (See BPO 8 for further specific discussion about re-use/redevelopment of this parcel.)

Recreation

Team PwC recommends a recreational use for this Parcel. There is an existing agreement with the Veterans Park Conservancy for a recreation park or open space. 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. Parcel E

Residential Overview

Team PwC recommends redeveloping the majority of Parcel 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 Housing

Team PwC recommends redeveloping at least two of the buildings in Parcel 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

Team PwC recommends redeveloping buildings in the central portion of Parcel 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 Parcel C (Building 205, 208, 209). Team PwC recommends this process be re-directed to buildings in Parcel 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.x

Administrative Support and Training:

Turning to the existing research buildings, Team PwC recommends 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 Parcel 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. Team PwC recommends considering the existing Administration building in Parcel E for a VA related hospitality use (Building 218). One concept is to have a limited use hotel operation supporting campus visitors. Alternatively, Fisher House, a facility that will house families of veteran patients, has previously expressed interest in developing a facility on the campus in Parcel K. Team PwC does not recommend Parcel K for such a use. A more thorough assessment of Parcel K's accommodation of the medical consolidation mentioned above is necessary before additional non-medical users are evaluated. Furthermore, Parcel K possesses an institutional atmosphere rather than the hospitable atmosphere of Parcel 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. Team PwC has 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. Parcels G1 and G2

There will be no redevelopment of existing buildings

d. Parcel D

CA State Veterans Home assumed

e. Parcel C (See BPO 6 for further specific discussion about re-use/redevelopment of this parcel.)

Residential

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

- f. Parcel A (See BPO 5 for further specific discussion about re-use/redevelopment of this parcel.)

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

BPO 5 (CP-2B/RU-1, 2, 5, 13): Construct New Acute Bed Tower and Renovate Ambulatory Care Facilities, Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities; Redevelop/Re-Use North Brentwood Campus (Parcel A)

CP-2B/RU-1, 2, 5, 13: Description

In CP-2B/RU -1, 2, 5, 13, assume all the conditions of Capital Planning Option 2B – (CP-2B) as included in BPO 3, which include:

- 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 Acute Bed Tower on the Wadsworth campus. The projected Ambulatory Care will be located in the renovated Hospital (Building 500). The Long Term/Mental Healthcare 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 Benefits 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 potentially, B2).
- As in the baseline option the CA State Veterans Home is to be constructed on the Brentwood Campus (Parcel D).

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 Inpatient Acute Care into a new replacement Bed Tower.
- 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 moderate, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.

In addition, this BPO calls for the North Brentwood parcel (Parcel A) to be redeveloped/re-used (potentially in a sharing agreement) with a neighborhood school for additional recreational use. Also, expansion of the existing golf course (located within Parcel A) from nine to 18 holes and expand the greenbelt of the North Brentwood campus, north of the VA Historical District A. However, although non-recreational reuse on Parcel A would face intense challenges from stakeholders, it has been requested that the contractor consider and present alternate

redevelopment options. Under the guidance of Secretary Principi’s letter excluding commercial use and in light of existing market conditions, a small scale veteran-focused residential use would be the most appropriate alternative to recreation. There are two substantial portions of this parcel that constrain development due to environmental issues. First, there is an arroyo on the western portion of the parcel encumbering portions of Parcel A, that includes potential deep fills, liquefaction and inundation hazards associated with the steep slopes. Second, there is an escarpment on the eastern portion of Parcel A further challenging prospective development.

CP-2B/RU-1, 2, 5, 13: Pros & Cons

Table 27: CP-2B/RU-1, 2, 5, 13 Pros and Cons

Pros	<ul style="list-style-type: none"> ▪ Meets stakeholder concerns by keeping all services on current grounds and provides renovated facilities for outpatient services and acute care. ▪ Upgrade and renovates some of the aging and inefficient facilities. ▪ Permits the re-use/redevelopment of Parcels C, D, F, G, H, I, and J. ▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services. ▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.
Cons	<ul style="list-style-type: none"> ▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications. ▪ 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, Rehabilitation 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.

CP-2B/RU-1, 2, 5, 13: Assessment

Table 28: CP-2B/RU-2, 5, 13 Assessment

Assessment of CP-2B/RU-1, 2, 5, 13	Impact on Current State	Description of Impact
Healthcare Access	↔	No change.
Healthcare Quality		
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.
Cost Effectiveness		
Operating cost effectiveness	-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
Level of capital expenditure anticipated	-	Similar level of investment required relative to the Baseline BPO (+/- 20% of Baseline)
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds

Assessment of CP-2B/RU-1, 2, 5, 13	Impact on Current State	Description of Impact
		compared to Baseline (e.g. 2 or more times)
Cost avoidance opportunities	-	No cost avoidance opportunity
Overall cost effectiveness	-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)
Ease of Implementation		
Riskiness of BPO implementation	↔	Risk is same as BPO 3 from capital planning perspective; no inherent risk with proposed re-use of Parcel A for open space/recreation or community/institutional education.
Wider VA Program Support		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.

See site plans for site plans, schedule and costs for CP-2B/RU-3, 5, 13 as this does not change for this BPO.

CP-2B/RU-1, 2, 5, 13: Re-Use

Description and Assessment:

As in the Baseline BPO, the proposed CA State Veterans Home is assumed to be built (replacing Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Parcel D). Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Administration (VBA) Regional Office 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 lodged in Parcel K, near the hospital. The area on the southern portion of Parcel K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging the Cranston Act. However, additional study of Cranston is required to ensure compatibility.

The National Cemetery Administration (NCA) 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 Parcel B1. This is 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, Team PwC recommends that consideration also be given to Parcel B2. This parcel is encumbered by a lease for oil drilling operations. Such activities may have an environmental impact

making alternate re-use/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 Parcel B1 to alternate re-use/redevelopment.

In addition, under this BPO, provide for the following in Parcel A:

- Recreation

Team PwC recommends expanding the 9-hole golf course to an 18-hole 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

A neighborhood private preparatory school (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. Team PwC recommends additional study to determine the feasibility of additional use within Parcel A.

- Mixed Use (Residential & Retail)

Team PwC recommends redeveloping a portion of Parcel A for mixed use retail/parking, adjacent to the US Postal facility and the Barrington Park parcel adjacent to the postal facility to the south, into a mixed use project including residential and veteran-centric retail use. Subterranean parking should be included. Although the current recreational use of Barrington Park adjacent to the postal facility to the south is recommended to obtain additional goodwill and support from the surrounding community, should VA elect an alternate use a mixed use project similar to that discussed above would be most appropriate. Additional study will need to be undertaken to analyze the current land use agreement with the Brentwood Shopping center and the City of Los Angeles.

- Residential

With the exception of the mixed-use concept discussed above, we recommend a recreational and institutional use for this parcel of the campus as it is the most probable course of reuse in light of stakeholder concerns. Facilitating a good working relationship with the existing non-VA occupants of parcel A may be critical to generating support for reuse options on the remainder of the Campus. UCLA has expressed strong interest in retaining Jackie Robinson stadium and they are a potential partner or tenant for a research and development facility elsewhere on the campus. However, should VA want to consider non-recreational and institutional uses for the remainder of Parcel A, then a residential use would be most appropriate under existing market conditions. Such development may provide additional enhanced value to the alternate proposed residential sites on the campus. Specific areas for consideration for residential use in Parcel A those portions

closest to the main VA campus (south end of the parcel). If an alternate to its current use is desired, the northern portion of Parcel A, currently athletic fields for the Brentwood School and a golf course, would most appropriately accommodate a residential use. The area where the existing golf course is located contains attractive views of the surrounding area and would bare well for a residential use. Only a small portion of this parcel is unencumbered by the Cranston Act. Although, “commercial” use is not to be considered by this study, should VA elect to consider non-veteran market rate housing this may be one of the more appropriate sites. Otherwise, a portion of this parcel may be a good alternate to Parcel C for an assisted living development. This parcel, currently leased to UCLA, could accommodate either transitional or long term housing corresponding to the proposed use in Parcel E or F.

BPO 6 (CP-2B/RU-2, 4, 5, 6, 13): Construct New Acute Bed Tower and Renovate Ambulatory Care Facilities, Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities; Redevelop/Re-Use North Central and West Central Brentwood Campus (Parcels C and E)

CP-2B/RU-2, 4, 5, 6, 13: Description

In CP-2B/RU -2, 4, 5, 6, 13, **assume all the conditions of Capital Planning Option 2B – (CP-2B) as described in BPO 3**, which includes:

- 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 Acute Bed Tower on the Wadsworth campus. The projected Ambulatory Care will be located in the renovated Hospital (Building 500). The Long Term/Mental Healthcare 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 VBA 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 potentially, a portion of B2).
- As in the baseline option the CA State Veterans Home is to be constructed on the Brentwood Campus (Parcel D).

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 Inpatient Acute Care into a new replacement Bed Tower.
- 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 moderate, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.

In addition, this BPO calls for the North Central Brentwood parcel (Parcel C) and West Central Brentwood parcel (Parcel E) to be redeveloped/re-used (potentially in a sharing agreement) 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).

CP-2B/RU-2, 4, 5, 6, 13: Pros & Cons

Table 29: CP-2B/RU-2, 4, 5, 6, 13 Pros and Cons

Pros	<ul style="list-style-type: none"> ▪ Meets stakeholder concerns by keeping all services on current grounds and provides renovated facilities for outpatient services and acute care. ▪ Upgrade and renovates some of the aging and inefficient facilities. ▪ Permits the re-use/redevelopment of Parcels A, C, D, F, G, H, I, and J. ▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services. ▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.
Cons	<ul style="list-style-type: none"> ▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications. ▪ 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, Rehabilitation 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.

CP-2B/RU-2, 4, 5, 6, 13: Assessment

Table 30: CP-2B/RU-2, 4, 5, 6, 13 Assessment

Assessment of CP-2B/RU-2, 4, 5, 6, 13	Impact on Current State	Description of Impact
Healthcare Access	↔	No change.
Healthcare Quality		
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.
Cost Effectiveness		
Operating cost effectiveness	-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
Level of capital expenditure anticipated	-	Similar level of investment required relative to the Baseline BPO (+/- 20% of Baseline)
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)
Cost avoidance opportunities	-	No cost avoidance opportunity
Overall cost effectiveness	-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)

Assessment of CP-2B/RU-2, 4, 5, 6, 13	Impact on Current State	Description of Impact
Ease of Implementation		
Riskiness of BPO implementation	↔	Risk is similar as BPO 3 from capital planning perspective, minimal risk associated with re-use of renovated facilities for affordable transitional housing, limited use hospitality, and administrative support/training.
Wider VA Program Support		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.

See site plans for site plans, schedule and costs for CP-2B/RU-3, 5, 13 as this does not change for this BPO.

CP-2B/RU-2, 4, 5, 6, 13: Re-Use

Description and Assessment:

As in the Baseline BPO, the proposed CA State Veterans Home is assumed to be built (replacing Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Parcel D). Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Administration (VBA) Regional Office 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 lodged in Parcel K, near the hospital. The area on the southern portion of Parcel K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging the Cranston Act. 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 Parcel B1. This is 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, Team PwC recommends that consideration also be given to Parcel B2. This parcel is encumbered by a lease for oil drilling operations. Such activities may have an environmental impact making alternate re-use/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 Parcel B1 to alternate re-use/redevelopment.

In addition, under this BPO, provide for the following in Parcels C and E:

- Residential -- Parcel C

Team PwC recommends adding new residential construction to Parcels C to allow for additional enhanced value. Such construction would need to be in accord with the historic designation of the parcel and the residential use identified in above BPOs. Team PwC also recommends that the development of a Veterans assisted living facility be considered for this parcel. Assisted living apartments generally require new construction to accommodate their occupants' specific needs and renovation of existing facilities may be difficult.

- Residential Overview – Parcel E

Team PwC recommends redeveloping the majority of Parcel 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 – Parcel E

Team PwC recommends redeveloping at least two of the buildings in Parcel E for Staff and Faculty Housing that would accommodate qualified medical staff such as nurses and potentially residents (Building 213, 215). 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 – Parcel E

Team PwC recommends redeveloping buildings in the central portion of Parcel 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 Parcel C (Building 205, 208, 209). Team PwC recommends this process be re-directed to buildings in Parcel E. Interested stakeholders in supporting this endeavor include the Salvation Army and Bobby Shriver, City Councilman, City of Santa Monica (CA). New Directions has not yet entered the process but does have a similar proposal for low-income senior veteran housing.

- Administrative Support and Training – Parcel E

Turning to the existing research buildings, Team PwC recommends 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 Parcel 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 – Parcel E

There are minimal hospitality venues in proximity to the campus. Team PwC recommends considering the existing Administration building in Parcel E for a VA related hospitality use (Building 218). One concept is to have a limited use hotel operation supporting campus visitors. Alternatively, Fisher House, a facility that will house families of veteran patients, has previously expressed interest in developing a facility on the campus in Parcel K. Team PwC does not recommend Parcel K for such a use. A more thorough assessment of Parcel K's accommodation of the medical consolidation mentioned above is necessary before additional non-medical users are evaluated. Furthermore, Parcel K possesses an institutional atmosphere rather than the hospitable atmosphere of Parcel E. Another option is to develop a hybrid of the above with a "wing" operated as a Fisher House and another "wing," potentially as a conventional hotel. Team PwC has 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, limited to the Fisher House concept.

BPO 7 (CP-2B/RU-2, 5, 8, 12, 13): Construct New Acute Bed Tower and Renovate Ambulatory Care Facilities, Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities; Redevelop/Re-Use Southeast Brentwood Campus (Parcels G1 and G2, J and K)

CP-2B/RU-2, 5, 8, 12, 13: Description

In CP-2B/RU -2, 5, 8, 12, 13, **assume all the conditions of Capital Planning Option 2B – (CP-2B) as provided above in BPO 3**, which include:

- 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 Acute Bed Tower on the Wadsworth campus. The projected Ambulatory Care will be located in the renovated Hospital (Building 500). The Long Term/Mental Healthcare 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 VBA 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 D).

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 Inpatient Acute Care into a new replacement Bed Tower.
- 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 moderate, based on phasing requirements and the need to bring the buildings up to code and modern healthcare standards.

In addition, this BPO calls for the Southeast Brentwood parcels (Parcels G1 and G2), South Central Wadsworth parcel (Parcel J), and a portion of South Wadsworth parcel (Parcel K) not already dedicated to the replacement of inpatient acute services and outpatient acute services to be redeveloped/re-used (potentially in a sharing agreement) for a university-affiliated bioscience medical research institute and a new medical office building.

CP-2B/RU-2, 5, 8, 12, 13: Pros & Cons

Table 31: CP-2B/RU-2, 5, 8, 12, 13 Pros and Cons

Pros	<ul style="list-style-type: none"> ▪ Meets stakeholder concerns by keeping all services on current grounds and provides renovated facilities for outpatient services and acute care. ▪ Upgrade and renovates some of the aging and inefficient facilities. ▪ Permits the re-use/redevelopment of Parcels A, C, D, F, G, H, I, and J. ▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services. ▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.
Cons	<ul style="list-style-type: none"> ▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications. ▪ 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, Rehabilitation 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.

CP-2B/RU-2, 5, 8, 12, 13: Assessment

Table 32: CP-2B/RU-2, 5, 8, 12, 13 Assessment

Assessment of CP-2B/RU-2, 5, 8, 12, 13	Impact on Current State	Description of Impact
Healthcare Access	↔	No change.
Healthcare Quality		
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.
Cost Effectiveness		
Operating cost effectiveness	-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
Level of capital expenditure anticipated	-	Similar level of investment required relative to the Baseline BPO (+/- 20% of Baseline)
Level of re-use proceeds	↑↑↑	Significantly higher level of Re-use proceeds compared to Baseline (e.g. 2 or more times)
Cost avoidance opportunities	-	No cost avoidance opportunity
Overall cost effectiveness	-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)

Assessment of CP-2B/RU-2, 5, 8, 12, 13	Impact on Current State	Description of Impact
Ease of Implementation		
Riskiness of BPO implementation	↓	Risk is similar as BPO 3 from capital planning perspective, though moderately greater risk in pursuit of re-use with significant new construction for medical office, research functions.
Wider VA Program Support		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.

See site plans for site plans, schedule and costs for CP-2B/RU-3, 5, 13 as this does not change for this BPO.

CP-2B/RU-2, 5, 8, 12, 13: Re-Use

Description and Assessment:

As in the Baseline BPO, the proposed CA State Veterans Home is assumed to be built (replacing Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Parcel D). Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Administration (VBA) Regional Office 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 lodged in Parcel K, near the hospital. The area on the southern portion of Parcel K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging the Cranston Act. 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 Parcel B1. This is 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, Team PwC recommends that consideration also be given to Parcel B2. This parcel is encumbered by a lease for oil drilling operations. Such activities may have an environmental impact making alternate re-use/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 Parcel B1 to alternate re-use/redevelopment.

In addition, under this BPO, provide for the following in Parcels G1, G2, Parcel J, and a portion of Parcel K:

- Research & Development – Parcel G1

This Parcel 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 Parcel K because such use may prefer better access to the main hospital.

- Industrial – Parcel G1

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

- Medical Office – Parcel G2

A Medical Office would be well suited for Parcel 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 Parcel K eliminated due to medical consolidation, then this Parcel would be the only appropriate alternate location. Currently this Parcel is severely underutilized with low density quasi-industrial use supporting the campus operations.

- Hospitality – Parcel G2 or J

A Hospitality use, as discussed above such as a Fisher House concept, would be a good use for this Parcel 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.

- Research & Development/Bioscience Institute – Parcel K

Parcel K, with its proximity to the main hospital is best suited for hosting a research & development or Biosciences 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 Biosciences facility on the campus near the main hospital.

- Medical Offices – Parcel K

Team PwC recommends considering a Medical Office building on Parcel 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.

- Kitchen– Parcel K

There have been discussions about constructing a new large Kitchen on the campus that would support Greater Los Angeles Health Care affiliates, including all of West LA, as well as potentially, the new CA State Veterans Home. Parcel K would be an appropriate site for such a facility as it provides the developable land without imposing on historic districts in the Brentwood campus.

BPO 8 (CP-2B/RU-2, 5, 7, 13): Construct New Acute Bed Tower and Renovate Ambulatory Care Facilities, Renovate Existing Nursing Home/Mental Healthcare/Domiciliary Facilities; Redevelop/Re-Use Southwest Brentwood Campus (Parcel F)

CP-2B/RU-2, 5, 7, 13: Description

In CP-2B/RU -2, 5, 7, 13, assume all the conditions of Capital Planning Option 2B – (CP-2B) as provided above in BPO 3, which include:

- 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 Acute Bed Tower on the Wadsworth campus. The projected Ambulatory Care will be located in the renovated Hospital (Building 500). The Long Term/Mental Healthcare 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 VBA 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 D).

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 Inpatient Acute Care into a new replacement Bed Tower.
- 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.

In addition, this BPO calls for the Southwest Brentwood parcel (Parcel F) to be redeveloped/re-used (potentially in a sharing agreement) as open space, recreational, and/or limited residential use.

CP-2B/RU-2, 5, 7, 13: Pros & Cons

Table 33: CP-2B/RU-2, 5, 7, 13 Pros and Cons

Pros	<ul style="list-style-type: none"> ▪ Meets stakeholder concerns by keeping all services on current grounds and provides renovated facilities for outpatient services and acute care. ▪ Upgrade and renovates some of the aging and inefficient facilities. ▪ Permits the re-use/redevelopment of Parcels A, C, D, F, G, H, I, and J. ▪ The consolidation into a smaller cluster of buildings enhances continuity of care through co-location of like services. ▪ The consolidation into a smaller cluster of buildings enhances facility maintenance through co-location of like services.
Cons	<ul style="list-style-type: none"> ▪ Potentially could close recreation and therapy on grounds at north side of Brentwood campus for veteran patient use, pending re-use applications. ▪ 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, Rehabilitation 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.

CP-2B/RU-2, 5, 7, 13: Assessment

Table 34: CP-2B/RU-2, 5, 7, 13 Assessment

Assessment of CP-2B/RU-2, 5, 7, 13	Impact on Current State	Description of Impact
Healthcare Access	↔	No change.
Healthcare Quality		
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.
Cost Effectiveness		
Operating cost effectiveness	-	The BPO has the potential to require materially the same operating costs as the Baseline BPO (+/- 5%)
Level of capital expenditure anticipated	-	Similar level of investment required relative to the Baseline BPO (+/- 20% of Baseline)
Level of re-use proceeds	-	No material Re-use proceeds available
Cost avoidance opportunities	-	No cost avoidance opportunity
Overall cost effectiveness	-	Similar level of Net Present Cost compared to the baseline (+/- 5% of Baseline)
Ease of Implementation		

Assessment of CP-2B/RU-2, 5, 7, 13	Impact on Current State	Description of Impact
Riskiness of BPO implementation	↔	The risk is similar as BPO 3, with no incremental risk to development of open space and recreational facilities on greenbelt space; though risk would increase moderately if re-use included new construction for mixed use residential.
Wider VA Program Support		
DoD sharing	↔	No change.
One-VA Integration	↔	No change
Special Considerations	↔	No change.

See site plans for site plans, schedule and costs for CP-2B/RU-3, 5, 13 as this does not change for this BPO.

CP-2B/RU-2, 5, 7, 13: Re-Use

Description and Assessment:

As in the Baseline BPO, the proposed CA State Veterans Home is assumed to be built (replacing Buildings 116, 236, 237, 264, 265, 266, 337, T-32, T-33, T77 Parcel D). Existing land use agreements are not challenged. It is assumed that the Veterans Benefit Administration (VBA) Regional Office 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 lodged in Parcel K, near the hospital. The area on the southern portion of Parcel K protected by the Cranston Act would be an ideal location as it will likely accommodate the use without challenging the Cranston Act. 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 Parcel B1. This is 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, Team PwC recommends that consideration also be given to Parcel B2. This parcel is encumbered by a lease for oil drilling operations. Such activities may have an environmental impact making alternate re-use/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 Parcel B1 to alternate re-use/redevelopment.

In addition, under this BPO, provide for the following in Parcel F:

- Recreation

Team PwC recommends an open space and/or recreational use for this parcel. There is an existing agreement with the Veterans Park Conservancy for a Veterans Memorial Park proposed for a portion of this parcel. The terms of that agreement should be analyzed to ensure maximum value is provided to the VA and that the mission of the Conservancy is consistent with that of the VA. The Conservancy has requested an enhanced use lease (EUL). An alternate recreational use may be appropriate as well. For example, the YMCA has recently proposed a recreational facility to supplement existing wellness programs and health services with those specifically designed for the direct benefit and welfare of veterans, in the proposed new facility.

- Residential

Should VA want to consider an alternate use to recreation discussed above, Team PwC recommends VA consider developing new residential construction in Parcel F to allow for additional enhanced value to the alternate proposed residential sites on the campus. Due to the parcels proximity to higher density multi-family housing and prominent location, this site offers a unique opportunity to potentially maximize value of the land. However, we have been given guidance that there are two existing memorandum of understandings with the Veterans Park Conservancy proposing use of the parcel. Additional study will be required to identify material provisions on the agreements and related termination costs should VA elect to do so. The balance of Parcel F consists of the historic Wadsworth chapel, theater, and supporting surface parking. These buildings are important structures to the heritage of the campus and best accommodate uses for which they were originally built; no change is suggested for the re-use/redevelopment of these structures.

Assessment Summary—Impact Relative to Baseline

Table 35: Assessment Summary

Assessment Summary	BPO 2	BPO 3	BPO 4	Re-Use Opportunities			
				BPO 5	BPO 6	BPO 7	BPO 8
Healthcare Access	↔	↔	↔	↔	↔	↔	↔
Healthcare Quality							
Modern, safe, and secure environment	↑	↑	↑	↑	↑	↑	↑
Meets forecasted need	↑	↑	↑	↑	↑	↑	↑
Cost Effectiveness							
Operating cost effectiveness	-	-	-	-	-	-	-
Level of capital 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	↔	↔	↔	↔	↔	↔	↔

Evaluation System for BPOs

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

Table 36: Evaluation System for BPOs

Rating for all categories except cost and overall evaluation	
↑	The BPO has the potential to provide a slightly improved quality of healthcare or better access than the Baseline BPO
↔	The BPO has the potential to provide materially the same quality of healthcare or level of access as the Baseline BPO
↓	The BPO has the potential to provide a slightly lower quality of healthcare or reduced access than the Baseline BPO
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)
Overall “Attractiveness” of the BPO Compared to the Baseline	
↑↑↑↑↑	Very “attractive” – highly likely to offer a solution that improves quality and/or access compared to the baseline while appearing significantly more cost effective than the baseline
↑↑	“Attractive” – likely to offer a solution that at least maintains quality and access compared to the baseline while appearing more cost effective than the baseline
-	Generally similar to the Baseline
↓↓↓	Less “attractive” than the baseline - likely to offer a solution that while maintaining quality and access compared to the baseline and appearing less cost effective than the baseline
↓↓↓↓↓	Significantly less “attractive” – highly likely to offer a solution that may adversely impact quality and access compared to the baseline and appearing less (or much less) cost effective than the baseline

Endnotes

i 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.

iv 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.

v 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.

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

viii 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.

ix 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.