

6. CAPITAL ASSET REALIGNMENT PLANS

6.1	VISN 12 Facility Capital Investment Profile	6-2
6.1.1	Approximately \$332 million (M) in capital asset investments is needed to enhance existing facilities’ environment of care, even though the current configuration of facilities is not optimal to meet shifting future demand.....	6-4
6.1.2	The CARES SDOs (and associated CAR Plans) meet two key objectives: 1) they avoid incurring unnecessary future capital and overhead costs; and 2) they prioritize future capital investments through the direct association to the delivery of care to veterans.	6-4
6.1.3	Depending on the option selected, VISN 12 has the opportunity to fund cares implementation through asset realignment while saving on capital costs.....	6-5
6.1.4	Each CARES CAR Plan is a strategic road map to the major facility, including real property initiatives required to implement each SDO.....	6-5
6.2	CAR Plan – Option A.....	6-6
6.3	CAR Plan – Option B.....	6-18
6.4	CAR Plan – Option C.....	6-30
6.5	CAR Plan – Option D.....	6-42
6.6	CAR Plan – Option E.....	6-54
6.7	CAR Plan – Option F	6-63
6.8	CAR Plan – Option G.....	6-72
6.9	CAR Plan – Option H.....	6-80
6.10	CAR Plan – Option I.....	6-84

* * * * *

Chapter 6 presents the Capital Asset Realignment (CAR) Plans associated with each of the service delivery options (SDOs). The chapter begins with the recent capital investment initiatives in VISN 12 as well as a potential baseline investment requirement to improve all of the existing facilities to a suitable environment of care. Next, the CAR Plans, complete with impacts, projects, and rough order of magnitude cost estimates, are presented for each option. Following the CAR Plans, a section on the methodologies employed to conduct the analyses contained in the CAR Plans is presented.

6.1 VISN 12 FACILITY CAPITAL INVESTMENT PROFILE

VISN 12 must allocate its limited capital resources over an increasingly aging infrastructure. In FY 2000, and over the past several years, VISN 12 spent approximately \$14.5M per year in nonrecurring facilities capital investments directed mostly at renovating and maintaining the existing infrastructure, as shown in Exhibit 6-1.

Exhibit 6-1. VISN 12 3-Year Nonrecurring Maintenance (NRM) Average

3 Year Average (FY99, FY00, FY01 budgeted)			
Facility	Total NRM/Projects		Capitalized NRM/Project Costs (89%)
VACHCS	\$	3,284,330	\$ 2,923,054
North Chicago	\$	2,359,097	\$ 2,099,597
Hines	\$	4,174,892	\$ 3,715,654
Iron Mountain	\$	896,772	\$ 798,127
Madison	\$	1,384,937	\$ 1,232,594
Tomah	\$	996,604	\$ 886,977
Milwaukee	\$	3,203,388	\$ 2,851,015
Total:	\$	16,300,020	\$ 14,507,018

These expenditures are considered typical, i.e., they represent a “normal” year’s worth of capital investments, not a large infusion of funds for a major construction initiative. Unfortunately, these expenditures are limited in their ability to significantly improve the scale and suitability of the physical plant, to appreciably enhance service delivery, or to reduce the overhead and burden of the current asset portfolio. Therefore, projecting the \$14.5M per year rate of expenditure over the 10 year planning horizon yields an estimated \$149M that will likely be spent under current budgeting and asset expenditure practices.

As identified in Chapter 3 of this report, VISN 12 forecasts approximately \$14.4M in minor construction in FY 2001, although funding is not available for all of the projects. Furthermore, these minor projects are in addition to the nonrecurring maintenance plan. VISN 12 has expended the majority of its minor construction budget over the past several years on the expansion and renovation of its ambulatory care clinics (see Exhibit 6-2). This prioritization of investment is consistent with the strategic shift from an inpatient model of care to one focused on ambulatory care.

The result of these recent spending patterns is a collection of large inpatient care facilities that are increasingly underutilized and are substandard in compliance with privacy and accessibility standards. Therefore, the majority of the realignment actions identified in the CAR Plans to implement the SDOs focus on optimizing the requirements for inpatient care space and renovating the required inpatient space to meet standards for a suitable environment of care. Through this analysis, space is either upgraded, released through Enhanced Use (EU), or disposed. New space is constructed as a strategy to resize or upgrade the facility as appropriate.

Exhibit 6-2. VISN 12 Minor Construction Program FY 1998 – FY 2001

VISN 12 Minor Project Awards - FY 1998					
Facility	Proj. No.	Project Title	Des/ Constr	Cost	Award Date
VACHCS - Lakeside	537-303	Renovate Amb Care South	Construction	1655000	09/25/98
VACHCS - Lakeside	537-340	Upgrade Amb Surgery	Design	\$174,000	06/23/98
Hines	578-301	Amb Procedures Suite	Construct	\$2,793,000	09/18/98
Hines	578-315	Renovate Emergency Dept	Design	\$278,850	06/16/98
Hines	578-317	Amb Care Elevators & Lobbies	Design	320335	09/23/98
Milwaukee	695-206	Amb Procedure Center	Design	385000	05/15/98
Milwaukee	695-206	Amb Procedure Center	Construction	\$2,654,850	09/28/98
Tomah	676-303	Amb Care Entrance	Construction	856372	01/20/98
Total				\$9,117,407	
VISN 12 Minor Project Awards - FY 1999					
Facility	Proj. No.	Project Title	Des/ Constr	Cost	Award Date
VACHCS - West Side	537-202	Expand Amb Care Clinic	Construction	3400000	07/28/99
Hines	578-313	Electrical Switchgear Impvmts	Construction	2670000	09/20/99
Hines	578-318	Amb Care Pri Care Clinics, 3rd Fl	Design	\$261,441	02/22/99
Hines	578-329	Amb Care Subsp Clinics, 4th Fl	Design	\$155,258	07/26/99
Iron Mountain	585-029	Ambulatory Surgery	Construction	\$1,167,500	09/27/99
Milwaukee	695-215	Amb Care ER & Red Clinic	Construction	\$3,590,000	09/08/99
Milwaukee	695-217	Consolidate ICU Units	Design	\$369,000	09/17/99
Total				11613199	
VISN 12 Minor Project Awards - FY 2000					
Facility	Proj. No.	Project Title	Des/ Constr	Cost	Award Date
Hines	578-317	Amb Care Elevators & Lobbies	Construction	2585094	09/06/00
Hines	578-318	Amb Care Pri Care Clinics, 3rd Fl	Construction	\$2,097,492	07/18/00
Hines	578-323	Consolidate Pharmacy Service	Design	201062	09/18/00
Total				\$4,883,648	
VISN 12 Minor Projects Planned for Award in FY 2001					
Facility	Proj. No.	Project Title	Des/ Constr	Cost	Award Date
Iron Mountain	585-030	Consolidate ICU - 3W	Design	\$140,000	03/01/01
Hines	578-319	Reloc / Consolidate ICU Units	Design	\$300,000	03/01/01
Hines	578-323	Consolidate Pharmacy Service	Construction	\$2,500,000	06/01/01
Hines	578-329	Amb Care Subsp Clinics, 4th Fl	Construction	\$3,000,000	06/01/01
Hines	578-321	Renovate Eye & ENT Clinics	Design	\$175,000	03/01/01
VACHCS - West Side	537-230	Expand Ambulatory Surgery	Design	\$250,000	03/01/01
VACHCS - West Side	537-230	Expand Ambulatory Surgery	Construction	\$2,500,000	09/01/01
VACHCS - Lakeside	537-307	Relocate Specialty Clinics	Construction	\$2,000,000	06/01/01
Milwaukee	695-217	Consolidate ICU Units	Construction	\$3,500,000	08/01/01
Total				\$14,365,000	

Note: HQ V12 FY 2001 Minor Program Allocation is only \$6,574,000

Note: V12 will net only \$4,528,000 of actual FY 01 Minor dollars after loan pay back.

6.1.1 Approximately \$332 million (M) in capital asset investments is needed to enhance existing facilities' environment of care, even though the current configuration of facilities is not optimal to meet shifting future demand.

To ensure compliance with the Office of Management and Budget (OMB's) *Capital Programming Guide*, the VA's *Capital Investment Methodology Guide*, and the VA's *Cost Effectiveness Analysis Template*, Booz-Allen estimated the cost of upgrading the current facilities to requisite standards. A key component of this life-cycle cost (LCC) analysis is a potential \$332M capital asset investment, which is necessary to make the current facilities fully compliant with Americans with Disabilities Act (ADA) and JCAHO standards. The investment of \$332M is a rough order of magnitude cost estimate of what funding would be required for full renovation of inpatient space at all eight VISN 12 medical centers and minor finish and structural improvements to medical center ambulatory care space where required. This estimate was developed using the *VA Space and Functional Database* "Space Driver" calculations as the projection for optimal space requirements in the status quo multiplied by the geographic-based construction project cost metrics employed in the CAR Plan analysis. It is also important to evaluate the current investment base against the total cost to replicate the current facility portfolio. The *VA Facility Condition Assessment Database* estimates the building replacement cost for buildings providing or supporting the delivery of medical care on the eight medical center campuses to total approximately \$1.85 billion, not including land value.

While this is a gross projection of need, this estimate validates that the VA would spend significant funds regardless of CARES for any enhanced services and facilities that might be proposed for veterans. Finally, it is important to recognize that while investments in renovations would supplant some portion of the estimated \$149M baseline facilities investment, VA will not avoid all of that cost due to maintaining facilities not effected by renovations to spaces for patient care.

6.1.2 The CARES SDOs (and associated CAR Plans) meet two key objectives: 1) they avoid incurring unnecessary future capital and overhead costs; and 2) they prioritize future capital investments through the direct association to the delivery of care to veterans.

The SDOs (and associated CAR Plans and LCC estimates included in this report) provide win-win solutions. First, the LCC analysis demonstrates that all SDOs provide cost avoidance and/or cost savings from the status quo baseline. (The OMB generally considers "cost savings" to indicate areas where current agency budgets can be reduced, and "cost avoidance" to indicate areas where dollars would have been hypothetically spent to implement a particular alternative, usually the status quo.)

Second, the CAR Plans indicate the specific investments that are needed to improve the delivery of care by better aligning facilities and capital assets against shifting outyear (2010 and beyond) demand. It is important to realize that the cost estimates provided herein do not include or reflect the added value or benefits provided to veterans. The CAR Plans are *neither* cost-benefit nor cost-effectiveness analyses; rather, they simply indicate the nonrecurring resources that are needed to implement each of the SDOs. Realization of the value of each SDO is captured through application of the Absolute and Discriminating Criteria.

6.1.3 Depending on the option selected, VISN 12 has the opportunity to fund cares implementation through asset realignment while saving on capital costs.

Two facilities in particular, VACHCS—Lakeside and Madison VAMC, present unique opportunities for the VA to capture significant revenues through the marketing of excess capacity/assets. Specifically, Options B and D permit release of the Lakeside facility to Northwestern University to generate one-time revenues of close to \$100M. Likewise, Options E and F permit the release of Madison to the University of Wisconsin-Madison to generate one-time revenues of approximately \$47M. Through the Enhanced Use program and the Health Services Improvement Fund, these capital dollars can be redeployed to finance other VA capital investments.

6.1.4 Each CARES CAR Plan is a strategic road map to the major facility, including real property initiatives required to implement each SDO.

Consistent with the demand-driven approach of the CARES process, the SDOs were created to ensure that the right care is delivered in the right place at the right time. With the service model established in each SDO, the CARES facilities team—comprised of real estate and facilities consultants, healthcare architects, facility condition experts, and real estate brokers—were charged to assess the impact on the current facility portfolio. With a solid understanding of the current condition and configuration of the major medical facilities, the facilities team determined the space requirements and the cost to renovate existing space and/or lease or construct new space to accommodate the changing patient workloads, mission, and/or service relocation. In conjunction with this workload-driven approach, the team evaluated several related areas including impact on collocated tenants on medical center campuses, opportunities to expand the network of primary access points through the addition of CBOCs, and market valuation of assets for Enhanced Use or disposal opportunities.

Exhibit 6-3 summarizes the specific capital investment projects and their associated costs. The detailed CAR Plans which follow present detailed descriptions, impacts, and costs for each project.

*Option A***6.2 CAR PLAN – OPTION A****6.2.1 Overview**

The translation of Option A into the Southern Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option A to realign the Southern Market capital assets to meet the mission and demand in 2010 are as follows:

- **VACHCS—West Side** has new construction of a 98-bed acute care facility (48,662 GSF), which includes required support above the ambulatory care center (Building 30) providing an appropriate-sized facility in a modern environment of care. Building 30 was originally designed to support two additional floors, although mechanical systems require upgrades for the new addition. The facility includes a four-operating-room (OR) surgical suite addition (11,386 GSF) located directly adjacent to Building 30, which accesses the inpatient areas through dedicated elevators. The existing first-floor ambulatory care center remains primarily unchanged with small areas of renovation including two elevators, exit stairs, elevator lobby and vestibule to the north (782 GSF), and a surgical suite elevator, exit stairs, and vestibule to the south.

The top six floors of the main hospital (Building 1) are vacated and mothballed while pursuing an Enhanced Use or disposal opportunity. Relocation of remaining services in these areas and closing of ward areas is to be done incrementally following completion of the new acute care space and the transfer of any downtown workload to either Hines or the new Lakeside Enhanced Use facility.

- **VACHCS—Lakeside** is released through an Enhanced Use agreement. A leaseback arrangement for inpatient areas will include 79 acute care beds (30,209 GSF) and an ambulatory care clinic (36,880 GSF). Requirements for ancillary and support space would be combined and accommodated through sharing with Northwestern University to benefit from economies of scale. Current collocated tenants who desire to maintain a presence at the Lakeside campus would also have to be accounted for in the space allocation (see Exhibit 6-5 for current space allocations).
- **Hines VAMC** has several major capital improvement initiatives in Option A, including the renovation of several portions of the main hospital (Building 200) to upgrade the facilities and environment of care to current standards, particularly the SCI ward areas. The addition

of 75 domiciliary beds in Building 1 also requires renovation and relocation of existing tenants. Additional renovations include:

- Building 200 would include 205 acute care beds. The renovation ensures 10 percent of patient beds to have direct access to toilet rooms and meet ADA requirements. Toilet room ADA renovations total 6,013 GSF.
- Addition of 75 domiciliary beds (33,196 GSF), would occur in a renovated portion of Building 1. The space renovated comes from vacated clinic space that has been consolidated into Building 200. The renovation includes one- and two-bed rooms with attached toilet rooms, waiting/lounge/activity areas, dining, food preparation areas, and administrative rooms and support space. The renovation meets current JCAHO, ADA, hospital, and healthcare facility guidelines.
- A new blind rehabilitation building on vacant land at the Hines facility to accommodate 34 beds plus required support facilities totaling 49,500 GSF. Once the new building is constructed, existing Buildings 12 and 13 would be vacated and mothballed or demolished while pursuing an Enhanced Use or disposal opportunity.
- Initial rehabilitation SCI space in Building 200 will include a 68-bed SCI unit. The renovation includes single-, double-, and four-patient rooms with proper bed clearances and door sizes. Each room has direct access to a toilet to accommodate both dependent or independent bowel care and showers in either the sitting or supine position, in compliance with VA guidelines. Renovation of existing ward toilet spaces are not included in the number, but could be renovated in the future for support space.
- **North Chicago VAMC** enters into a DoD-sharing arrangement for 27 VA acute medicine beds, with two wards (currently vacant) to Great Lakes Naval Hospital management for DoD healthcare. VA would renovate the two remaining vacant wards to house 60 nursing home care beds. Furthermore, a portion of North Chicago's real property land holding (e.g., golf course) are outleased to Naval Training Center (NTC) Great Lakes for expansion. Expansion of nursing home care facilities on the North Chicago campus are also an Enhanced Use opportunity, although for planning purposes, these extended care beds are accommodated in existing facilities under VHA management. Other renovations include:
 - Level 1 renovation of Building 133CA would include 30 acute psychiatry beds (12,000 GSF) and the installation of security and tamper resistant hardware.
 - Level 1 renovation of Building 131 would provide for 60 NHCU beds plus 67 long-term psychiatry beds (53,345 GSF).
 - Level 3 renovation of Building 131 would provide toilet rooms for bed areas including 50 percent of NHCU beds having direct access to toilets, meeting ADA requirements (2,020 GSF).
 - Level 3 renovation of Building 134 would provide toilet rooms for NHCU bed areas including 50 percent of NHCU beds having direct access to toilets, meeting ADA requirements (3,060 GSF).

*Option A***6.2.2 Impact on Facility Portfolio Footprint**

The realignment of mission in Option A creates a series of construction projects as well as opportunities for Enhanced Use agreements and DoD sharing. The primary impacts on the capital assets in the Southern Market are outlined in Exhibit 6-4.

Exhibit 6-4. Portfolio Level Impacts of Option A

FACILITY	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
VA CHCS - West Side	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Ambulatory Care Clinic 	<ul style="list-style-type: none"> New construction of two floors above the ambulatory care clinics (Building 30) Building 1 is closed, mothballed, and targeted for EU or disposal opportunities
VA CHCS – Lakeside	<ul style="list-style-type: none"> Acute Medicine and Surgical Services Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine and Surgical Services Ambulatory Care Clinic 	<ul style="list-style-type: none"> Enhanced Use Lease of entire Lakeside Hospital Leaseback 79 acute beds and ACC
Hines	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Domiciliary Ambulatory Care Clinic 	<ul style="list-style-type: none"> Renovation of acute care space in main hospital (Building 200), including SCI ward to meet new demand and current space standards Renovation portions of Building 1 to house 75 domiciliary beds and relocation of any displaced services/missions. Construct a new blind rehab facility to upgrade to current space standards; demolish Buildings 12 and 13 EU outleasing of two underutilized parcels of land
North Chicago	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute medicine beds (27) preserved through DoD sharing Acute Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Operation of inpatient wards turned over to DoD Renovation of acute psych wards (Building 133CA) Renovation of nursing home care and long-term psych wards (Buildings 131 & 134) EU lease of real property to NTC Great Lakes for base expansion

6.2.3 Impact on Facility Space and Utilization

The impact of the realignment of services outlined in Exhibit 6-4 drives space alterations in many existing facilities in the Southern Market. Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. Exhibit 6-5 displays the shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements to accommodate the demand in 2010.

Exhibit 6-5. VISN 12 Facility Inventory – Option A

Facility	FY 2000		FY 2010			
	Space (DGSF)	Beds	Space (DGSF)	Beds		
VACHCS – West Side						
Acute Care	75,480	204	48,662	98		
Special Disabilities	0	0	0	0		
Extended Care	9,000	20	0	0		
Other Beds	6,060	18	0	0		
Ambulatory Care	156,405		110,305			
Research	56,110		56,110			
Education	3,500		3,500			
Other Space			0			
• Diagnostic & Treatment	84,165		91,054			
• Logistics/Support	87,375		65,531			
• Administration	89,190		49,055			
• Lobby	2,700		2,700			
• Common	0		0			
• Outleased	0		0			
• Swing	7,300		0			
Total Existing	577,285		242		426,917	98
Underutilized Space	114,149				0	
Vacant Space	7,840				218,256	
VACHCS – Lakeside						
Acute Care	54,818	138	29,862	79		
Special Disabilities	0	0	0	0		
Extended Care	0	0	0	0		
Other Beds	0	0	0	0		
Ambulatory Care	93,910		36,880			
Research	37,764		37,764			
Education	5,760		5,760			
Vacant Space			0			
• Diagnostic & Treatment	62,440		51,830			
• Logistics/Support	59,132		29,566			
• Administration	47,913		19,165			
• Lobby	1,360		1,360			
• Common	0		0			
• Outleased	4,040		0			
• Swing	8,865		0			
Total	376,002	138	212,187	79		
Underutilized Space	72,481		0			
Vacant Space	36,330		0			

Option A

Facility	FY 2000		FY 2010			
	Space (DGSF)	Beds	Space (DGSF)	Beds		
Hines VAMC						
Acute Care	106,208	226	102,398	205		
Special Disabilities	29,180	98	66,760	102		
Extended Care	88,312	330	132,435	307		
Other Beds	5,955	16	33,196	75		
Ambulatory Care	226,463		119,492			
Research	247,152		247,152			
Education	57,068		57,068			
Other Space			0			
• Diagnostic & Treatment	228,733		116,317			
• Logistics/Support	259,613		168,748			
• Administration	190,670		171,603			
• Lobby	3,000		3,000			
• Common	43,404		43,404			
• Outleased	659,158		659,158			
• Swing	22,472		0			
Total	2,167,388		670		1,920,731	709
Underutilized Space	1,229,533				0	
Vacant Space	65,342				361,499	
North Chicago VAMC						
Acute Care	72,877	154	26,573	57		
Special Disabilities	0	0	0	0		
Extended Care	99,540	220	162,945	186		
Other Beds	75,715	200	75,330	355		
Ambulatory Care	155,819		68,100			
Research	35,164		35,164			
Education	6,747		6,747			
Other Space			0			
• Diagnostic & Treatment	112,272		75,402			
• Logistics/Support	178,396		115,957			
• Administration	104,089		67,658			
• Lobby	0		0			
• Common	0		0			
• Outleased	149,008		149,008			
• Swing	12,874		0			
Total	1,002,501	574	782,884	598		
Underutilized Space	293,169		0			
Vacant Space	251,780		471,397			

6.2.4 Community-Based Outpatient Clinic Activation

No new CBOCs are activated in Option A.

6.2.5 One VA/Non-VHA Tenant Impacts

Option A has minimal impact on the VA and non-VHA collocated tenants in the Southern Market. The predominant impacts are generated as a result of several Enhanced Use opportunities, particularly the Enhanced Use of the Lakeside Division. The addition of 75 domiciliary beds in Building 1 on the Hines campus may also cause the relocation of several collocated tenants. It is important to note that these tenants would not be driven off of the Hines campus and that the reality and magnitude of the potential impact would not be fully known until detailed architectural programming and space planning for Building 1 is conducted as part of the implementation.

- **Veteran's Benefits Administration (VBA)**
 - The VBA Data Processing Center in Building 215 on the Hines Campus is not effected by Option A. Facility requirements to house and support the medical mission do not change the requirements for Building 215.
 - The VBA Compensation and Pension Exam offices on the North Chicago VAMC campus are also not effected by Option A. The continued VHA presence on the North Chicago campus supports the One VA initiative of collocation of VA services.
 - Option A does not create any impediment to the implementation of the Enhanced Use project for the VBA Regional Office/Parking Garage on the West Side, which is currently in development. Sizing of the parking structure may be reevaluated given the changing capacity of patient services.
- **National Cemetery Association (NCA)**
 - Since there are no existing NCA operations in the Southern Market, there are no NCA impacts in Option A. Furthermore, there is no identified need for capacity expansion by NCA in the Southern Market.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option A. Tenant-specific impacts are outlined in Exhibit 6-6.
- **Other Non-VHA Tenants**
 - Option A does not create any impediment to the implementation of the Enhanced Use project for the Nicor Cogeneration Plant on the North Chicago campus. The opportunities for reduced utility costs for the remaining VHA operations and their neighbors will continue to benefit the VA mission.
 - Option A has impacted non-VHA tenants currently leasing space or property from VHA in the Southern Market (see Exhibit 6-6).

Option A

Exhibit 6-6. Collocated Tenants on VISN 12 VHA Campuses – Option A

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
North Chicago		✓				VISN Product Line – MCCF	1	3	None
					✓	Lake County Homeless Program	126	1,2	None
			✓			VBA Compensation and Pension Office	135	1	None
					✓	US Navy Admin Offices – DoD	135	2	None
					✓	Illinois Dept. of VA	135	G	None
					✓	Great American Amusements - Quarters	48	1,2	None
					✓	Chicago Medical School	50	1	None
							51	1	None
							Golf Course		Potential for NTC Great Lakes to sublease a parcel of land for training facility expansion
					✓	Union Offices	64	G	None
				✓	Other Leased Space	5	1,2	None	
						3	1	None	
VA CHCS Lakeside West Side					✓	PALM	1A	2	PALM would require lease space from EU partner to maintain Lakeside presence
					✓	Veteran Service Organizations	1	10	VSOs would require lease space from EU partner to maintain Lakeside presence
					✓	Union Offices	11A	4	None
					✓	Veteran Service Organizations	11B	1	None
Hines	✓					NAC Depot	37	1	None
			✓			VBA Data Processing Center	215	1	None
		✓				VISN 12 Administrative Offices	18	B, 1,2	None
	✓					VA Office of Inspector General	16	B,1,2,3	None
	✓					Regional Counsel – Office of Gen. Counsel	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
	✓					VA Office of Resolution Management	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
		✓				VHA HSR&D	1	2,3	Potential relocation required due to domiciliary expansion in Bldg. 1
		✓				VHA HDQTRS's VIREC	1	3	Potential relocation required due to domiciliary expansion in Bldg. 1
					✓	Paralyzed Veteran's of America (PVA)	1	2	Potential relocation required due to domiciliary expansion in Bldg. 1
							200	2	Potential relocation required due to renovation in Bldg. 200.
					✓	Veteran Service Organizations	1	4	Potential relocation required due to domiciliary expansion in Bldg. 1

Source: VA Databases, VISN 12 staff

6.2.6 Enhanced Use/Disposal Opportunities

Option A creates several opportunities for Enhanced Use and/or disposal of assets. The Booz-Allen CARES team has implemented a two-pronged approach to the use of these mechanisms. The first approach would use VA’s Enhanced Use authority to introduce flexibility into the options for VA’s commitment to physical capacity. The second is to create opportunities for assets that currently are or will be underutilized in the future to be revitalized and contribute to VHA’s mission in the future.

Exhibit 6-7 displays the Enhanced Use/disposal opportunities identified and/or supported by the CARES process for Option A.

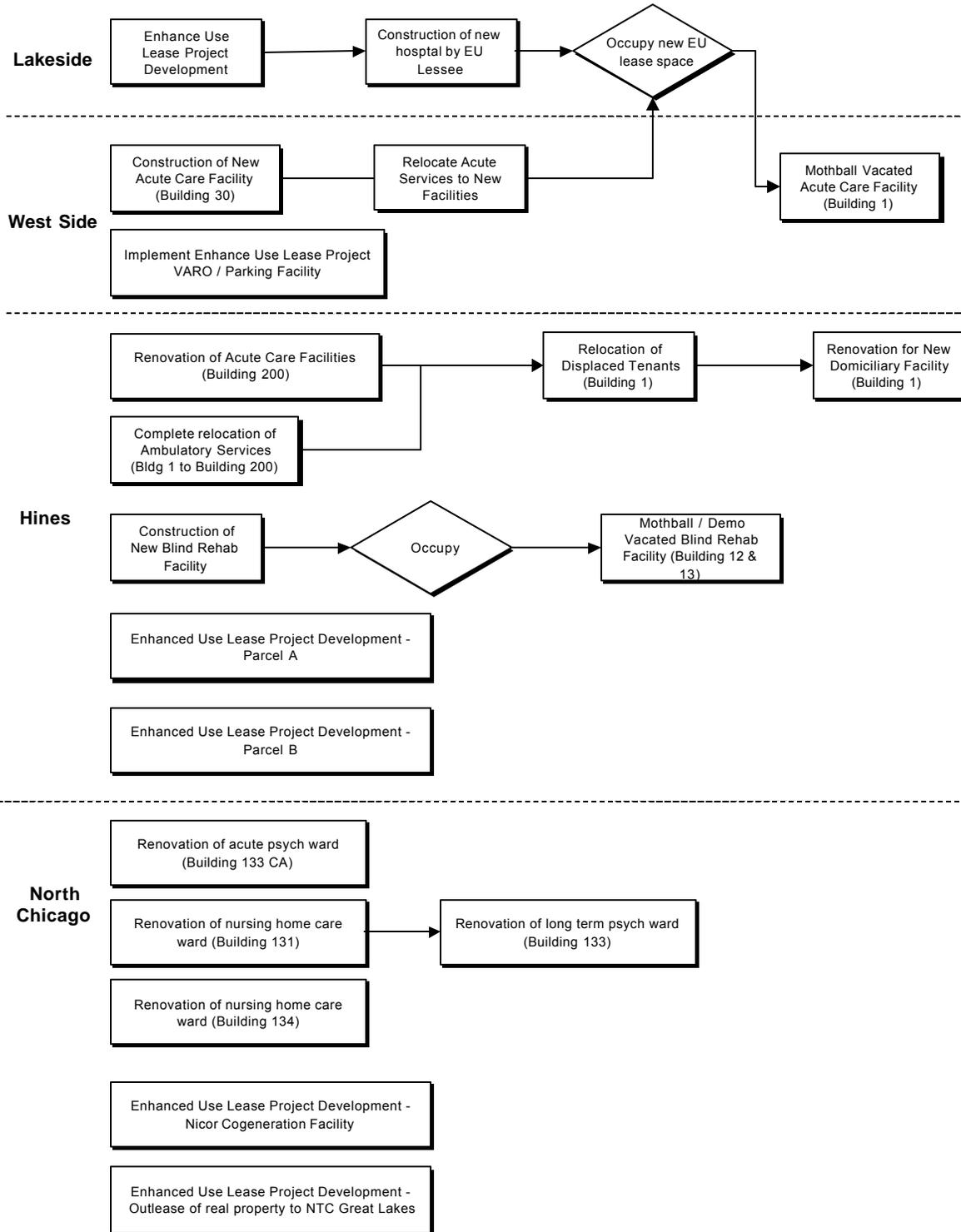
Exhibit 6-7. Enhance Use/Disposal Opportunities – Option A

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
VACHCS-West Side	VARO / Parking Garage Facility	<ul style="list-style-type: none"> 96,000-square-foot (SF) “turn key” VA Regional Office 1,350-space garage for VA and non-VA use 2-year commitment to office and parking at below market rates 	<ul style="list-style-type: none"> Reduce VARO rent from \$45.50/SF in GSA space to \$27.50/SF Potential revenues from parking fees 	VA Initiative in process. Currently at OMB for approval
VACHCS-Lakeside	Enhanced Use Lease of Building 1 and 1A	<ul style="list-style-type: none"> Enter into lease agreement with Northwestern U. to demolish and construct new facility VHA to lease back 67,089 SF for acute and ambulatory care Based on current Class B lease rates in the North Michigan Avenue area, with estimated annual rent = \$1,207,602 including expenses 	<ul style="list-style-type: none"> Remove 376,002 DGSF (609,464 GSF) from VA portfolio, reducing maintenance and overhead requirements, currently totaling \$13.5M annually Land valuation ranges from \$89M to \$107.5M. The mean (\$98.25M) is used for planning purposes, less the forecast construction and interim cost based on the size of VHA operations to remain 	CARES initiative, preliminary discussions only
Hines	Outlease of real property – Parcel A	<ul style="list-style-type: none"> Unimproved land fronting Roosevelt Road, consisting of 6.86 (+/-) acres Strong demographics and high daytime employee population indicates retail development as highest and best use 	<ul style="list-style-type: none"> Land valuation ranges from \$2.689M to \$2.998M 	VA identified initiative, supported by CARES analysis
	Outlease of real property – Parcel B	<ul style="list-style-type: none"> Improved land with 3 vacant Buildings (50, 51, and 53) In-fill lot, lacking street exposure; proper access would have to be incorporated into any site redevelopment 	<ul style="list-style-type: none"> Land valuation estimated at \$1.568M, not including cost to demolish existing structures 	VA identified initiative, supported by CARES analysis
North Chicago	Outlease of real property to NTC Great Lakes	<ul style="list-style-type: none"> 92 acres currently under lease to Finch University; the lease could be restructured at the convenience of either party of the lease agreement 	<ul style="list-style-type: none"> Total land valuation ranges from \$2.76M to \$4.14M (\$30K to \$45K per acre) Potential revenue \$1.725M for 46 acres at \$37.5K per acre 	VA identified initiative, supported by CARES analysis

Option A

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
	Enhanced Use Energy Center	<ul style="list-style-type: none"> • 15-year Enhanced Use outlease of VA real property with NICOR Energy Solutions of Naperville, IL • In exchange for real property, NICOR will finance, design/build, operate, and maintain a state-of-the-art cogeneration energy center to produce and sell energy to the VAMC • NICOR will also maintain all distribution systems necessary for delivery of energy to the numerous Buildings on VA property 	<ul style="list-style-type: none"> • The purpose of this investment is to secure a lower cost source of energy for operation of the VAMC • In exchange for the outlease of property valued at \$110,000 for construction of the plant, the developer, NICOR, has offered VA an energy service agreement that represents a savings of approximately \$13,500,000 (NPV) in recurring medical care spending over the term of the lease 	VA Initiative in process, received OMB approval

6.2.7 Conceptual Phasing for Realignment Implementation



Option A

6.2.8 Capital Project Implementation and Budget Plan

The projects identified, either through construction, renovation, or Enhanced Use create significant demand for capital investment. Furthermore, there are several outlease or disposal opportunities that create revenue to fund these and potentially other projects. The detailed inventory for these projects are outlined in Exhibit 6-8.

Exhibit 6-8. Project Inventory – Option A

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATED START	ESTIMATED DURATION	EST. VA CAPITAL REQUIREMENT (2001 \$)
IMMEDIATE	VACHCS – West Side	New acute care facility (Building 30)	NC	48,662	2004	18-24 Mo.	\$15,571,800
		New 4 OR suite	NC	11,386	2004	18-24 Mo.	\$3,643,500
		Renovation for surgical suite elevators, exit stairs and vestibule	R3	782	2004	18-24 Mo.	\$187,800
		EU VARO/Parking Facility	EU		2002	18-24 Mo.	\$0
	VACHCS - Lakeside	EU Lease Lakeside facility to Northwestern U	EU	809,464	2002	18-24 Mo.	(\$98,250,000)
		Leaseback Space for acute and ambulatory Care	EU (NC)	67,089	2004	24-36 Mo.	\$26,751,700
	Hines	Completion of relocation of ambulatory clinics	R3	NA	In Process	24 Mo.	\$8,000,000
		Renovation of acute care facility for patient toilets (Building 200)	R3	6,013	2003	12 Mo.	\$1,444,200
		Renovation of SCI ward (Building 200)	R3	17,260	2004	18 Mo.	\$4,145,600
		New blind rehabilitation facility	N	49,500	2004	24 Mo.	\$11,199,400
		Renovation for domiciliary facility (Building 200)	R3	33,196	2005	12 Mo.	\$6,834,200
		EU Lease – Parcel A	EU	6.68 acres	2002	18-24 Mo.	(\$2,843,500)
		EU Lease – Parcel B	EU	7.2 acres	2002	18-24 Mo.	(\$1,568,000)
	North Chicago	Renovation of acute psych wards (Building 133CA)	R1	12,000	2002	12 Mo.	\$1,152,900
		Renovation of nursing home care and long-term psych wards (Building 131)	R1	53,345	2002	12 Mo.	\$5,125,100
		Renovation of Building 131 for patient toilets	R3	2,020	2002	12 Mo.	\$485,200
		Renovation of nursing home care ward for patient toilets (Building 134)	R3	3,060	2003	12 Mo.	\$735,000
		EU outlease of real property to NTC Great Lakes	EU	46 acres	2002	18-24 Mo.	\$(1,725,000)
		Nicor cogeneration plant	EU				\$0
	LONG-TERM	Hines	Buildings 12 & 13 demolition	D	41,792	2006	6 Mo.

Note: Forecasted recurring annual rent costs for leased space are not capital improvement costs and are therefore not included in the implementation estimates for each SDO. Recurring lease costs are included in the overall operating cost estimates and recognized in the LCC analysis.

Option A

The combined capital requirements for implementation, and any financing opportunities identified through outleasing, Enhanced Use or disposal of assets or property are profiled in Exhibit 6-9. Due to the large land value of the Lakeside facility, Option A has a net financial benefit of \$17.0M after implementation.

Exhibit 6-9. Capital Budget Impacts by Parent Facility – Option A

MARKET/ FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
VACHCS – West Side	\$19,403,100	\$388,100	\$0	\$0	\$19,791,200.00
VACHCS – Lakeside	\$26,751,700	\$535,000	\$0	(\$98,250,000)	(\$70,963,300)
Hines	\$31,878,300	\$637,600	\$0	(\$4,411,500)	\$28,104,400.00
North Chicago	\$7,498,200	\$150,000	\$0	(\$1,725,000)	\$5,923,200
Total	\$85,531,300.00	\$1,710,700.00	\$0	(\$104,386,500.00)	(\$17,144,500)

*Option B***6.3 CAR Plan – Option B****6.3.1 Overview**

The translation of Option B into the Southern Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option B to realign the Southern Market capital assets to meet the mission and demand in 2010 are as follows:

- **VACHCS—West Side** has renovation of inpatient areas to include 157 acute care beds and 20 RRTP beds, for a total of 66,081 GSF or renovated space in Building 1. The renovation includes the addition of patient toilet rooms, 10 percent of which meet ADA requirements, isolation rooms, one- and two-bed rooms, and support space, all meeting current JCAHO, hospital, and healthcare facility guidelines. The top three floors of Building 1 are left vacant and are mothballed to minimize recurring operations and maintenance cost.
- **VACHCS—Lakeside** is released through an Enhanced Use arrangement. A leaseback arrangement to maintain an ambulatory care clinic (36,880 GSF) and associated support space is required. Requirements for ancillary and support space would be combined and accommodated through sharing with Northwestern University to benefit from economies of scale. Current collocated tenants who desire to maintain a presence at the Lakeside campus would also have to be accounted for in the space allocation (see Exhibit 6-10 for current space allocations).
- **Hines VAMC** has several major capital improvement initiatives in Option B, including the renovation of several portions of the main hospital (Building 200) to upgrade the facilities and environment of care to current standards, particularly the SCI ward areas. The addition of 75 domiciliary beds in Building 1 also requires renovation and relocation of existing tenants. Additional renovations include:
 - Renovation of Building 200 to include 225 acute care beds. The renovation ensures 10 percent of patient beds to have direct access to toilet rooms, meeting ADA requirements. Toilet room ADA renovations total 6,500 GSF.
 - Addition of 75 domiciliary beds (33,196 GSF) in a renovated portion of Building 1. The renovated space comes from vacated clinic space that has been consolidated into Building 200. The renovation includes one- and two-bed rooms with attached toilet rooms, waiting/lounge/activity areas, dining, food preparation areas, and administrative

rooms and support space. The renovation meets current JCAHO, ADA, and hospital and healthcare facility guidelines.

- Construct a new blind rehabilitation building on vacant land at the Hines facility to accommodate 34 beds plus required support facilities totaling 49,500 GSF. Once the new building is constructed, existing Buildings 12 and 13 would be vacated and mothballed or demolished while pursuing an Enhanced Use or disposal opportunity.
- Renovation of initial rehabilitation SCI space in Building 200 to include a 68-bed SCI unit. The renovation includes single, double, and four-patient rooms with proper bed clearances and door sizes. Each room has direct access to a toilet to accommodate both dependent or independent bowel care and showers in either the sitting or supine position in accordance to VA guidelines. Renovation of existing ward toilet spaces is not included in the number, but could be renovated in the future for support space.
- **North Chicago VAMC** enters into a DoD-sharing arrangement for 27 VA acute medicine beds, with two wards (currently vacant) to Great Lakes Naval Hospital management for DoD healthcare. VA renovates the two remaining vacant wards to house 60 nursing home care beds. Furthermore, a portion of North Chicago’s real property land holding (e.g., golf course) are outleased to the Naval Training Center (NTC) Great Lakes for expansion. Expansion of nursing home care facilities on the North Chicago campus are also an Enhanced Use opportunity, although for planning purposes, these extended care beds are accommodated in existing facilities under VHA management. Additional renovations include:
 - Level 1 renovation of Building 133CA to include 30 acute psychiatry beds (12,000 GSF) and the installation of security and tamper-resistant hardware.
 - Level 1 renovation of Building 131 to provide for 60 NHCU beds plus 67 long-term psychiatry beds (53,345 GSF).
 - Level 3 renovation of Building 131 to provide toilet rooms for bed areas including 50 percent of NHCU beds having direct access to toilets meeting ADA requirements (2,020 GSF).
 - Level 3 renovation of Building 134 to provide toilet rooms for NHCU bed areas including 50 percent of NHCU beds having direct access to toilets meeting ADA requirements (3,060 GSF).

6.3.2 Impact on Facility Portfolio Footprint

The realignment of mission in Option B creates a series of construction projects as well as opportunities for Enhanced Use and DoD sharing. The primary impacts on the capital assets in the Southern Market are outlined in Exhibit 6-10.

Option B

Exhibit 6-10. Portfolio Level Impacts of Option B

FACILITY	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
VA CHCS– West Side	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Building 1 is renovated to accommodate 177-bed inpatient and residential rehab missions
VA CHCS – Lakeside	<ul style="list-style-type: none"> Acute Medicine and Surgical services Ambulatory Care Clinic 	<ul style="list-style-type: none"> Ambulatory Care Clinic 	<ul style="list-style-type: none"> EU lease of entire Lakeside Hospital Lease back space for ACC
Hines	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Domiciliary Ambulatory Care Clinic 	<ul style="list-style-type: none"> Renovation of acute care space in main hospital (Building 200), including SCI ward to meet new demand and current space standards Renovation portions of Building 1 to house 75 domiciliary beds and relocation of any displaced services/missions. Construct a new blind rehabilitation facility to upgrade to current space standards, demolish Buildings 12 and 13 EU outleasing of two underutilized parcels of land
North Chicago	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine Beds (27) Preserved Through DoD Sharing Acute Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Operation of inpatient wards turned over to DoD Renovation of acute psych wards (Building 133CA) Renovation of nursing home care and long-term psych wards (Buildings 131 & 134) EU lease of real property to NTC Great Lakes for base expansion

6.3.3 Impact on Facility Space and Utilization

The impact of the realignment of services outlined drives space alterations in many existing facilities in the Southern Market (see Exhibit 6-10). Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. The shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements would accommodate the demand in 2010. (See Exhibit 6-11)

Exhibit 6-11. VISN 12 Facility Inventory – Option B

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
VACHCS – West Side				
Acute Care	75,480	204	66,081	157
Special Disabilities	0		0	0
Extended Care	9,000	20	9,000	20
Other Beds	6,060	18	0	0
Ambulatory Care	156,405		110,305	
Research	56,110		56,110	
Education	3,500		3,500	
Other Space			0	
• Diagnostic & Treatment	84,165		91,054	
• Logistics/Support	87,375		65,531	
• Administration	89,190		49,054	
• Lobby	2,700		2,700	
• Common	0		0	
• Outleased	0		0	
• Swing	7,300		0	
Total Existing	577,285	242	453,335	177
Underutilized Space	114,149		0	
Vacant Space	7,840		131,790	
VACHCS – Lakeside				
Acute Care	54,818	138	0	0
Special Disabilities	0	0	0	0
Extended Care	0	0	0	0
Other Beds	0	0	0	0
Ambulatory Care	93,910		36,880	
Research	37,764		37,764	
Education	5,760		5,760	
Vacant Space			0	
• Diagnostic & Treatment	62,440		51,830	
• Logistics/Support	59,132		29,566	
• Administration	47,913		19,165	
• Lobby	1,360		1,360	
• Common	0		0	
• Outleased	4,040		0	
• Swing	8,865		0	
Total	376,002	138	182,325	0
Underutilized Space	72,481		0	
Vacant Space	36,330		0	

Option B

Facility	FY 2000		FY 2010			
	Space (DGSF)	Beds	Space (DGSF)	Beds		
Hines VAMC						
Acute Care	106,208	226	106,893	225		
Special Disabilities	29,180	98	66,760	102		
Extended Care	88,312	330	132,435	307		
Other Beds	5,955	16	33,196	75		
Ambulatory Care	226,463		119,492			
Research	247,152		247,152			
Education	57,068		57,068			
Other Space			0			
• Diagnostic & Treatment	228,733		116,317			
• Logistics/Support	259,613		168,748			
• Administration	190,670		171,603			
• Lobby	3,000		3,000			
• Common	43,404		43,404			
• Outleased	659,158		659,158			
• Swing	22,472		22,472			
Total	2,167,388		670		1,947,698	709
Underutilized Space	1,229,533				0	
Vacant Space	65,342		334,532			
North Chicago VAMC						
Acute Care	72,877	154	26,573	57		
Special Disabilities	0	0	0	0		
Extended Care	99,540	220	162,945	186		
Other Beds	75,715	200	75,330	355		
Ambulatory Care	155,819		68,100			
Research	35,164		35,164			
Education	6,747		6,747			
Other Space			0			
• Diagnostic & Treatment	112,272		75,402			
• Logistics/Support	178,396		115,957			
• Administration	104,089		67,657			
• Lobby	0		0			
• Common	0		0			
• Outleased	149,008		149,008			
• Swing	12,874		0			
Total	1,002,501		574		782,883	598
Underutilized Space	293,169				0	
Vacant Space	251,780		471,398			

6.3.4 Community-based Outpatient Clinic Activation

No new CBOCs are activated in Option B.

6.3.5 One VA/Non-VHA Tenant Impacts

Option B has minimal impact on the VA and non-VHA collocated tenants in the Southern Market. The predominant impacts are generated as a result of several Enhanced Use opportunities, particularly the Enhanced Use of the Lakeside Division. The addition of 75 domiciliary beds in Building 1 on the Hines campus may also cause the relocation of several collocated tenants. It is important to note that these tenants would not be driven off of the Hines campus and that the reality and magnitude of the potential impact would not be fully known until detailed architectural programming and space planning for Building 1 is conducted as part of the implementation.

- **Veteran's Benefits Administration (VBA)**
 - The VBA Data Processing Center in Building 215 on the Hines campus is not effected by Option B. Facility requirements to house and support the medical mission do not change the requirements for Building 215.
 - The VBA Compensation and Pension Exam offices on the North Chicago VAMC campus are also not effected by Option B. The continued VHA presence on the North Chicago campus supports the One VA initiative of collocation of VA services.
 - Option B does not create any impediment to the implementation of the Enhanced Use project for the VBA Regional Office/Parking Garage on the West Side, which is currently in development. Sizing of the parking structure may be reevaluated given the changing capacity of patient services.
- **National Cemetery Association (NCA)**
 - Since there are no existing NCA operations in the Southern Market, there are no NCA impacts in Option B. Furthermore, there is no identified need for capacity expansion by NCA in the Southern Market.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option B. Tenant-specific impacts are outlined in Exhibit 6-12.
- **Other Non-VHA Tenants**
 - Option B does not create any impediment to the implementation of the Enhanced Use project for the Nicor Cogeneration Plant on the North Chicago campus. The opportunities for reduced utility costs for the remaining VHA operations and their neighbors will continue to benefit the VA mission.
 - Option B has impacted non-VHA tenants currently leasing space or property from VHA in the Southern Market (see Exhibit 6-12).

Option B

Exhibit 6-12. Collocated Tenants on VISN 12 VHA Campuses – Option B

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
North Chicago		✓				VISN Product Line – MCCF	1	3	None
					✓	Lake County Homeless Program	126	1,2	None
			✓			VBA Compensation and Pension Office	135	1	None
					✓	US Navy Admin Offices – DoD	135	2	None
					✓	Illinois Dept. of VA	135	G	None
					✓	Great American Amusements - Quarters	48	1,2	None
					✓	Chicago Medical School	50	1	None
							51	1	None
							Golf Course		
					✓	Union Offices	64	G	None
				✓	Other Leased Space	5	1,2	None	
						3	1	None	
VA CHCS Lakeside West Side					✓	PALM	1A	2	PALM would require lease space from EU partner to maintain Lakeside presence
					✓	Veteran Service Organizations	1	10	VSOs would require lease space from EU partner to maintain Lakeside presence
					✓	Union Offices	11A	4	None
					✓	Veteran Service Organizations	11B	1	None
Hines	✓					NAC Depot	37	1	None
			✓			VBA Data Processing Center	215	1	None
		✓				VISN 12 Administrative Offices	18	B, 1,2	None
	✓					VA Office of Inspector General	16	B,1,2,3	None
	✓					Regional Counsel – Office of Gen. Counsel	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
	✓					VA Office of Resolution Management	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
		✓				VHA HSR&D	1	2,3	Potential relocation required due to domiciliary expansion in Bldg. 1
		✓				VHA HDOTRS's VIREC	1	3	Potential relocation required due to domiciliary expansion in Bldg. 1
					✓	Paralyzed Veteran's of America (PVA)	1	2	Potential relocation required due to domiciliary expansion in Bldg. 1
							200	2	Potential relocation required due to renovation in Bldg. 200
				✓	Veteran Service Organizations	1	4	Potential relocation required due to domiciliary expansion in Bldg. 1	

Source: VA Databases, VISN 12 staff

6.3.6 Enhanced Use/Disposal Opportunities

Option B creates several opportunities for Enhanced Use and/or disposition of assets. The Booz·Allen CARES team has implemented a two-pronged approach to the use of these mechanisms. The first approach is to use VA's Enhanced Use authority to introduce flexibility into the options for VA's commitment to physical capacity. The second is to create opportunities for assets that currently are or will be underutilized in the future to be revitalized and contribute to VHA's mission in the future.

The Enhanced Use/disposal opportunities identified and/or supported by the CARES process for Option B are displayed in Exhibit 6-13.

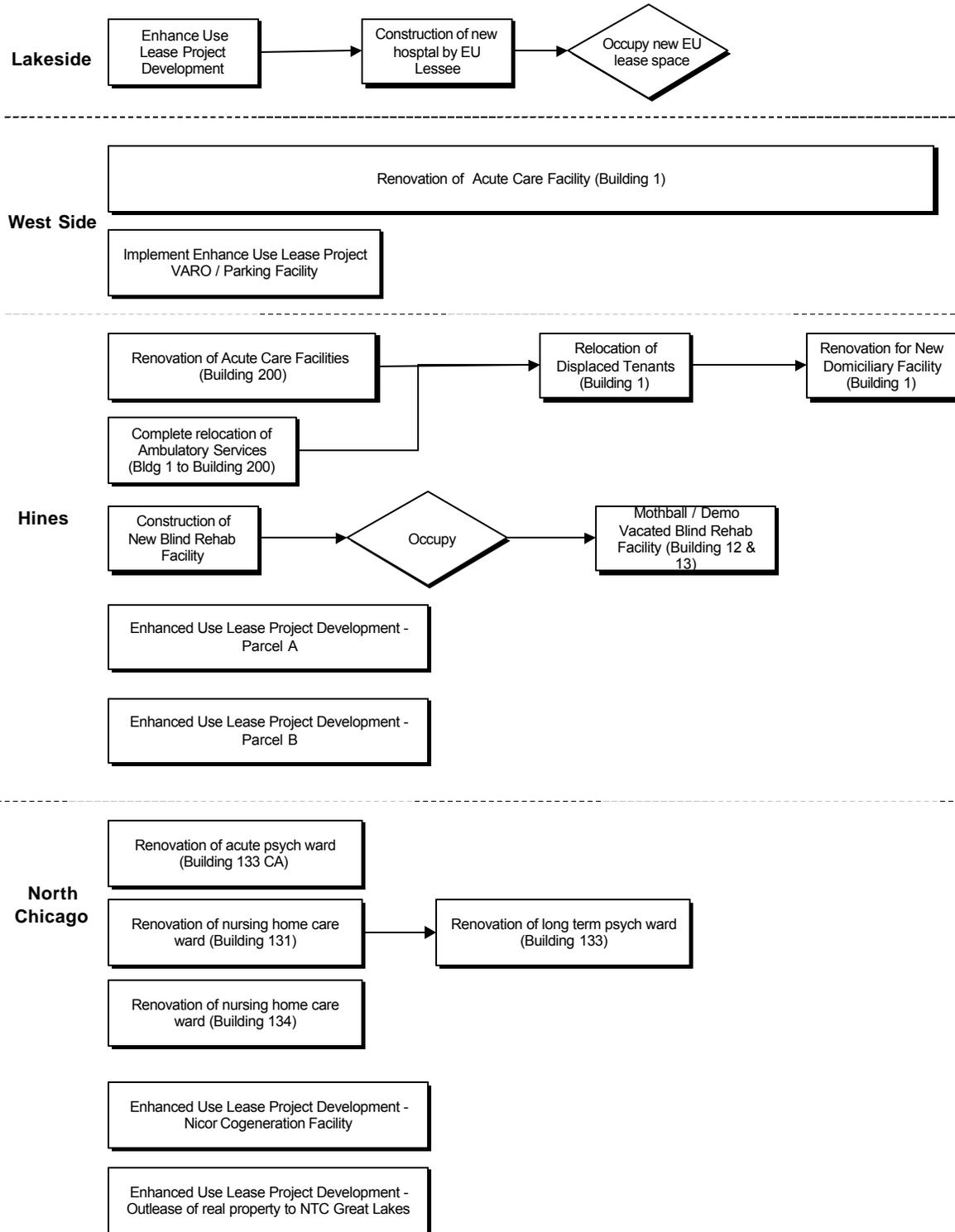
Exhibit 6-13. Enhanced Use/Disposal Opportunities – Option B

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
VACHCS West Side	VARO / Parking Garage Facility	<ul style="list-style-type: none"> 96,000 SF "turn key" VA Regional Office 1,350-space garage for VA and non-VA use 2-year commitment to office and parking at below market rates 	<ul style="list-style-type: none"> Reduce VARO rent from \$45.50/SF in GSA space to \$27.50/SF Potential revenues from parking fees 	VA Initiative in process. Currently at OMB for approval
VACHCS—Lakeside	Enhanced Use of Buildings 1 and 1A	<ul style="list-style-type: none"> Enter into lease agreement with Northwestern U. to demolish and construct new facility VHA to lease back 36,880 SF for acute and ambulatory care. Based on current Class B lease rates in the North Michigan Avenue area, with estimated annual rent = \$663,840 including expenses 	<ul style="list-style-type: none"> Remove 376,002 DGSF (609,464 GSF) from VA portfolio, reducing maintenance and overhead requirements, currently totaling \$13.5M annually Land valuation ranges from \$89M to \$107.5M. The mean (\$98.25M) is used for planning purposes, less the forecast construction and interim cost based on the size of VHA operations to remain 	CARES initiative, preliminary discussions only
Hines	Outlease of real property – Parcel A	<ul style="list-style-type: none"> Unimproved land fronting Roosevelt Road, consisting of 6.86 (+/-) acres Strong demographics and high daytime employee population indicates retail development as highest and best use 	<ul style="list-style-type: none"> Land valuation ranges from \$2.689M to \$2.998M 	VA identified initiative, supported by CARES analysis
	Outlease of real property – Parcel B	<ul style="list-style-type: none"> Improved land with 3 vacant Buildings 50, 51, and 53 In-fill lot lacking street exposure; proper access would have to be incorporated into any site redevelopment 	<ul style="list-style-type: none"> Land valuation estimated at \$1.568M, not including cost to demolish existing structures 	VA identified initiative, supported by CARES analysis

Option B

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
North Chicago	Outlease of real property to NTC Great Lakes	<ul style="list-style-type: none"> 92 acres currently under lease to Finch University; the lease could be restructured at the convenience of either party of the lease agreement 	<ul style="list-style-type: none"> Total land valuation ranges from \$2.76M to \$4.14M (\$30K to \$45K per acre) Potential revenue \$1.725M for 46 acres at \$37.5K per acre 	VA identified initiative, supported by CARES analysis
	Enhanced Use Energy Center	<ul style="list-style-type: none"> 15-year Enhanced Use outlease of VA real property with NICOR Energy Solutions of Naperville, IL In exchange for real property, NICOR will finance, design/build, operate, and maintain a state-of-the-art cogeneration energy center to produce and sell energy to the VAMC NICOR will also maintain all distribution systems necessary for delivery of energy to the numerous buildings on VA property 	<ul style="list-style-type: none"> The purpose of this investment is to secure a lower cost source of energy for operation of the VAMC In exchange for the outlease of property valued at \$110,000 for construction of the plant, the developer, NICOR, has offered VA an energy service agreement that represents a savings of approximately \$13,500,000 (NPV) in recurring medical care spending over the term of the lease 	VA Initiative in process, received OMB approval

6.3.7 Conceptual Phasing for Realignment Implementation



Option B

6.3.8 Capital Project Implementation and Budget Plan

Exhibit 6-14. Project Inventory – Option B

PHASE	PROJECT INVENTORY							
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATED START	ESTIMATED DURATION	EST. VA CAPITAL REQUIREMENT (2001 \$)	
Immediate	VACHCS – West Side	Renovate inpatient areas (Building 1)	R3	66,081	2003	18-24 mo.	\$15,871,800	
		EU VARO/Parking Facility	EU		2002	18-24 mo.	\$0	
	VACHCS - Lakeside	EU Lease Lakeside facility to Northwestern U.	EU	809,464	2002	18-24 mo.	(\$98,250,000)	
		Leaseback space for ambulatory care	EU (NC)	36,880	2004	TBD	\$14,705,900	
	Hines	Completion of relocation of ambulatory clinics	R3	NA	In Process	24 mo.	\$8,000,000	
		Renovation of acute care facility for patient toilets (Building 200)	R3	6,500	2003	9 mo.	\$1,561,200	
		Renovation of SCI ward (Building 200)	R3	17,260	2004	12 mo.	\$4,145,600	
		New blind rehabilitation facility	N	49,500	2004	24 mo.	\$11,199,400	
		Renovation for domiciliary facility (Building 200)	R3	33,196	2005	12 mo.	\$6,834,200	
		EU lease – Parcel A	EU	6.68 acres	2002	18-24 mo.	(\$2,843,500)	
		EU lease – Parcel B	EU	7.2 acres	2002	18-24 mo.	(\$1,568,000)	
	North Chicago	Renovation of acute psych wards (Building 133CA)	R1	12,000	2002	12 mo.	\$1,152,900	
		Renovation of nursing home care and long-term psych wards (Building 131)	R1	53,345	2002	12 mo.	\$5,125,100	
		Renovation of Building 131 for patient toilets	R3	2,020	2002	12 mo.	\$485,200	
		Renovation of nursing home care ward for patient toilets (Building 134)	R3	3,060	2003	12 mo.	\$735,000	
		EU outlease of real property to NTC Great Lakes	EU		2002	18-24 mo.	(\$1,725,000)	
		Nicor cogeneration plant	EU				\$0	
	Long-Term	VACHCS - Lakeside	NU construction of new hospital on Lakeside site	EU		2005	24-36 mo.	\$0
		Hines	Buildings 12 & 13 demolition	D	41,792	2006	12 mo.	\$254,900

Note: Forecasted recurring annual rent costs for leased space are not capital improvement costs and are therefore not included in the implementation estimates for each SDO. Recurring lease costs are included in the overall operating cost estimates and recognized in the LCC analysis.

Option B

The combined capital requirements for implementation, and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-15. Due to the large land value of Lakeside facility, Option B has a net financial benefit of \$32.8M after implementation.

Exhibit 6-15. Capital Budget Impacts by Parent Facility – Option B

MARKET/ FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
VACHCS – West Side	\$15,871,800	\$317,400	\$0	\$0	\$16,189,200.00
VACHCS – Lakeside	\$14,705,900	\$294,100	\$0	(\$98,250,000)	(\$83,250,000)
Hines	\$31,995,300	\$639,900	\$0	(\$4,411,500)	\$28,223,700.00
North Chicago	\$7,498,200	\$150,000	\$0	(\$1,725,000)	\$5,923,200
Total	\$70,071,200.00	\$1,401,400.00	\$0	(\$104,386,500.00)	(\$32,913,900.00)

*Option C***6.4 CAR Plan – Option C****6.4.1 Overview**

The translation of Option C into the Southern Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option C to realign the Southern Market capital assets to meet the mission and demand in 2010 are as follows:

- **VACHCS—West Side** has new construction of a 60-bed mental health facility (24,331 GSF) including required support above the ambulatory care center in Building 30, providing an appropriate-sized facility in a modern environment of care. Building 30 was originally designed to support two additional floors, although mechanical systems require upgrades for the new addition. The existing first floor ambulatory care center remains primarily unchanged with small areas of renovation including two elevators, exit stairs, elevator lobby, and vestibule to the north (782 GSF), and a surgical suite elevator, exit stairs, and vestibule to the south.

The top six floors of the main hospital in Building 1 have been vacated and mothballed while pursuing an Enhanced Use or disposal opportunity. Relocation of remaining services in these areas and closing of ward areas is to be done incrementally following completion of the new acute care space and the transfer of any downtown workload to either the Hines VAMC Campus or the new Lakeside Enhanced Use facility.

- **VACHCS—Lakeside** is released through an Enhanced Use agreement. A leaseback arrangement for inpatient areas would include 128 acute care beds (51,618 GSF) and the ambulatory care clinic (36,880 GSF). Requirements for ancillary and support space would be combined and accommodated through sharing with Northwestern University to benefit from economies of scale. Current collocated tenants who desire to maintain a presence at the Lakeside campus would also have to be accounted for in the space allocation (see Exhibit 6-17 for current space allocations).
- **Hines VAMC** has several major capital improvement initiatives in Option C, including the renovation of several portions of the main hospital (Building 200) to upgrade the facilities and environment of care to current standards, particularly the SCI ward areas. The addition of 75 domiciliary beds in Building 1 also requires renovation and relocation of existing tenants. Additional renovations include:

Option C

- Renovation of Building 200 to include 214 acute care beds. The renovation ensures 10 percent of patient beds to have direct access to toilet rooms meeting ADA requirements. Toilet room ADA renovations total 6,500 GSF.
- Addition of 75 domiciliary beds (33,196 GSF) in a renovated portion of Building 1. The renovated space comes from vacated clinic space that has been consolidated into Building 200. The renovation includes one- and two-bed rooms with attached toilet rooms, waiting/lounge/activity areas, dining, food preparation areas, and administrative rooms and support space. The renovation meets current JCAHO, ADA, and hospital and healthcare facility guidelines.
- Construct a new blind rehabilitation building on vacant land at the Hines facility to accommodate 34 beds plus required support facilities totaling 49,500 GSF. Once the new building is constructed, existing Buildings 12 and 13 are to be vacated and mothballed or demolished while pursuing an Enhanced Use or disposal opportunity.
- Renovation of initial rehabilitation SCI space in Building 200 to include a 68-bed SCI unit. The renovation includes single, double, and four-patient rooms with proper bed clearances and door sizes. Each room has direct access to a toilet to accommodate both dependent or independent bowel care and showers in either the sitting or supine position, in accordance to VA guidelines. Renovation of existing ward toilet spaces is not included in the number, but could be renovated in the future for support space.
- **North Chicago VAMC** enters into a DoD-sharing arrangement for 27 VA acute medicine beds, with two wards (currently vacant) to Great Lakes Naval Hospital management for DoD healthcare. VA renovates the two remaining vacant wards to house 60 nursing home care beds. Furthermore, a portion of North Chicago’s real property land holding (e.g., golf course) are outleased to the Naval Training Center (NTC) Great Lakes for expansion. Expansion of nursing home care facilities on the North Chicago campus is also an Enhanced Use opportunity, although for planning purposes, these extended care beds are accommodated in existing facilities under VHA management. Additional renovations include:
 - Level 1 renovation of Building 133CA to include 30 acute psychiatry beds (12,000 GSF) and the installation of security and tamper-resistant hardware.
 - Level 1 renovation of Building 131 to provide for 60 NHCU beds plus 67 long-term psychiatry beds (53,345 GSF).
 - Level 3 renovation of Building 131 to provide toilet rooms for bed areas including 50 percent of NHCU beds having direct access to toilets meeting ADA requirements (2,020 GSF).
 - Level 3 renovation of Building 134 to provide toilet rooms for NHCU bed areas including 50 percent of NHCU beds having direct access to toilets meeting ADA requirements (3,060 GSF).

*Option C***6.4.2 Impact on Facility Portfolio Footprint**

The realignment of mission in Option C creates a series of construction projects as well as opportunities for Enhanced Use agreements and DoD sharing. The primary impacts on the capital assets in the Southern Market are outlined in Exhibit 6-16.

Exhibit 6-16. Portfolio Level Impacts of Option C

FACILITY	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
VA CHCS— West Side	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Psychiatry Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> New construction of one floor above the ambulatory care clinics (Building 30) Building 1 is closed, mothballed, and targeted for EU or disposal opportunities
VA CHCS— Lakeside	<ul style="list-style-type: none"> Acute Medicine and Surgical services Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine and Surgical services Ambulatory Care Clinic 	<ul style="list-style-type: none"> EU lease of entire Lakeside Hospital Lease back 128 acute beds and ACC
Hines	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Domiciliary Ambulatory Care Clinic 	<ul style="list-style-type: none"> Renovation of acute care space in main hospital (Building 200), including SCI ward to meet new demand and current space standards Renovation portions of Building 1 to house 75 domiciliary beds and relocation of any displaced services/missions Construct a new blind rehabilitation facility to upgrade to current space standards, demolish Buildings 12 and 13 EU outleasing of two underutilized parcels of land
North Chicago	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine Beds (27) Preserved Through DoD Sharing Acute Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Operation of inpatient wards turned over to DoD Renovation of acute psych wards (Building 133CA) Renovation of nursing home care and long-term psych wards (Buildings 131 & 134) EU lease of real property to NTC Great Lakes for base expansion

6.4.3 Impact on Facility Space and Utilization

The impact of the realignment of services outlined drives space alterations in many existing facilities in the Southern Market (see Exhibit 6-16). Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. The shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements would accommodate the demand in 2010 (see Exhibit 6-17).

Exhibit 6-17. VISN 12 Facility Inventory – Option C

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
VACHCS – West Side				
Acute Care	75,480	204	24,331	60
Special Disabilities	0		0	0
Extended Care	9,000	20	0	0
Other Beds	6,060	18	0	0
Ambulatory Care	156,405		110,305	
Research	56,110		56,110	
Education	3,500		3,500	
Other Space			0	
• Diagnostic & Treatment	84,165		91,054	
• Logistics/Support	87,375		65,531	
• Administration	89,190		49,054	
• Lobby	2,700		2,700	
• Common	0		0	
• Outleased	0		0	
• Swing	7,300		0	
Total Existing	577,285	242	402,585	60
Underutilized Space	114,149		0	
Vacant Space	7,840		206,871	
VACHCS – Lakeside				
Acute Care	54,818	138	51,618	128
Special Disabilities	0	0	0	0
Extended Care	0	0	0	0
Other Beds	0	0	0	0
Ambulatory Care	93,910		36,880	
Research	37,764		37,764	
Education	5,760		5,760	
Vacant Space			0	
• Diagnostic & Treatment	62,440		51,830	
• Logistics/Support	59,132		29,566	
• Administration	47,913		19,165	
• Lobby	1,360		1,360	
• Common	0		0	
• Outleased	4,040		4,040	
• Swing	8,865		0	
Total	376,002	138	237,983	128
Underutilized Space	72,481		0	
Vacant Space	36,330		174,349	

Option C

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Hines VAMC				
Acute Care	106,208	226	99,767	214
Special Disabilities	29,180	98	66,760	102
Extended Care	88,312	330	132,435	307
Other Beds	5,955	16	33,196	75
Ambulatory Care	226,463		119,492	
Research	247,152		247,152	
Education	57,068		57,068	
Other Space			0	
• Diagnostic & Treatment	228,733		116,317	
• Logistics/Support	259,613		168,748	
• Administration	190,670		171,603	
• Lobby	3,000		3,000	
• Common	43,404		43,404	
• Outleased	659,158		659,158	
• Swing	22,472		0	
Total	2,167,388	670	1,918,100	698
Underutilized Space	1,229,533		0	
Vacant Space	65,342		364,130	
North Chicago VAMC				
Acute Care	72,877	154	26,573	57
Special Disabilities	0	0	0	0
Extended Care	99,540	220	162,945	186
Other Beds	75,715	200	75,330	355
Ambulatory Care	155,819		68,100	
Research	35,164		35,164	
Education	6,747		6,747	
Other Space			0	
• Diagnostic & Treatment	112,272		75,402	
• Logistics/Support	178,396		115,957	
• Administration	104,089		67,657	
• Lobby	0		0	
• Common	0		0	
• Outleased	149,008		149,008	
• Swing	12,874		0	
Total	1,002,501	574	782,883	598
Underutilized Space	293,169		0	
Vacant Space	251,780		471,398	

6.4.4 Community-based Outpatient Clinic Activation

No new CBOCs are activated in Option C.

6.4.5 One VA/Non-VHA Tenant Impacts

Option C has minimal impact on the VA and non-VHA collocated tenants in the Southern Market. The predominant impacts are generated as a result of several Enhanced Use opportunities, particularly the Enhanced Use of the Lakeside Division. The addition of 75 domiciliary beds in Building 1 on the Hines campus may also cause the relocation of several collocated tenants. It is important to note that these tenants would not be driven off of the Hines campus and that the reality and magnitude of the potential impact would not be fully known until detailed architectural programming and space planning for Building 1 is conducted as part of the implementation.

- **Veteran's Benefits Administration (VBA)**
 - The VBA Data Processing Center in Building 215 on the Hines campus is not effected by Option C. Facility requirements to house and support the medical mission do not change the requirements for Building 215.
 - The VBA Compensation and Pension Exam offices on the North Chicago VAMC campus are also not effected by Option C. The continued VHA presence on the North Chicago campus supports the One VA initiative of collocation of VA services.
 - Option C does not create any impediment to the implementation of the Enhanced Use project for the VBA Regional Office/Parking Garage on the West Side, which is currently in development. Sizing of the parking structure may be reevaluated given the changing capacity of patient services.
- **National Cemetery Association (NCA)**
 - Since there are no existing NCA operations in the Southern Market, there are no NCA impacts in Option C. Furthermore, there is no identified need for capacity expansion by NCA in the Southern Market.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option C. Tenant-specific impacts are outlined in Exhibit 6-18.
- **Other Non-VHA Tenants**
 - Option C does not create any impediment to the implementation of the Enhanced Use project for the Nicor Cogeneration Plant on the North Chicago campus. The opportunities for reduced utility costs for the remaining VHA operations and their neighbors will continue to benefit the VA mission.
 - Option C has impacted non-VHA tenants currently leasing space or property from VHA in the Southern Market (see Exhibit 6-18).

Option C

Exhibit 6-18. Collocated Tenants on VISN 12 VHA Campuses – Option C

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
North Chicago		✓				VISN Product Line – MCCF	1	3	None
					✓	Lake County Homeless Program	126	1,2	None
			✓			VBA Compensation and Pension Office	135	1	None
					✓	US Navy Admin Offices – DoD	135	2	None
					✓	Illinois Dept. of VA	135	G	None
					✓	Great American Amusements - Quarters	48	1,2	None
					✓	Chicago Medical School	50	1	None
							51	1	None
						Golf Course			Potential for NTC Great Lakes to sublease a parcel of land for training facility expansion
					✓	Union Offices	64	G	None
				✓	Other Leased Space	5	1,2	None	
						3	1	None	
VA CHCS Lakeside West Side					✓	PALM	1A	2	PALM would require lease space from EU partner to maintain Lakeside presence
					✓	Veteran Service Organizations	1	10	VSOs would require lease space from EU partner to maintain Lakeside presence
					✓	Union Offices	11A	4	None
					✓	Veteran Service Organizations	11B	1	None
Hines	✓					NAC Depot	37	1	None
			✓			VBA Data Processing Center	215	1	None
		✓				VISN 12 Administrative Offices	18	B, 1,2	None
	✓					VA Office of Inspector General	16	B,1,2,3	None
	✓					Regional Counsel – Office of Gen. Counsel	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
	✓					VA Office of Resolution Management	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
		✓				VHA HSR&D	1	2,3	Potential relocation required due to domiciliary expansion in Bldg. 1
		✓				VHA HDQTRS's VIREC	1	3	Potential relocation required due to domiciliary expansion in Bldg. 1
					✓	Paralyzed Veteran's of America (PVA)	1	2	Potential relocation required due to domiciliary expansion in Bldg. 1
				200			2	Potential relocation required due to renovation in Bldg. 200	
				✓	Veteran Service Organizations	1	4	Potential relocation required due to domiciliary expansion in Bldg. 1	

Source: VA Databases, VISN 12 staff

6.4.6 Enhanced Use/Disposal Opportunities

Option C creates several opportunities for Enhanced Use and/or disposition of assets. The Booz-Allen CARES team has implemented a two-pronged approach to the use of these mechanisms. The first approach uses VA's Enhanced Use authority to introduce flexibility into the options for VA's commitment to physical capacity. The second is to create opportunities for assets that currently are or will be underutilized in the future to be revitalized and contribute to VHA's mission in the future.

The Enhanced Use/disposal opportunities identified and/or supported by the CARES process for Option C are displayed in Exhibit 6-19.

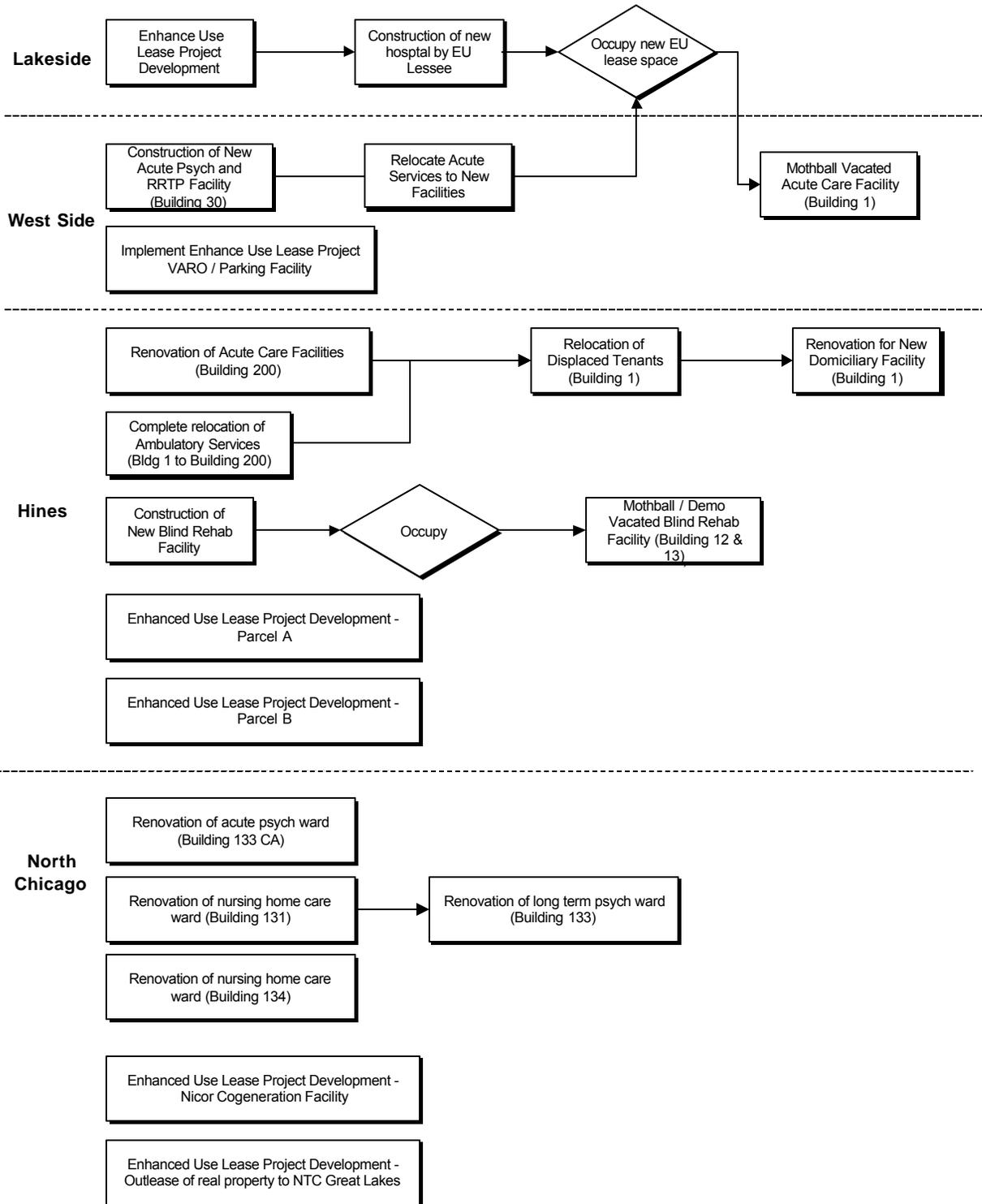
Exhibit 6-19. Enhanced Use/Disposal Opportunities – Option C

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
VACHCS – West Side	VARO / Parking Garage Facility	<ul style="list-style-type: none"> 96,000 SF “turn key” VA Regional Office 1,350-space garage for VA and non-VA use 2-year commitment to office and parking at below market rates 	<ul style="list-style-type: none"> Reduce VARO rent from \$45.50/SF in GSA space to \$27.50/SF Potential revenues from parking fees 	VA Initiative in process. Currently at OMB for approval
VACHCS – Lakeside	Enhanced Use Lease of Buildings 1 and 1A	<ul style="list-style-type: none"> Enter into lease agreement with Northwestern U. to demolish and construct new facility VHA to lease back 88,498 SF for acute and ambulatory care Based on current Class B lease rates in the North Michigan Avenue area, with estimated annual rent = \$1,592,964 including expenses 	<ul style="list-style-type: none"> Remove 376,002 DGSF (609,464 GSF) from VA portfolio, reducing maintenance and overhead requirements, currently totaling \$13.5M annually Land valuation ranges from \$89M to \$107.5M. The mean (\$98.25M) is used for planning purposes, less the forecast construction and interim cost based on the size of VHA operations to remain 	CARES initiative, preliminary discussions only
Hines	Outlease of real property – Parcel A	<ul style="list-style-type: none"> Unimproved land fronting Roosevelt Road, consisting of 6.86 (+/-) acres Strong demographics and high daytime employee population indicates retail development as highest and best use 	<ul style="list-style-type: none"> Land valuation ranges from \$2.689M to \$2.998M 	VA identified initiative, supported by CARES analysis
	Outlease of real property – Parcel B	<ul style="list-style-type: none"> Improved land with 3 vacant Buildings 50, 51, and 53 In-fill lot lacking street exposure; proper access would have to be incorporated into any site redevelopment 	<ul style="list-style-type: none"> Land valuation estimated at \$1.568M, not including cost to demolish existing structures 	VA identified initiative, supported by CARES analysis
North Chicago	Outlease of real property to NTC Great Lakes	<ul style="list-style-type: none"> 92 acres currently under lease to Finch University; the lease could be restructured at the convenience of either party of the lease agreement 	<ul style="list-style-type: none"> Total land valuation ranges from \$2.76M to \$4.14M (\$30K to \$45K per acre) Potential revenue \$1.725M for 46 acres at \$37.5K per acre 	VA identified initiative, supported by CARES analysis

Option C

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
	Enhanced Use Energy Center	<ul style="list-style-type: none"> • 15-year Enhanced Use outlease of VA real property with NICOR Energy Solutions of Naperville, IL • In exchange for real property, NICOR will finance, design/build, operate, and maintain a state-of-the-art cogeneration energy center to produce and sell energy to the VAMC • NICOR will also maintain all distribution systems necessary for delivery of energy to the numerous buildings on VA property 	<ul style="list-style-type: none"> • The purpose of this investment is to secure a lower cost source of energy for operation of the VAMC • In exchange for the outlease of property valued at \$110,000 for construction of the plant, the developer, NICOR, has offered VA an energy service agreement that represents a savings of approximately \$13,500,000 (NPV) in recurring medical care spending over the term of the lease 	VA Initiative in process, received OMB approval

6.4.7 Conceptual Phasing for Realignment Implementation



Option C

6.4.8 Capital Project Implementation and Budget Plan

Exhibit 6-20. Project Inventory – Option C

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATE D START	ESTIMATE D DURATION	EST. VA CAPITAL REQUIREMENT (2001 \$)
IMMEDIATE	VACHCS – West Side	New mental health facility (Bldg. 30)	NC	24,331	2004	18-24 mo.	\$7,785,900
		Renovation for surgical suite elevators, exit stairs and vestibule	R3	782	2004	18-24 mo.	\$187,800
		EU VARO/parking facility	EU		2002	18-24 mo.	\$0
	VACHCS - Lakeside	EU Lease Lakeside facility to Northwestern U.	EU	809,464	2002	18-24 mo.	(\$98,250,000))
		Leaseback space for acute and ambulatory care	EU (NC)	88,498	2004	TBD	\$35,288,600
	Hines	Completion of relocation of ambulatory clinics	R3	NA	In Process	24 mo.	\$8,000,000
		Renovation of acute care facility for patient toilets (Building 200)	R3	6,013	2003	12 mo.	\$1,561,200
		Renovation of SCI ward (Building 200)	R3	17,260	2004	18 mo.	\$4,145,600
		New blind rehabilitation facility	N	49,500	2004	24 mo.	\$11,199,400
		Renovation for domiciliary facility (Building 200)	R3	33,196	2005	12 mo.	\$6,834,200
		EU Lease – Parcel A	EU	6.68 acres	2002	18-24 mo.	(\$2,843,500)
		EU Lease – Parcel B	EU	7.2 acres	2002	18-24 mo.	(\$1,568,000)
	North Chicago	Renovation of acute psych wards (Building 133CA)	R1	12,000	2002	12 mo.	\$1,152,900
		Renovation of nursing home care and long-term psych wards (Building 131)	R1	53,345	2002	12 mo.	\$5,125,100
		Renovation of Building 131 for patient toilets	R3	2,020	2002	12 mo.	\$485,200
		Renovation of nursing home care ward for patient toilets (Building 134)	R3	3,060	2003	12 mo.	\$735,000
		EU outlease of real property to NTC Great Lakes	EU		2002	18-24 mo.	(\$1,725,000)
Nicor cogeneration plant		EU				\$0	
LONG-TERM	VACHCS - Lakeside	NU construction of new hospital on Lakeside site	EU		2005	24-36 mo.	\$0
	Hines	Buildings 12 & 13 demolition	D	41,792	2006	6 mo.	\$254,900

Note: Forecasted recurring annual rent costs for leased space are not capital improvement costs and are therefore not included in the implementation estimates for each SDO. Recurring lease costs are included in the overall operating cost estimates and recognized in the LCC analysis.

The combined capital requirements for implementation, and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-21. Due to the large land value of Lakeside facility, Option C has a net financial benefit of \$19.8M after implementation.

Exhibit 6-21. Capital Budget Impacts by Parent Facility – Option C

MARKET/ FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
VACHCS – West Side	\$7,973,700	\$159,500	\$0	\$0	\$8,133,200.00
VACHCS – Lakeside	\$35,288,600	\$705,800	\$0	(\$98,250,000)	(\$62,255,600)
Hines	\$31,995,300	\$639,900	\$0	(\$4,411,500)	\$28,223,700.00
North Chicago	\$7,498,200	\$150,000	\$0	(\$1,725,000)	\$5,923,200
Total	\$82,755,800.00	\$1,655,200.00	\$0.00	(\$104,386,500.00)	(\$19,975,500)

*Option D***6.5 CAR Plan – Option D****6.5.1 Overview**

The translation of Option D into the Southern Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option D to realign the Southern Market capital assets to meet the mission and demand in 2010 are as follows:

- **VACHCS—West Side** has new construction of a 98-bed acute care facility (48,662 GSF) including required support above the ambulatory care center in Building 30, providing an appropriate-sized facility in a modern environment of care. Building 30 was originally designed to support two additional floors, although mechanical systems require upgrades for the new addition. The facility includes a four Operating Room surgical suite addition (11,386 GSF) located directly adjacent to Building 30, which accesses the inpatient areas through dedicated elevators. The existing first-floor ambulatory care center remains primarily unchanged with small areas of renovation including two elevators, exit stairs, elevator lobby, and vestibule to the north (782 GSF), and a surgical suite elevator, exit stairs, and vestibule to the south.

The main hospital in Building 1 has been vacated and mothballed while pursuing an Enhanced Use or disposal opportunity. For planning purposes, the cost to mothball is incurred following the completion of the new acute care space and the transfer of any downtown workload to the new Lakeside Enhanced Use facility.

- **VACHCS—Lakeside** is released through an Enhanced Use agreement. A leaseback arrangement to maintain an ambulatory care clinic (36,880 GSF) and associated support space is required. Requirements for ancillary and support space would be combined and accommodated through sharing with Northwestern University to benefit from economies of scale. Current collocated tenants who desire to maintain a presence at the Lakeside campus would also have to be accounted for in the space allocation (see Exhibit 6-23 for current space allocations).
- **Hines VAMC** has several major capital improvement initiatives in Option D, including the renovation of several portions of the main hospital (Building 200) to upgrade the facilities and environment of care to current standards, particularly the SCI ward areas. The addition of 75 domiciliary beds in Building 1 also requires renovation and relocation of existing tenants. Additional renovations include:

Option D

- Renovation of Building 200 to include 284 acute care beds. The renovation ensures 10 percent of patient beds to have direct access to toilet rooms meeting ADA requirements. Toilet room ADA renovations total 8325 GSF.
- Addition of 75 domiciliary beds (33,196 GSF) in a renovated portion of Building 1. The renovated space comes from vacated clinic space that has been consolidated into Building 200. The renovation includes one-and two-bed rooms with attached toilet rooms, waiting/lounge/activity areas, dining, food preparation areas, and administrative rooms and support space. The renovation meets current JCAHO, ADA, and hospital and healthcare facility guidelines.
- Construct a new blind rehabilitation building on vacant land at the Hines facility to accommodate 34 beds plus required support facilities totaling 49,500 GSF. Once the new building is constructed, existing Buildings 12 and 13 are to be vacated and mothballed or demolished while pursuing an Enhanced Use or disposal opportunity.
- Renovation of initial rehabilitation SCI space in Building 200 to include a 68-bed SCI unit. The renovation includes single, double, and four-patient rooms with proper bed clearances and door sizes. Each room has direct access to a toilet to accommodate both dependent or independent bowel care and showers in either the sitting or supine position in accordance to VA guidelines. Renovation of existing ward toilet spaces is not included in the number, but could be renovated in the future for support space.
- **North Chicago VAMC** enters into a DoD-sharing arrangement for 27 VA acute medicine beds, with two wards (currently vacant) to Great Lakes Naval Hospital management for DoD healthcare. VA renovates the two remaining vacant wards to house 60 nursing home care beds. Furthermore, a portion of North Chicago’s real property land holding (e.g., golf course) are outleased to the Naval Training Center (NTC) Great Lakes for expansion. Expansion of nursing home care facilities on the North Chicago campus is also an Enhanced Use opportunity, although for planning purposes, these extended care beds are accommodated in existing facilities under VHA management. Additional renovations include:
 - Level 1 renovation of Building 133CA to include 30 acute psychiatry beds (12,000 GSF) and the installation of security and tamper-resistant hardware.
 - Level 1 renovation of Building 131 to provide for 60 NHCU beds plus 67 long-term psychiatry beds (53,345 GSF).
 - Level 3 renovation of Building 131 to provide toilet rooms for bed areas including 50 percent of NHCU beds having direct access to toilets meeting ADA requirements (2,020 GSF).
 - Level 3 renovation of Building 134 to provide toilet rooms for NHCU bed areas including 50 percent of NHCU beds having direct access to toilets meeting ADA requirements (3,060 GSF).

*Option D***6.5.2 Impact on Facility Portfolio Footprint**

The realignment of mission in Option D creates a series of construction projects as well as opportunities for Enhanced Use agreements and DoD sharing. The primary impacts on the capital assets in the Southern Market are outlined in Exhibit 6-22.

Exhibit 6-22. Portfolio Level Impacts of Option D

FACILITY	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
VA CHCS— West Side	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Ambulatory Care Clinic 	<ul style="list-style-type: none"> New construction of two floors above the ambulatory care clinic (Building 30) Building 1 is closed, mothballed, and targeted for EU or disposal opportunities
VA CHCS— Lakeside	<ul style="list-style-type: none"> Acute Medicine and Surgical services Ambulatory Care Clinic 	<ul style="list-style-type: none"> Ambulatory Care Clinic 	<ul style="list-style-type: none"> EU lease of entire Lakeside Hospital Lease back ACC
Hines	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Blind Rehab Residential Rehab Nursing Home Care Domiciliary Ambulatory Care Clinic 	<ul style="list-style-type: none"> Renovation of acute care space in main hospital (Building 200), including SCI ward to meet new demand and current space standards Renovation portions of Building 1 to house 75 domiciliary beds and relocation of any displaced services/missions Construct a new blind rehabilitation facility to upgrade to current space standards, demolish Buildings 12 and 13 EU outleasing of two underutilized parcels of land
North Chicago	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine Beds (27) Preserved Through DoD Sharing Acute Psychiatry Residential Rehab Domiciliary Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Operation of inpatient wards turned over to DoD. Renovation of acute psych wards (Building 133CA) Renovation of nursing home care and long-term psych wards (Buildings 131 & 134) EU lease of real property to NTC Great Lakes for base expansion

6.5.3 Impact on Facility Space and Utilization

The impact of the realignment of services outlined in Exhibit 6-22 drives space alterations in many existing facilities in the Southern Market. Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. The shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements would accommodate the demand in 2010 (see Exhibit 6-23).

Exhibit 6-23. VISN 12 Facility Inventory – Option D

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
VACHCS – West Side				
Acute Care	75,480	204	48,662	98
Special Disabilities	0		0	0
Extended Care	9,000	20	0	0
Other Beds	6,060	18	0	0
Ambulatory Care	156,405		110,305	
Research	56,110		56,110	
Education	3,500		3,500	
Other Space			0	
• Diagnostic & Treatment	84,165		91,054	
• Logistics/Support	87,375		65,531	
• Administration	89,190		49,054	
• Lobby	2,700		2,700	
• Common	0		0	
• Outleased	0		0	
• Swing	7,300		0	
Total Existing	577,285	242	426,916	98
Underutilized Space	114,149		0	
Vacant Space	7,840		218,257	
VACHCS – Lakeside				
Acute Care	54,818	138	0	0
Special Disabilities	0	0	0	0
Extended Care	0	0	0	0
Other Beds	0	0	0	0
Ambulatory Care	93,910		36,880	
Research	37,764		37,764	
Education	5,760		5,760	
Vacant Space			0	
• Diagnostic & Treatment	62,440		51,830	
• Logistics/Support	59,132		29,566	
• Administration	47,913		19,165	
• Lobby	1,360		1,360	
• Common	0		0	
• Outleased	4,040		0	
• Swing	8,865		0	
Total	376,002	138	182,325	0
Underutilized Space	72,481		0	
Vacant Space	36,330		0	

Option D

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Hines VAMC				
Acute Care	106,208	226	132,401	284
Special Disabilities	29,180	98	66,760	102
Extended Care	88,312	330	132,435	327
Other Beds	5,955	16	33,196	75
Ambulatory Care	226,463		119,492	
Research	247,152		247,152	
Education	57,068		57,068	
Other Space			0	
• Diagnostic & Treatment	228,733		116,317	
• Logistics/Support	259,613		168,748	
• Administration	190,670		171,603	
• Lobby	3,000		3,000	
• Common	43,404		43,404	
• Outleased	659,158		659,158	
• Swing	22,472		0	
Total	2,167,388	670	1,950,734	788
Underutilized Space	1,229,533		0	
Vacant Space	65,342		331,496	
North Chicago VAMC				
Acute Care	72,877	154	26,573	57
Special Disabilities	0	0	0	0
Extended Care	99,540	220	162,945	186
Other Beds	75,715	200	75,330	355
Ambulatory Care	155,819		68,100	
Research	35,164		35,164	
Education	6,747		6,747	
Other Space			0	
• Diagnostic & Treatment	112,272		75,402	
• Logistics/Support	178,396		115,957	
• Administration	104,089		67,657	
• Lobby	0		0	
• Common	0		0	
• Outleased	149,008		149,008	
• Swing	12,874		0	
Total	1,002,501	574	782,883	598
Underutilized Space	293,169		0	
Vacant Space	251,780		471,398	

6.5.4 Community-based Outpatient Clinic Activation

No new CBOCs are activated in Option D.

6.5.5 One VA/Non-VHA Tenant Impacts

Option D has minimal impact on the VA and non-VHA collocated tenants in the Southern Market. The predominant impacts are generated as a result of several Enhanced Use opportunities, particularly the Enhanced Use of the Lakeside Division. The addition of 75 domiciliary beds in Building 1 on the Hines campus may also cause the relocation of several collocated tenants. It is important to note that these tenants would not be driven off of the Hines campus and that the reality and magnitude of the potential impact would not be fully known until detailed architectural programming and space planning for Building 1 is conducted as part of the implementation.

- **Veteran's Benefits Administration (VBA)**
 - The VBA Data Processing Center in Building 215 on the Hines campus is not effected by Option D. Facility requirements to house and support the medical mission do not change the requirements for Building 215.
 - The VBA Compensation and Pension Exam offices on the North Chicago VAMC campus are also not effected by Option D. The continued VHA presence on the North Chicago campus supports the One VA initiative of collocation of VA services.
 - Option D does not create any impediment to the implementation of the Enhanced Use project for the VBA Regional Office/Parking Garage on the West Side, which is currently in development. Sizing of the parking structure may be reevaluated given the changing capacity of patient services.
- **National Cemetery Association (NCA)**
 - Since there are no existing NCA operations in the Southern Market, there are no NCA impacts in Option D. Furthermore, there is no identified need for capacity expansion by NCA in the Southern Market.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option D. Tenant-specific impacts are outlined in Exhibit 6-24.
- **Other Non-VHA Tenants**
 - Option D does not create any impediment to the implementation of the Enhanced Use project for the Nicor Cogeneration Plant on the North Chicago campus. The opportunities for reduced utility costs for the remaining VHA operations and their neighbors will continue to benefit the VA mission.
 - Option D has impacted non-VHA tenants currently leasing space or property from VHA in the Southern Market (see Exhibit 6-24).

Option D

Exhibit 6-24. Collocated Tenants on VISN 12 VHA Campuses – Option D

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
North Chicago		✓				VISN Product Line – MCCF	1	3	None
					✓	Lake County Homeless Program	126	1,2	None
			✓			VBA Compensation and Pension Office	135	1	None
					✓	US Navy Admin Offices – DoD	135	2	None
					✓	Illinois Dept. of VA	135	G	None
					✓	Great American Amusements - Quarters	48	1,2	None
					✓	Chicago Medical School	50	1	None
							51	1	None
							Golf Course		Potential for NTC Great Lakes to sublease a parcel of land for training facility expansion
					✓	Union Offices	64	G	None
				✓	Other Leased Space	5	1,2	None	
						3	1	None	
VA CHCS Lakeside					✓	PALM	1A	2	PALM would require lease space from EU partner to maintain Lakeside presence
					✓	Veteran Service Organizations	1	10	VSOs would require lease space from EU partner to maintain Lakeside presence
	West Side				✓	Union Offices	11A	4	None
					✓	Veteran Service Organizations	11B	1	None
Hines	✓					NAC Depot	37	1	None
			✓			VBA Data Processing Center	215	1	None
		✓				VISN 12 Administrative Offices	18	B, 1,2	None
	✓					VA Office of Inspector General	16	B, 1,2,3	None
	✓					Regional Counsel – Office of Gen. Counsel	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
	✓					VA Office of Resolution Management	1	1	Potential relocation required due to domiciliary expansion in Bldg. 1
			✓			VHA HSR&D	1	2,3	Potential relocation required due to domiciliary expansion in Bldg. 1
			✓			VHA HDQTRS's VIREC	1	3	Potential relocation required due to domiciliary expansion in Bldg. 1

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
					✓	Paralyzed Veteran's of America (PVA)	1	2	Potential relocation required due to domiciliary expansion in Bldg. 1
							200	2	Potential relocation required due to renovation in Bldg. 200.
					✓	Veteran Service Organizations	1	4	Potential relocation required due to domiciliary expansion in Bldg. 1

Source: VA Databases, VISN 12 staff

6.5.6 Enhanced Use/Disposal Opportunities

Option D creates several opportunities for Enhanced Use and/or disposition of assets. The Booz·Allen CARES team has implemented a two-pronged approach to the use of these mechanisms. The first approach uses VA's Enhanced Use authority to introduce flexibility into the options for VA's commitment to physical capacity. The second is to create opportunities for assets that currently are or will be underutilized in the future to be revitalized and contribute to VHA's mission in the future.

The Enhanced Use/disposal opportunities identified and/or supported by the CARES process for Option D are displayed in Exhibit 6-25.

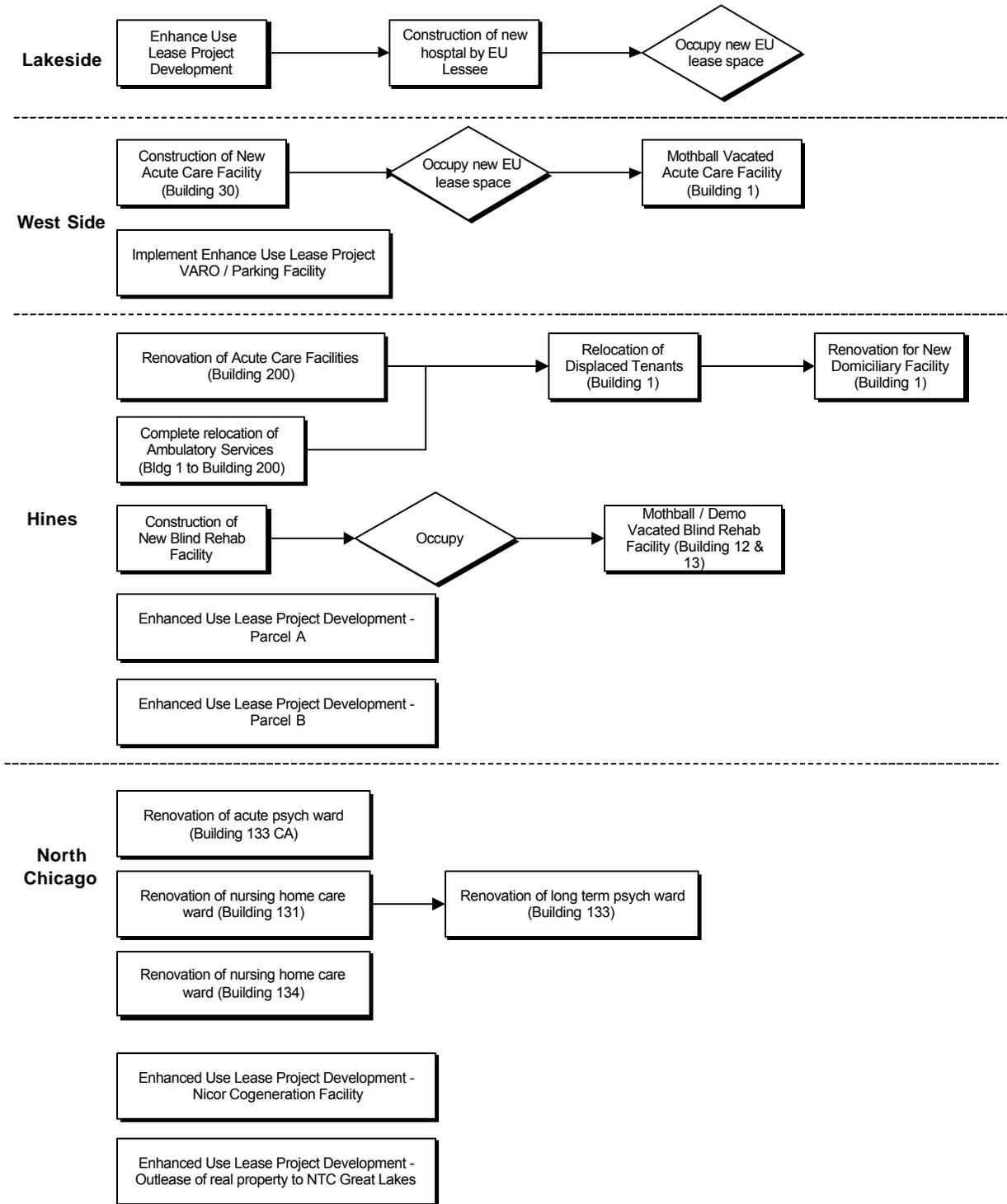
Exhibit 6-25. Enhanced Use/Disposal Opportunities – Option D

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
West Side	VARO / Parking Garage Facility	<ul style="list-style-type: none"> 96,000 SF "turn key" VA Regional Office 1,350-space garage for VA and non-VA use 2-year commitment to office and parking at below market rates 	<ul style="list-style-type: none"> Reduce VARO rent from \$45.50/SF in GSA space to \$27.50/SF Potential revenues from parking fees 	VA Initiative in process. Currently at OMB for approval
Lakeside	Enhanced Use Lease of Buildings 1 and 1A	<ul style="list-style-type: none"> Enter into lease agreement with Northwestern U. to demolish and construct new facility VHA to lease back 36,880 SF for acute and ambulatory care Based on current Class B lease rates in the North Michigan Avenue area, with estimated annual rent = \$663,840 including expenses 	<ul style="list-style-type: none"> Remove 376,002 DGSF (609,464 GSF) from VA portfolio, reducing maintenance and overhead requirements, currently totaling \$13.5M annually Land valuation ranges from \$89M to \$107.5M. The mean (\$98.25M) is used for planning purposes, less the forecast construction and interim cost based on the size of VHA operations to remain 	CARES initiative, preliminary discussions only

Option D

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
Hines	Outlease of real property – Parcel A	<ul style="list-style-type: none"> Unimproved land fronting Roosevelt Road, consisting of 6.86 (+/-) acres Strong demographics and high daytime employee population indicates retail development as highest and best use 	<ul style="list-style-type: none"> Land valuation ranges from \$2.689M to \$2.998M 	VA identified initiative, supported by CARES analysis
	Outlease of real property – Parcel B	<ul style="list-style-type: none"> Improved land with 3 vacant Buildings 50, 51, and 53 In-fill lot lacking street exposure; proper access would have to be incorporated into any site redevelopment 	<ul style="list-style-type: none"> Land valuation estimated at \$1.568M, not including cost to demolish existing structures 	VA identified initiative, supported by CARES analysis
North Chicago	Outlease of real property to NTC Great Lakes	<ul style="list-style-type: none"> 92 acres currently under lease to Finch University; the lease could be restructured at the convenience of either party of the lease agreement 	<ul style="list-style-type: none"> Total land valuation ranges from \$2.76M to \$4.14M (\$30K to \$45K per acre) Potential revenue \$1.725M for 46 acres at \$37.5K per acre 	VA identified initiative, supported by CARES analysis
	Enhanced Use Energy Center	<ul style="list-style-type: none"> 15-year Enhanced Use outlease of VA real property with NICOR Energy Solutions of Naperville, IL In exchange for the real property, NICOR will finance, design/build, operate and maintain a state-of-the-art cogeneration energy center to produce and sell energy to the VAMC NICOR will also maintain all distribution systems necessary for delivery of energy to the numerous buildings on VA property 	<ul style="list-style-type: none"> The purpose of this investment is to secure a lower cost source of energy for operation of the VAMC In exchange for the outlease of property valued at \$110,000 for construction of the plant, the developer, NICOR, has offered VA an energy service agreement that represents a savings of approximately \$13,500,000 (NPV) in recurring medical care spending over the term of the lease 	VA Initiative in process, received OMB approval

6.5.7 Conceptual Phasing for Realignment Implementation



Option D

6.5.8 Capital Project Implementation and Budget Plan

Exhibit 6-26. Project Inventory – Option D

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATE D START	ESTIMATE D DURATION	EST. VA CAPITAL REQUIREMENT (2001 \$)
IMMEDIATE	VACHCS – West Side	New acute care facility (Building 30)	NC	48,662	2004	18-24 mo.	\$15,571,800
		New 4 OR suite	NC	11,386	2004	18-24 mo.	\$3,643,500
		Renovation for surgical suite elevators, exit stairs and vestibule	R3	782	2004	18-24 mo.	\$187,800
		EU VARO/parking facility	EU		2002	18-24 mo.	\$0
	VACHCS - Lakeside	EU Lease Lakeside facility to Northwestern U.	EU	809,464	2002	18-24 mo.	(\$98,250,000)
		Leaseback space for ambulatory care	EU (NC)	36,880	2004	TBD	\$14,705,900
	Hines	Completion of relocation of ambulatory clinics	R3	NA	In Process	24 mo.	\$8,000,000
		Renovation of acute care facility for patient toilets (Building 200)	R3	8,325	2003	12 mo.	\$1,999,600
		Renovation of SCI ward (Building 200)	R3	17,260	2004	18 mo.	\$4,145,600
		New blind rehabilitation facility	N	49,500	2004	24 mo.	\$11,199,400
		Renovation for domiciliary facility (Building 200)	R3	33,196	2005	12 mo.	\$6,834,200
		EU Lease – Parcel A	EU	6.68 acres	2002	18-24 mo.	(\$2,843,500)
		EU Lease – Parcel B	EU	7.2 acres	2002	18-24 mo.	(\$1,568,000)
	North Chicago	Renovation of acute psych wards (Building 133CA)	R1	12,000	2002	12 mo.	\$1,152,900
		Renovation of nursing home care and long-term psych wards (Building 131)	R1	53,345	2002	12 mo.	\$5,125,100
		Renovation of Building 131 for patient toilets	R3	2,020	2002	12 mo.	\$485,200
		Renovation of nursing home care ward for patient toilets (Building 134)	R3	3,060	2003	12 mo.	\$735,000
		EU outlease of real property to NTC Great Lakes	EU	~ 46 acres	2002	18-24 mo.	(\$1,725,000)
		Nicor cogeneration plant	EU				\$0
	LONG-TERM	VACHCS - Lakeside	NU construction of new hospital on Lakeside site	EU		2005	24-36 mo.
Hines		Buildings 12 & 13 demolition	D	41,792	2006	6 mo.	\$254,900

Note: Forecasted recurring annual rent costs for leased space are not capital improvement costs and are therefore not included in the implementation estimates for each SDO. Recurring lease costs are included in the overall operating cost estimates and recognized in the LCC analysis.

The combined capital requirements for implementation and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-27. Due to the large land value of Lakeside facility, Option D has a net financial benefit of \$28.7M after implementation.

Exhibit 6-27. Capital Budget Impacts by Parent Facility – Option D

MARKET/ FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
VACHCS – West Side	\$19,403,100	\$388,100	\$0	\$0	\$19,791,200.00
VACHCS – Lakeside	\$14,705,900	\$294,100	\$0	(\$98,250,000)	(\$83,250,000)
Hines	\$32,433,700	\$648,700	\$0	(\$4,411,500)	\$28,670,900.00
North Chicago	\$7,498,200	\$150,000	\$0	(\$1,725,000)	\$5,923,200
Total	\$74,040,900.00	\$1,480,900.00	\$0.00	(\$104,386,500.00)	(\$28,864,700)

*Option E***6.6 CAR Plan – Option E****6.6.1 Overview**

The translation of Option E into the Central Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option E to realign the Central Market capital assets to meet the mission and demand in 2010 are as follows:

- **Milwaukee VAMC** renovates its existing patient care facilities to accommodate acute patient care, domiciliary, and nursing home beds. Expansion of nursing home care facilities on the Milwaukee campus is also an Enhanced Use opportunity, although for planning purposes, these extended care beds are accommodated in existing facilities under VHA management.
 - Renovation of Building 111 to include 82 acute care beds (22,361 GSF). The renovation includes the addition of toilet rooms, 10 percent of which meet ADA requirements, and the reconfiguration of patient rooms. Patient rooms have direct access to toilet rooms without entering the corridor.
 - Renovation of Building 111 to include 80 NHC beds (21,816 GSF). The renovation includes the addition of toilet rooms and reconfiguration of bed areas. The renovation also provides that 10 percent of the beds have toilet rooms meeting ADA requirements.
 - Renovation of the initial rehabilitation SCI on the 10th floor in Building 111 to include 19 beds on existing SCI ward. The clinic on 10C would need to be relocated according to a facility master plan to achieve the 38 required beds on the same floor. The renovation includes single, double, and four-patient rooms with proper bed clearances and door sizes. Each room has direct access to a toilet to accommodate both dependent or independent bowel care and showers in either the sitting or supine position, in accordance to VA guidelines. Support space will need to be renovated to accommodate some of the therapy and teaching requirements.
 - Ward A renovation = 6,400 SF
 - Ward C renovation = 20,800 SF (½Level 3 and ½Level 2)
 - Tenth floor total renovation = 27,200 SF
- **Madison VAMC** is released through an Enhanced Use agreement to the University of Wisconsin-Madison. A lease-back arrangement for 44 acute care beds (20,513 GSF) and

nine RRTP beds (4,196 GSF) is needed to continue providing acute and rehabilitative patient care, and 50,673 GSF is also needed to house the ambulatory care center. It is assumed that ancillary and support space would be planned and shared jointly with the university. Any collocated tenants who desire to maintain a presence at the Madison campus would also need to be included in the Enhanced Use agreement.

- **Tomah VAMC** renovates existing facilities to continue providing acute medicine and psychiatric beds, residential rehabilitation, long-term psychiatry, and nursing home. Projects include:
 - Renovation of eight medical/surgical beds in Building 400, second floor (3,500 SF). The renovation involves bringing 10 percent of the toilets up to the ADA accessibility guidelines, and creating toilet access directly from the patient room without the patient entering the corridor.
 - Renovation of seven mental health beds in Building 408 (2,400 SF). The renovation allows the rooms to hold the maximum of two patients in each and bringing 10 percent of the toilets up to the ADA accessibility guidelines, and creating toilet access directly from the patient room without the patient entering the corridor.
 - Renovation of 45 psychiatric rehabilitation beds in Building 404 (first floor = 5,710 SF; second floor = 3,510 SF). The renovation will provide patient access to toilet rooms without entering the general corridor; 10 percent of the toilets must be ADA accessible.
 - Renovation of Buildings 402, 403, and 406 to provide 157 nursing home beds. This number will bring the patient rooms up to current codes, including: residents have access to a toilet room directly from their room; 50 percent of the toilets must be ADA-compliant; all rooms must have space to manipulate a wheelchair; and isolation rooms must be dependent on risk assessment.
 - Resident support areas including rehabilitation therapy to be provided in the buildings.
 - Building 402, first floor = 9,240 SF
 - Building 403, first floor = 7,010 SF
 - Building 403, second floor = 7,010 SF
 - Building 406, first floor = 7,010 SF
 - Building 406, second floor = 7,010 SF
 - NHC Total = 37,280 SF
- CBOCs are activated in Green Bay, WI; Wisconsin Rapids, WI; and Freeport, IL.

6.6.2 Impact on Facility Portfolio Footprint

The realignment of mission in Option E creates a series of construction projects as well as opportunities for Enhanced Use agreements. The primary impacts on the capital assets in the Central Market are outlined in Exhibit 6-28.

Option E

Exhibit 6-28. Portfolio Level Impacts of Option E

FACILITY	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
Milwaukee	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Domiciliary Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery, and Psychiatry SCI Domiciliary Nursing Home Care Ambulatory Care Clinic New CBOC in Green Bay 	<ul style="list-style-type: none"> Renovation of acute care ward (Building 111) Renovation of Spinal Cord Injury wards A and C (Building 111) Renovation of 80 nursing home care beds (Building 111)
Madison	<ul style="list-style-type: none"> Acute Medicine and Surgical Services Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine and Surgical Services Residential Rehab Ambulatory Care Clinic New CBOC in Freeport 	<ul style="list-style-type: none"> EU Lease of entire Madison Hospital Lease back acute and RRTP beds and ACC
Tomah	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic New CBOC in Wisconsin Rapids 	<ul style="list-style-type: none"> Renovation of med/surg ward (Building 400) Renovation of mental health ward (Building 408) Renovation of psych rehab beds (Building 404) Renovation of nursing home care (Buildings 402, 403, and 406)

6.6.3 Impact on Facility Space and Utilization

The impact of the realignment of services outlined in Exhibit 6-28 drives space alterations in many existing facilities in the Central Market. Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. Exhibit 6-29 displays the shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements to accommodate the demand in 2010.

Exhibit 6-29. VISN 12 Facility Inventory – Option E

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Milwaukee VAMC				
Acute Care	81,524	154	38,500	82
Special Disabilities	20,547	38	27,200	38
Extended Care	53,339	127	39,960	80
Other Beds	152,317	383	152,317	318
Ambulatory Care	235,050		88,051	
Research	44,227		44,227	
Education	11,000		11,000	
Other Space			0	
• Diagnostic & Treatment	120,382		92,287	
• Logistics/Support	196,806		127,924	
• Administration	105,200		68,380	
• Lobby	4,000		4,000	
• Common	0		0	
• Outleased	29,674		29,674	
• Swing	16,334		0	
Total	1,070,400	702	723,520	518
Underutilized Space	166,946		0	
Vacant Space	156,448		503,328	
Madison VAMC				
Acute Care	47,244	100	20,513	44
Special Disabilities	0	0	0	0
Extended Care	4,812	12	4,196	9
Other Beds	23,072	61	0	0
Ambulatory Care	102,583		50,673	
Research	28,824		28,824	
Education	2,580		2,580	
Vacant Space			0	
• Diagnostic & Treatment	57,295		54,041	
• Logistics/Support	68,158		44,303	
• Administration	44,700		29,055	
• Lobby	1,500		1,500	
• Common	0		0	
• Outleased	20,810		20,810	
• Swing	8,500		0	
Total	410,078	173	256,495	53
Underutilized Space	38,571		0	0
Vacant Space	0		0	0

Option E

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Tomah VAMC				
Acute Care	36,336	91	5,670	15
Special Disabilities	0	0	0	0
Extended Care	101,782	245	88,074	233
Other Beds		0	0	0
Ambulatory Care	34,327		34,756	
Research	562		562	
Education	7,330		7,330	
Other Space			0	
• Diagnostic & Treatment	40,454		26,313	
• Logistics/Support	132,721		53,088	
• Administration	52,192		33,924	
• Lobby	2,000		2,000	
• Common	0		0	
• Outleased	31,648		31,648	
• Swing	9,102		0	
Total Existing	448,454	336	283,365	248
Underutilized Space	96,881		0	0
Vacant Space	16,739		181,828	0

6.6.4 Community-based Outpatient Clinic Activation

As noted in the Option E service delivery description, three additional CBOCs are recommended for activation in the Central Market. Estimates for space requirements are based upon the average existing CBOC size and geographic area to be served. Actual size will have to be determined during activation planning and consistent with VHA Directive 96-049, *Veterans Health Administration Policy for Planning and Activating Community-based Outpatient Clinics*, and other applicable policies. For planning purposes, it is assumed that any space alterations or buildout required to the lease space would be amortized into the rent through tenant improvement allowances. The recurring annual cost estimates for these CBOCs are outlined in Exhibit 6-30 below.

Exhibit 6-30. CBOC Activation Inventory – Option E

LOCATION	PARENT FACILITY	SERVICES PROVIDED	EST. SQUARE FEET REQUIRED	LOCAL LEASE RATES	ANNUAL RENT COST
Green Bay WI	Milwaukee VAMC	Primary Care	4,000	\$12-\$15 (Class B)	\$60,000
Wisconsin Rapids, WI	Madison VAMC	Primary Care	3,000	\$11-14 (Class B)	\$42,000
Freeport, IL	Madison VAMC	Primary Care	2,500	\$11-14 (Class B)	\$35,000

6.6.5 One VA/Non-VHA Tenant Impacts

Option E has minimal impact on the VA and non-VHA collocated tenants in the Central Market. The predominant impacts are generated as a result of the Enhanced Use proposal for Madison.

- **Veteran’s Benefits Administration (VBA)**
 - The VBA Regional Office on the campus of Milwaukee VAMC is not effected by Option E. The continued VHA presence on the Milwaukee campus supports the One VA initiative of collocation of VA services.
- **National Cemetery Association (NCA)**
 - The NCA cemetery on the Milwaukee VAMC campus is unaffected by Option E. This facility is full and is not identified for capacity expansion at this time.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option D. Tenant-specific impacts are outlined in Exhibit 6-31.
- **Other Non-VHA Tenants**
 - Non-VHA tenants, particularly DoD, Wisconsin Department of Veterans Affairs, and the Veteran Service Organizations are unaffected by Option E. However, the union offices at the Madison facility may be impacted as a result of the transition of staffing and management of the Madison operations to the University of Wisconsin.
 - The impacts of Option E on non-VHA tenants currently leasing space or property from VHA in the Central Market are outlined in Exhibit 6-31.

Exhibit 6-31. Collocated Tenants on VISN 12 Central Market VHA Campuses – Option E

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
Milwaukee VAMC				✓		NCA Cemetery			None
			✓			VBA Regional Office	6	1	None
	✓					District Counsel – Office of Gen. Counsel	6	2	None
					✓	WI Dept. of VA	6	3	None
			✓			VHA Policy and Planning	70	1	None
					✓	Defense Logistics Agency – DoD	70	2	None
					✓	Veteran Service Organizations	6	2	None
					70		1	None	
Madison VAMC					✓	University of Wisconsin	1	3, 7, G	None
					✓	Union Offices	1	G	Potential impact due to EU lease.

Option E

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
Tomah VAMC					✓	Veterans Assistance Center – WI Dept. of VA	407	1, 2	None
					✓	AFGE Union	25	1	None
					✓	Veteran Service Organizations	400	1	None
							403	1	None

Source: VA Databases, VISN 12 staff

6.6.6 Enhanced Use/Disposal Opportunities

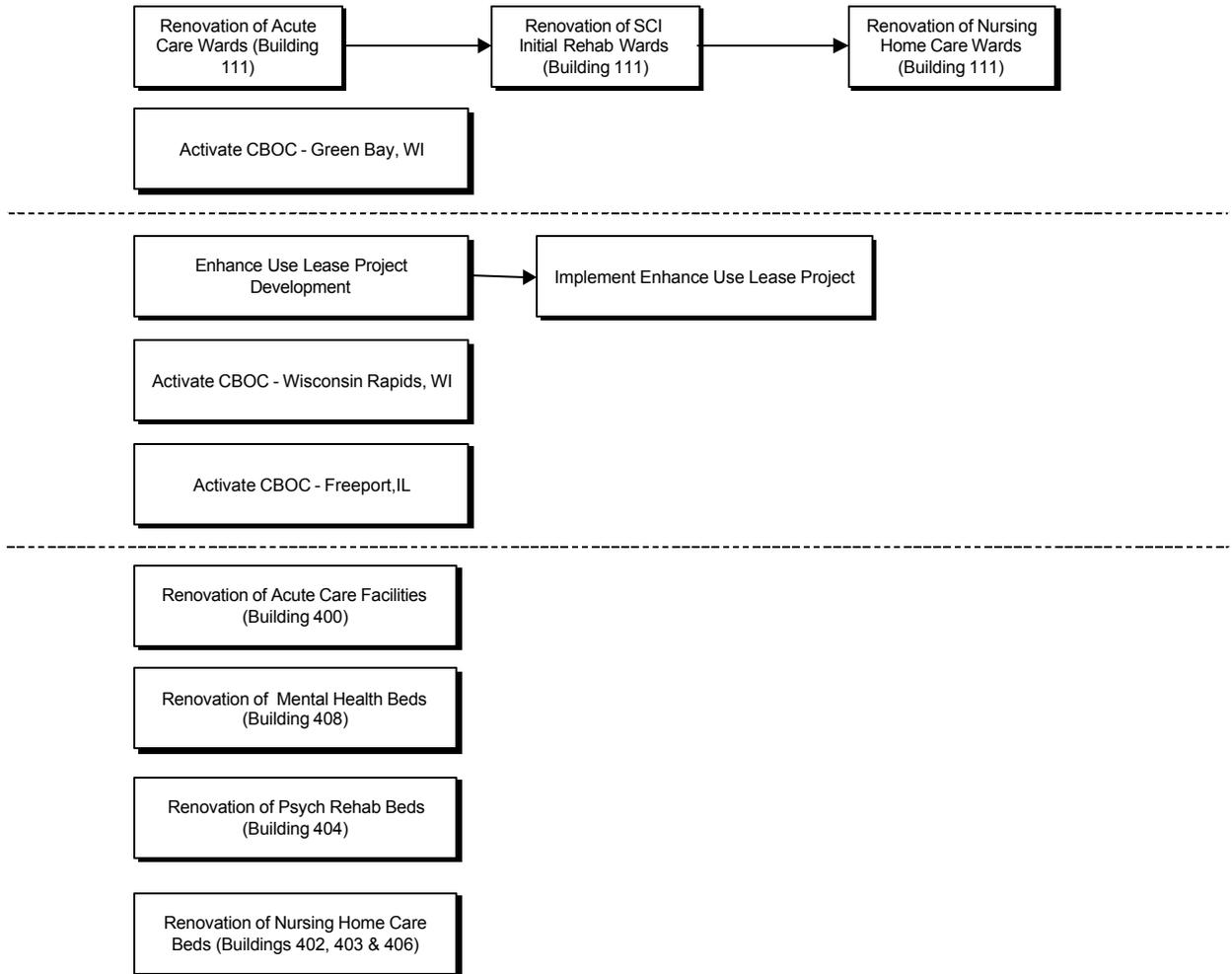
Option E creates several opportunities for Enhanced Use and/or disposition of assets. The Booz·Allen CARES team has used a two-pronged approach in evaluating opportunities for Enhanced Use or disposal. The first uses VA’s Enhanced Use authority to introduce flexibility into the options for VA’s commitment to physical capacity. The second is to create opportunities for assets that currently are or will be underutilized in the future to be revitalized and contribute to VHA’s mission in the future. Both of these methods are applied with conscious consideration of the location, marketability, and current market conditions in each locale.

The Enhanced Use opportunities identified and/or supported by the CARES process for Option E are as shown in Exhibit 6-32.

Exhibit 6-32. Enhance Use/Disposal Opportunities – Option E

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
Milwaukee	None			
Madison	EU lease of entire Madison VAMC facility	<ul style="list-style-type: none"> Enter into lease agreement with UW-Madison. VHA to lease back 50,673 SF for acute, RRTP, and ambulatory care Based on current Class B lease rates in the Madison area, estimated annual rent = \$684,086 including expenses 	<ul style="list-style-type: none"> Remove 410,078 DGSF (618,517 GSF) from VA portfolio, reducing maintenance and overhead requirements, currently totaling \$10.1M annually Valuation estimates for Madison VAMC equal \$47M 	CARES initiative, preliminary discussions only
Tomah	None			

6.6.7 Conceptual Phasing for Realignment Implementation



Option E

6.6.8 Capital Project Implementation and Budget Plan

Exhibit 6-33. Project Inventory – Option E

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATED START	ESTIMATED DURATION	EST. VA CAPITAL REQUIREMENT (2001 \$)
IMMEDIATE	Milwaukee	Renovation of acute care wards (Building 111)	R3	22,361	2002	12 mo.	\$5,062,500
		Renovation of SCI Ward A (Building 111)	R3	6,400	2003	12 mo.	\$1,449,000
		Renovation of SCI Ward C (Building 111)	R3	10,400	2004	12 mo.	\$2,354,600
			R2	10,400			\$1,569,800
		Renovation of nursing home care wards (Building 111)	R3	21,816	2005	12 mo.	\$4,939,100
	Activate CBOC – Green Bay, WI	L	4,000	2004	12 mo.	\$0	
	Madison	Enhanced Use Lease of Madison VAMC facility	EU	618,517	2002	24 mo.	(\$47,000,000)
		Leaseback space for acute, extended and ambulatory care	EU (R3)	50,673	2004	TBD	\$10,554,600
		Activate CBOC – Wisconsin Rapids, WI	L	3,000	2004	12 mo.	\$0
		Activate CBOC – Freeport, IL	L	2,500	2004	12 mo.	\$0
	Tomah	Renovation of acute care ward (Building 400)	R3	3,500	2003	12 mo.	\$792,400
		Renovation of mental health ward (Building 408)	R3	2,400	2003	12 mo.	\$543,400
		Renovation of psych rehab ward (Building 404)	R3	9,220	2003	12 mo.	\$2,087,400
		Renovation of nursing home care wards (Buildings 402, 403, & 406)	R3	37,280	2003	18 mo.	\$8,440,200
LONG-TERM							

Note: Forecasted recurring annual rent costs for leased space are not capital improvement costs and are therefore not included in the implementation estimates for each SDO. Recurring lease costs are included in the overall operating cost estimates and recognized in the LCC analysis.

The combined capital requirements for implementation, and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-34. Due to the market value of Madison facility, Option E has a net financial benefit of \$8.5M after implementation.

Exhibit 6-34. Capital Budget Impacts by Parent Facility – Option E

FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION*	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
Milwaukee	\$15,375,000	\$307,500	\$0	\$0	\$15,682,500.00
Madison	\$10,554,600	\$211,100	\$0	(\$47,000,000)	(\$36,234,300.00)
Tomah	\$11,863,400	\$237,300	\$0	\$0	\$12,100,700.00
Total	\$37,793,000.00	\$755,900.00	\$0	(\$47,000,000)	(\$8,451,100.00)

*Note: Construction cost estimates include allowances for design, furnishings and furniture, major equipment, and area cost factors. Supporting cost estimate data are included in report appendices.

6.7 CAR Plan – Option F

6.7.1 Overview

The translation of Option F into the Central Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option F to realign the Central Market capital assets to meet the mission and demand in 2010 are as follows:

- **Milwaukee VAMC** renovates its existing patient care facilities to accommodate acute patient care, domiciliary, and nursing home beds. Expansion of nursing home care facilities on the Milwaukee campus is also an Enhanced Use opportunity, although for planning purposes, these extended care beds are accommodated in existing facilities under VHA management.
 - Renovation of Building 111 is to include 101 acute care beds (27,600 GSF). The renovation includes the addition of toilet rooms, 10 percent of which meet ADA requirements, and the reconfiguration of patient rooms. Patient rooms have direct access to toilet rooms without entering the corridor.
 - Renovation of Building 111 is to include 80 NHC beds (21,816 GSF). The renovation includes the addition of toilet rooms and reconfiguration of bed areas. The renovation also provides that 10 percent of the beds have toilet rooms meeting ADA requirements.
 - Renovation of the initial rehabilitation SCI on the 10th floor in Building 111 to include 19 beds on existing SCI ward. The clinic on 10C would need to be relocated according to a facility master plan to achieve the 38 required beds on the same floor. The renovation includes single, double, and four-patient rooms with proper bed clearances and door sizes. Each room has direct access to a toilet to accommodate both dependent or independent bowel care and showers in either the sitting or supine position in accordance to VA guidelines. Support space will need to be renovated to accommodate some of the therapy and teaching requirements.
 - Ward A renovation = 6,400 SF
 - Ward C renovation = 20,800 SF (½Level 3 and ½Level 2)
 - Tenth floor total renovation = 27,200 SF
- **Madison VAMC** is released through an Enhanced Use agreement to the University of Wisconsin-Madison. A lease-back arrangement for 62 acute care beds (23,436 GSF) and

Option F

nine RRTP beds (4,196 GSF) is needed to continue providing acute and rehabilitative patient care, and (50,673 GSF) is also needed to house the ambulatory care center. It is assumed that ancillary and support space would be planned and shared jointly with the university. Any collocated tenants who desire to maintain a presence at the Madison campus would also need to be included in the Enhanced Use agreement.

- **Tomah VAMC** renovates existing facilities to continue providing acute medicine and psychiatric beds, residential rehabilitation, long-term psychiatry, and nursing home. Projects include:
 - Renovation of eight medical/surgical beds in Building 400, second floor (3,500 SF). The renovation involves bringing 10 percent of the toilets up to ADA accessibility guidelines, and creating toilet access directly from the patient room without the patient entering the corridor.
 - Renovation of seven mental health beds in Building 408 (2,400 SF). The renovation allows the rooms to hold a maximum of two patients in each and bringing 10 percent of the toilets up to the ADA accessibility guidelines, and creating toilet access directly from the patient room without the patient entering the corridor.
 - Renovation of 45 psychiatric rehabilitation beds in Building 404 (first floor = 5,710 SF; second floor = 3,510 SF), provides patient access to toilet rooms without entering the general corridor; 10 percent of the toilets must be ADA-accessible.
 - Renovation of Buildings 402, 403, and 406 to provide 157 nursing home beds. This number will bring the patient rooms up to current codes, including residents: have access to a toilet room directly from their room; 50 percent of the toilets must be ADA-compliant; all rooms must have adequate space to manipulate a wheelchair; isolation rooms must be dependent on risk assessment.
 - Resident support areas including rehabilitation therapy are to be provided in the buildings.
 - Building 402, first floor = 9,240 SF
 - Building 403, first floor = 7,010 SF
 - Building 403, second floor = 7,010 SF
 - Building 406, first floor = 7,010 SF
 - Building 406, second floor = 7,010 SF
 - NHC Total = 37,280 SF
- CBOCs are activated in Green Bay, WI; Wisconsin Rapids, WI; and Freeport, IL.

6.7.2 Impact on Facility Portfolio Footprint

The realignment of mission in Option F creates a series of construction projects as well as opportunities for Enhanced Use agreements. The primary impacts on the capital assets in the Central Market are outlined in Exhibit 6-35.

Exhibit 6-35. Portfolio Level Impacts of Option F

FACILITY	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
Milwaukee	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Domiciliary Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery, and Psychiatry SCI Domiciliary Nursing Home Care Ambulatory Care Clinic New CBOC in Green Bay 	<ul style="list-style-type: none"> Renovation of acute care ward (Building 111) Renovation of spinal cord injury Wards A and C (Building 111) Renovation of nursing home care wards (Building 111)
Madison	<ul style="list-style-type: none"> Acute Medicine and Surgical Services Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine and Surgical Services Residential Rehab Ambulatory Care Clinic New CBOC in Freeport 	<ul style="list-style-type: none"> EU Lease of entire Madison Hospital Lease back acute beds, RRTP and ACC
Tomah	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic New CBOC in Wisconsin Rapids 	<ul style="list-style-type: none"> Renovation of med/surg ward (Building 400) Renovation of mental health ward (Building 408) Renovation of psych rehab beds (Building 404) Renovation of nursing home care (Buildings 402, 403, and 406)

6.7.3 Impact on Facility Space and Utilization

The impact of the realignment of services as outlined in Exhibit 6-35 drives space alterations in many existing facilities in the Central Market. Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. Exhibit 6-36 displays the shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements to accommodate the demand in 2010.

Option F

Exhibit 6-36. VISN 12 Facility Inventory – Option F

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Milwaukee VAMC				
Acute Care	81,524	154	57,267	101
Special Disabilities	20,547	38	27,200	38
Extended Care	53,339	127	39,960	80
Other Beds	152,317	383	128,790	318
Ambulatory Care	235,050		101,458	
Research	44,227		44,227	
Education	11,000		11,000	
Other Space				
• Diagnostic & Treatment	120,382		126,127	
• Logistics/Support	196,806		127,924	
• Administration	105,200		68,380	
• Lobby	4,000		4,000	
• Common	0		0	
• Outleased	29,674		29,674	
• Swing	16,334		0	
Total	1,070,400	702		537
Underutilized Space	166,946		0	
Vacant Space	156,448		468,401	
Madison VAMC				
Acute Care	54,818	100	32,810	62
Special Disabilities	0	0	0	0
Extended Care	4,812	12	4,196	9
Other Beds	23,072	61	0	0
Ambulatory Care	102,583		59,179	
Research	28,824		28,824	
Education	2,580		2,580	
Vacant Space			0	
• Diagnostic & Treatment	57,295		36,677	
• Logistics/Support	68,158		44,303	
• Administration	44,700		29,055	
• Lobby	1,500		1,500	
• Common	0		0	
• Outleased	20,810		20,810	
• Swing	8,500		0	
Total	410,078	173	259,934	71
Underutilized Space	38,571		0	
Vacant Space	0		0	

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Tomah VAMC				
Acute Care	36,336	91	5,670	15
Special Disabilities	0	0	0	0
Extended Care	101,782	245	88,074	233
Other Beds		0	0	0
Ambulatory Care	34,327		29,866	
Research	562		562	
Education	7,330		7,330	
Other Space			0	
• Diagnostic & Treatment	40,454		13,456	
• Logistics/Support	132,721		53,088	
• Administration	52,192		33,924	
• Lobby	2,000		2,000	
• Common	0		0	
• Outleased	31,648		31,648	
• Swing	9,102		0	
Total Existing	448,454	336	265,618	248
Underutilized Space	96,881		0	
Vacant Space	16,739		199,575	

6.7.4 Community-based Outpatient Clinic Activation

As noted in the Option E service delivery description, three additional CBOCs are recommended for activation in the Central Market. Estimates for space requirements are based upon the average existing CBOC size and geographic area to be served. Actual size will need to be determined during activation planning and consistent with VHA Directive 96-049, *Veterans Health Administration Policy for Planning and Activating Community Based Outpatient Clinics*, and other applicable policies. For planning purposes, it is assumed that any space alterations or buildout required to the lease space would be amortized into the rent through tenant improvement allowances. The recurring annual cost estimates for these CBOCs are outlined in Exhibit 6-37 below.

Exhibit 6-37. CBOC Activation Inventory – Option F

LOCATION	PARENT FACILITY	SERVICES PROVIDED	EST. SQUARE FEET REQUIRED	LOCAL RENTAL RATES	ANNUAL RENT COST
Green Bay WI	Milwaukee VAMC	Primary Care	4,000	\$12-\$15 (Class B)	\$60,000
Wisconsin Rapids, WI	Madison VAMC	Primary Care	3,000	\$11-14 (Class B)	\$42,000
Freeport, IL	Madison VAMC	Primary Care	2,500	\$11-14 (Class B)	\$35,000

*Option F***6.7.5 One VA/Non-VHA Tenant Impacts**

Option F has minimal impact on the VA and non-VHA collocated tenants in the Central Market. The predominant impacts are generated as a result of the Enhanced Use proposal for Madison.

- **Veteran’s Benefits Administration (VBA)**
 - The VBA Regional Office on the campus of Milwaukee VAMC is not effected by Option F. The continued VHA presence on the Milwaukee campus supports the One VA initiative of collocation of VA services.
- **National Cemetery Association (NCA)**
 - The NCA cemetery on the Milwaukee VAMC campus is unaffected by Option F. This facility is full and is not identified for capacity expansion at this time.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option D. Tenant-specific impacts are outlined in Exhibit 6-38.
- **Other Non-VHA Tenants**
 - Non-VHA tenants, particularly DoD, Wisconsin Department of Veterans Affairs and the Veteran Service Organizations are unaffected by Option F. However, the union offices at the Madison facility may be impacted as a result of the transition of staffing and management of the Madison operations to UW.
 - The impacts of Option F on non-VHA tenants currently leasing space or property from VHA in the Central Market (see Exhibit 6-38).

Exhibit 6-38. Collocated Tenants on VISN 12 Central Market VHA Campuses – Option F

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
Milwaukee VAMC				✓		NCA Cemetery			None
			✓			VBA Regional Office	6	1	None
	✓					District Counsel – Office of Gen. Counsel	6	2	None
					✓	WI Dept. of VA	6	3	None
		✓				VHA Policy and Planning	70	1	None
					✓	Defense Logistics Agency – DoD	70	2	None
					✓	Veteran Service Organizations	6	2	None
						70	1	None	
Madison VAMC					✓	University of Wisconsin	1	3, 7, G	None
					✓	Union Offices	1	G	Potential impact due to EU lease.

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
Tomah VAMC					✓	Veterans Assistance Center – WI Dept. of VA	407	1, 2	None
					✓	AFGE Union	25	1	None
					✓	Veteran Service Organizations	400	1	None
							403	1	None

Source: VA Databases, VISN 12 staff

6.7.6 Enhanced Use/Disposal Opportunities

Option F creates several opportunities for Enhanced Use and/or disposition of assets. The Booz·Allen CARES team has used a two-pronged approach in evaluating opportunities for Enhanced Use or disposal. The first uses VA’s Enhanced Use authority to introduce flexibility into the options for VA’s commitment to physical capacity. The second approach creates opportunities for assets that currently are or will be underutilized in the future to be revitalized and contribute to VHA’s mission in the future. Both of these methods are applied with conscious consideration of the location, marketability, and current market conditions in each locale.

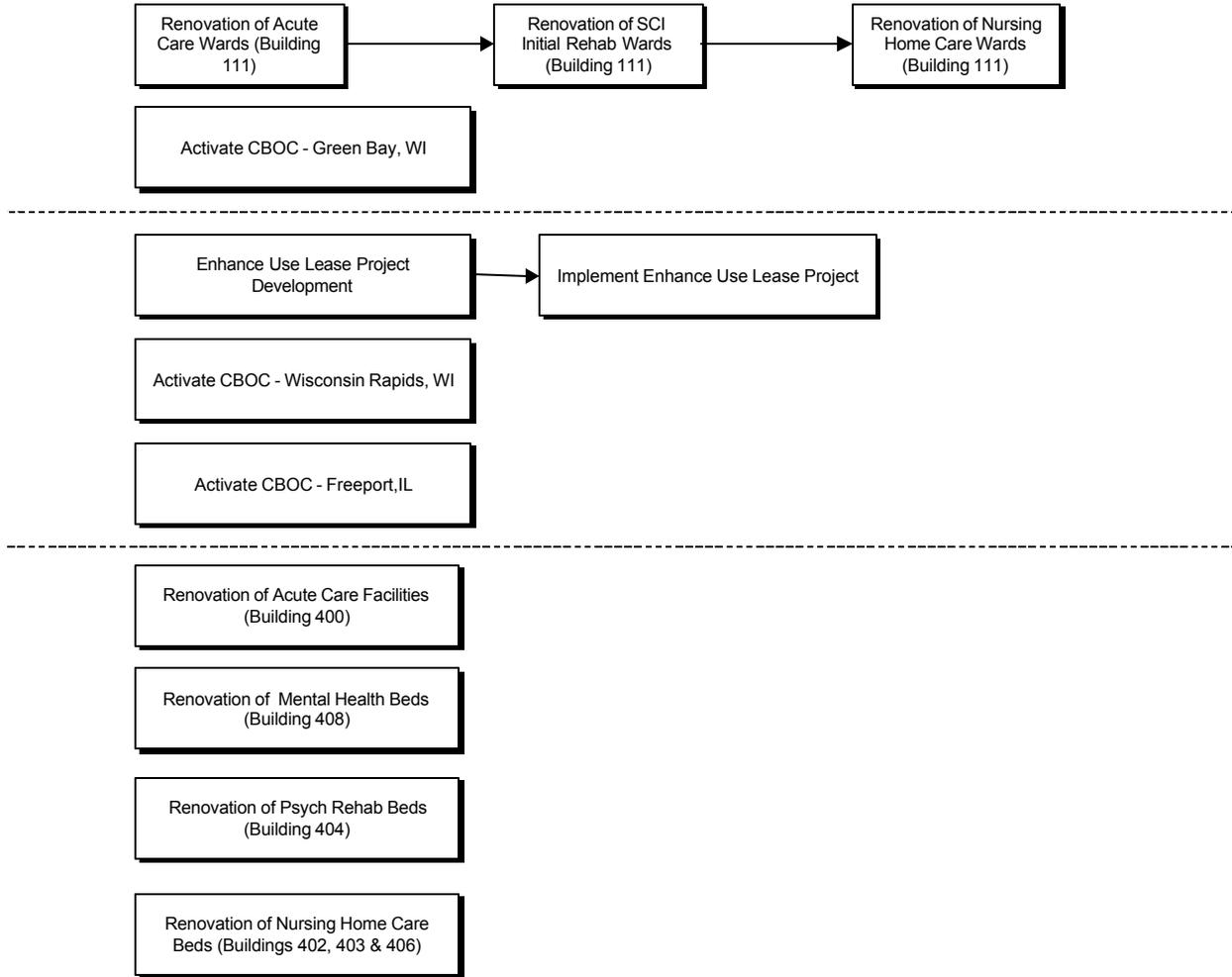
The Enhanced Use opportunities identified and/or supported by the CARES process for Option F are shown in Exhibit 6-39.

Exhibit 6-39. Enhanced Use/Disposal Opportunities – Option F

FACILITY	PROJECT	DESCRIPTION	POTENTIAL REVENUE / COST AVOIDANCE	STATUS
Milwaukee	None			
Madison	EU lease of entire Madison VAMC facility	<ul style="list-style-type: none"> Enter into lease agreement with UW-Madison VHA to lease back 86,811 SF for acute, RRTP and ambulatory care Based on current Class B lease rates in the Madison area, estimated annual rent = \$1,171,949 including expenses 	<ul style="list-style-type: none"> Remove 410,078 DGSF (618,517 GSF) from VA portfolio, reducing maintenance and overhead requirements, currently totaling \$10.1M annually Valuation estimates for Madison VAMC equal \$47M 	CARES initiative, preliminary discussions only
Tomah	None			

Option F

6.7.7 Conceptual Phasing for Realignment Implementation



6.7.8 Capital Project Implementation and Budget Plan

Exhibit 6-40. Project Inventory – Option F

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATED START	ESTIMATED DURATION	EST. VA CAPITAL REQUIREMENT (2001 \$)
IMMEDIATE	Milwaukee	Renovation of acute care wards (Building 111)	R3	27,600	2002	12 mo.	\$6,248,600
		Renovation of SCI Ward A (Building 111)	R3	6,400	2003	12 mo.	\$1,449,000
		Renovation of SCI Ward C (Building 111)	R3	10,400	2004	12 mo.	\$2,354,600
			R2	10,400			\$1,569,800
		Renovation of nursing home care wards (Building 111)	R3	21,816	2005	12 mo.	\$4,939,100
	Activate CBOC – Green Bay, WI	L	4,000	2004	12 mo.	\$0	
	Madison	EU lease of Madison VAMC facility	EU	618,517	2002	24 mo.	(\$47,000,000)
		Leaseback space for acute, RRTP and ambulatory care	EU (R3)	86,811	2004	TBD	\$19,654,000
		Activate CBOC – Wisconsin Rapids, WI	L	3,000	2004	12 mo.	\$0
		Activate CBOC – Freeport, IL	L	2,500	2004	12 mo.	\$0
	Tomah	Renovation of acute care ward (Building 400)	R3	3,500	2003	12 mo.	\$792,400
		Renovation of mental health ward (Building 408)	R3	2,400	2003	12 mo.	\$543,400
		Renovation of psych rehab ward (Building 404)	R3	9,220	2003	12 mo.	\$2,087,400
		Renovation of nursing home care wards (Buildings 402, 403, & 406)	R3	37,280	2003	18 mo.	\$8,440,200

Note: Forecasted recurring annual rent costs for leased space are not capital improvement costs and are therefore not included in the implementation estimates for each SDO. Recurring lease costs are included in the overall operating cost estimates and recognized in the LCC analysis.

The combined capital requirements for implementation and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-41. Due to the market value of Madison facility, Option E has a net financial benefit of \$2.0M after implementation.

Exhibit 6-41. Capital Budget Impacts by Parent Facility – Option F

FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION*	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
Milwaukee	\$16,561,100	\$331,200	\$0	\$0	\$16,892,300.00
Madison	\$19,654,000	\$393,100	\$0	(\$47,000,000)	(\$26,952,900.00)
Tomah	\$11,863,400	\$237,300	\$0	\$0	\$12,100,700.00
Total	\$48,078,500.00	\$961,600.00	\$0	(\$47,000,000)	\$2,040,100

**Note: Construction cost estimates include allowances for design, furnishings and furniture, major equipment, and area cost factors. Supporting cost estimate data are included in report appendices.*

*Option G***6.8 CAR Plan – Option G****6.8.1 Overview**

The translation of Option G into the Central Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option G to realign the Central Market capital assets to meet the mission and demand in 2010 are as follows:

- **Milwaukee VAMC** renovates its existing patient care facilities to accommodate acute patient care, domiciliary, and nursing home beds. Expansion of nursing home care facilities on the Milwaukee campus is also an Enhanced Use opportunity, although for planning purposes, these extended care beds are accommodated in existing facilities under VHA management.
 - Renovation of building 111 is to include 101 acute care beds (27,600 GSF). The renovation includes the addition of toilet rooms, 10 percent of which meet ADA requirements, and the reconfiguration of patient rooms. Patients have direct access to toilet rooms without entering the corridor.
 - Renovation of Building 111 is to include 80 NHC beds (21,816 GSF). The renovation includes the addition of toilet rooms and reconfiguration of bed areas. The renovation also provides that 10 percent of the beds have toilet rooms meeting ADA requirements.
 - Renovation of the initial rehabilitation SCI on the 10th floor in Building 111 is to include 19 beds on existing SCI ward. The clinic on 10C would need to be relocated according to a facility master plan to achieve the 38 required beds on the same floor. The renovation includes single, double, and four-patient rooms with proper bed clearances and door sizes. Each room has direct access to a toilet to accommodate both dependent or independent bowel care and showers in either the sitting or supine position in accordance to VA guidelines. Support space will need to be renovated to accommodate some of the therapy and teaching requirements.
 - Ward A renovation = 6,400 SF
 - Ward C renovation = 20,800 SF (½Level 3 and ½Level 2)
 - Tenth floor total renovation = 27,200 SF
- **Madison VAMC** is retained under VHA management in Option G. Renovation and correction projects are to house the services required in 2010 and include:

Option G

- Renovation of Building 1 to include 62 acute care beds (17,400 GSF). The renovation includes the addition of toilet rooms, 10 percent of which meet ADA requirements, and the reconfiguration of patient rooms. Patient rooms have direct access to toilet rooms without entering the corridor.
- Renovation of Building 1 is to include 75 NHCU beds (21,000 GSF). The renovation includes the addition of toilet rooms, 50 percent of which meet ADA requirements, and the reconfiguration of patient rooms. Patient rooms have direct access to toilet rooms without entering the corridor.
- **Tomah VAMC** renovates existing facilities to continue providing acute medicine and psychiatric beds, residential rehabilitative, long-term psychiatry, and nursing home. Projects include:
 - Renovation of eight medical/surgical beds in Building 400, second floor (3,500 SF). The renovation involves bringing 10 percent of the toilets up to the ADA accessibility guidelines and creating toilet access directly from the patient room without the patient entering the corridor.
 - Renovation of seven mental health beds in Building 408 (2,400 SF). The renovation allows the rooms to hold a maximum of two patients in each and bringing 10 percent of the toilets up to ADA accessibility guidelines and creating toilet access directly from the patient room without the patient entering the corridor.
 - Renovation of 45 psychiatric rehabilitation beds in Building 404 (first floor = 5,710 SF; second floor = 3,510 SF), provides patient access to toilet rooms without entering the general corridor; 10 percent of the toilets must be ADA-accessible in a renovation.
 - Renovation of Buildings 402, 403, and 406 to provide 82 nursing home beds. This number will bring the patient rooms up to current codes, including: residents have access to a toilet room directly from their room; 50 percent of the toilets must be ADA-compliant; rooms must have adequate space to manipulate a wheelchair; isolation rooms must be dependent on risk assessment.
 - Resident support areas including rehabilitation are to be provided in the buildings.
 - Building 403, first floor = 7,010 SF
 - Building 403, second floor = 7,010 SF
 - Building 406, first floor = 5,496 SF
 - NHC Total = 19,516 SF
- CBOCs are activated in Green Bay, WI; Wisconsin Rapids, WI; and Freeport, IL.

*Option G***6.8.2 Impact on Facility Portfolio Footprint**

The realignment of mission in Option G creates a series of construction projects required to implement the option. The primary impacts on the capital assets in the Central Market are outlined in Exhibit 6-42.

Exhibit 6-42. Portfolio Level Impacts of Option G

FACILITY	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
Milwaukee	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry SCI Domiciliary Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery, and Psychiatry SCI Domiciliary Nursing Home Care Ambulatory Care Clinic New CBOC in Green Bay 	<ul style="list-style-type: none"> Renovation of acute care ward (Building 111) Renovation of spinal cord injury Wards A and C (Building 111) Renovation of nursing home care wards (Building 111)
Madison	<ul style="list-style-type: none"> Acute Medicine and Surgical Services Residential Rehab Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine, Surgery and Psychiatry Services Residential Rehab Nursing Home Care Ambulatory Care Clinic New CBOC in Freeport 	<ul style="list-style-type: none"> Renovation of acute care wards (Building 1) Renovation of nursing home care ward (Building 1)
Tomah	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic 	<ul style="list-style-type: none"> Acute Medicine and Psychiatry Residential Rehab Long-term Psychiatry Nursing Home Care Ambulatory Care Clinic New CBOC in Wisconsin Rapids 	<ul style="list-style-type: none"> Renovation of med/surg ward (Building 400) Renovation of mental health ward (Building 408) Renovation of psych rehab beds (Building 404) Renovation of nursing home care (Buildings 402, 403, and 406)

6.8.3 Impact on Facility Space and Utilization

The impact of the realignment of services as outlined in Exhibit 6-42 drives space alterations in many existing facilities in the Central Market. Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. Exhibit 6-43 displays the shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements to accommodate the demand in 2010.

Exhibit 6-43. VISN 12 Medical Center Facility Inventory – Option G

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Milwaukee VAMC				
Acute Care	81,524	154	57,267	101
Special Disabilities	20,547	38	27,200	38
Extended Care	53,339	127	39,960	80
Other Beds	152,317	383	128,790	318
Ambulatory Care	235,050		101,458	
Research	44,227		44,227	
Education	11,000		11,000	
Other Space				
• Diagnostic & Treatment	120,382		126,127	
• Logistics/Support	196,806		127,924	
• Administration	105,200		68,380	
• Lobby	4,000		4,000	
• Common	0		0	
• Outleased	29,674		29,674	
• Swing	16,334		0	
Total	1,070,400	702	758,447	537
Underutilized Space	166,946		0	
Vacant Space	156,448		468,401	
Madison VAMC				
Acute Care	54,818	100	32,810	62
Special Disabilities	0	0	0	0
Extended Care	4,812	12	34,020	84
Other Beds	23,072	61	0	0
Ambulatory Care	102,583		59,179	
Research	28,824		28,824	
Education	2,580		2,580	
Vacant Space				
• Diagnostic & Treatment	57,295		79,734	
• Logistics/Support	68,158		44,303	
• Administration	44,700		29,055	
• Lobby	1,500		1,500	
• Common	0		0	
• Outleased	20,810		20,810	
• Swing	8,500		0	
Total	410,078	173	332,815	146
Underutilized Space	38,571		0	
Vacant Space	0		77,263	

Option G

Facility	FY 2000		FY 2010			
	Space (DGSF)	Beds	Space (DGSF)	Beds		
Tomah VAMC						
Acute Care	36,336	91	5,900	15		
Special Disabilities	0	0	0	0		
Extended Care	101,782	245	63,990	158		
Other Beds		0	0	0		
Ambulatory Care	34,327		29,866			
Research	562		562			
Education	7,330		7,330			
Other Space						
• Diagnostic & Treatment	40,454		29,253			
• Logistics/Support	132,721		53,088			
• Administration	52,192		33,924			
• Lobby	2,000		2,000			
• Common	0		0			
• Outleased	31,648		31,648			
• Swing	9,102		0			
Total Existing	448,454		336		257,561	173
Underutilized Space	96,881				0	
Vacant Space	16,739		207,632			

6.8.4 Community-based Outpatient Clinic Activation

As noted in Options E and F service delivery description, three additional CBOCs are recommended for activation in the Central Market. Estimates for space requirements are based upon the average existing CBOC size and geographic area to be served. Actual size will need to be determined during activation planning and consistent with VHA Directive 96-049, *Veterans Health Administration Policy for Planning and Activating Community Based Outpatient Clinics*, and other applicable policies. For planning purposes, it is assumed that any space alterations or buildout required to the lease space would be amortized into the rent through tenant improvement allowances. The recurring annual cost estimates for these CBOCs are outlined in Exhibit 6-44.

Exhibit 6-44. CBOC Activation Inventory – Option G

LOCATION	PARENT FACILITY	SERVICES PROVIDED	EST. SQUARE FEET REQUIRED	LOCAL RENTAL RATES	ANNUAL RENT COST
Green Bay WI	Milwaukee VAMC	Primary Care	4,000	\$12-\$15 (Class B)	\$60,000
Wisconsin Rapids, WI	Madison VAMC	Primary Care	3,000	\$11-14 (Class B)	\$42,000
Freeport, IL	Madison VAMC	Primary Care	2,500	\$11-14 (Class B)	\$35,000

6.8.5 One VA/Non-VHA Tenant Impacts

Option G has minimal impact on the VA and non-VHA collocated tenants in the Central Market.

- **Veteran’s Benefits Administration (VBA)**
 - The VBA Regional Office on the campus of Milwaukee VAMC is not effected by Option G. The continued VHA presence on the Milwaukee campus supports the One VA initiative of collocation of VA services.
- **National Cemetery Association (NCA)**
 - The NCA cemetery on the Milwaukee VAMC campus is unaffected by Option G. This facility is full and is not identified for capacity expansion at this time.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option G. Tenant-specific impacts are outlined in Exhibit 6-45.
- **Other Non-VHA Tenants**
 - Non-VHA tenants, particularly DoD, Wisconsin Department of Veterans Affairs and the Veteran Service Organizations are unaffected by Option G. The impact of Option G on non-VHA tenants currently leasing space or property from VHA in the Central Market (see Exhibit 6-45).

Exhibit 6-45. Collocated Tenants on VISN 12 Central Market VHA Campuses – Option G

FACILITY	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
Milwaukee VAMC				✓		NCA Cemetery			None
			✓			VBA Regional Office	6	1	None
	✓					District Counsel – Office of Gen. Counsel	6	2	None
					✓	WI Dept. of VA	6	3	None
		✓				VHA Policy and Planning	70	1	None
					✓	Defense Logistics Agency – DoD	70	2	None
					✓	Veteran Service Organizations	6 70	2 1	None None
Madison VAMC					✓	University of Wisconsin	1	3, 7, G	None
					✓	Union Offices	1	G	None
Tomah VAMC					✓	Veterans Assistance Center – WI Dept. of VA	407	1, 2	None
					✓	AFGE Union	25	1	None
					✓	Veteran Service Organizations	400 403	1 1	None None

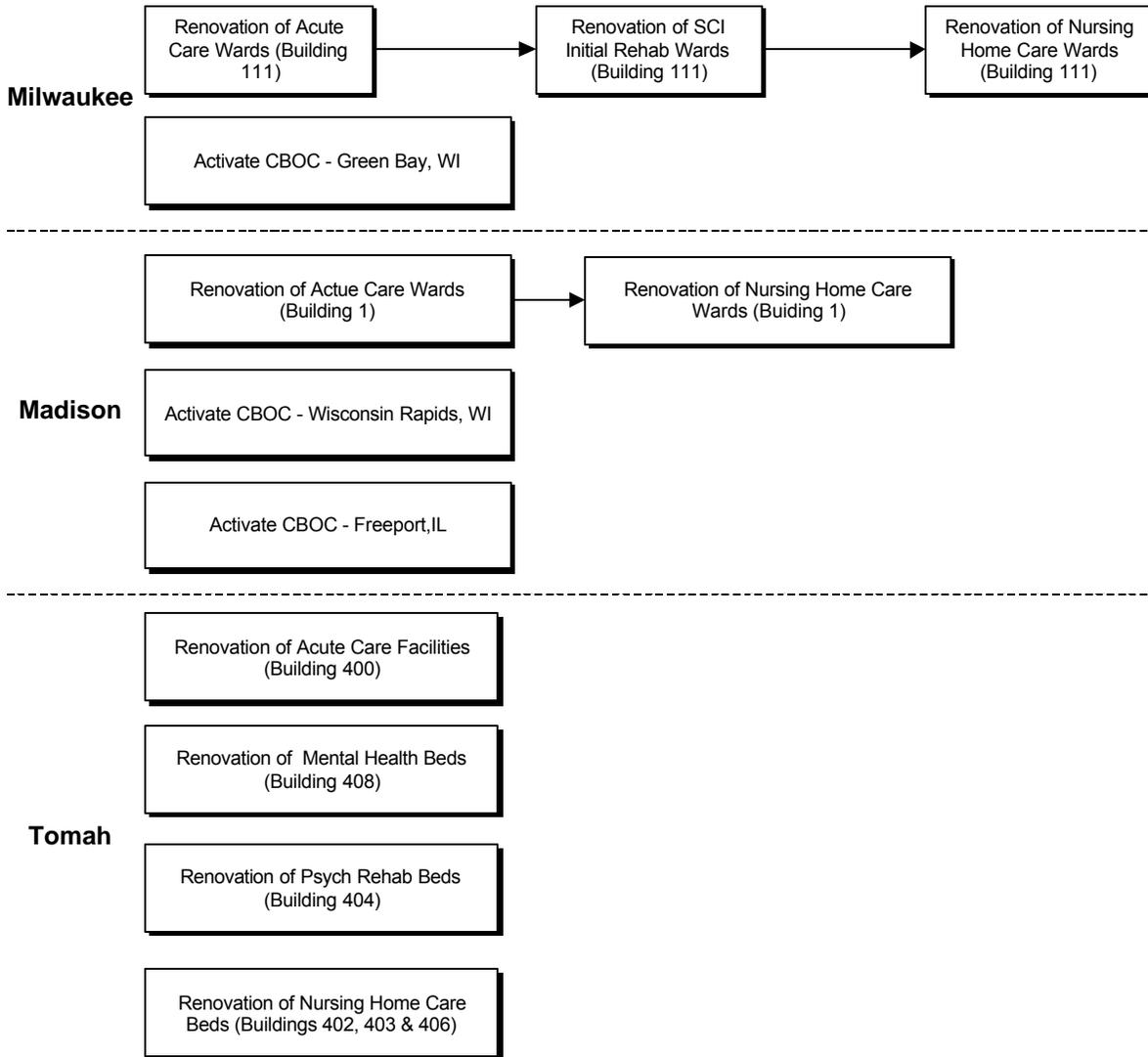
Source: VA Databases, VISN 12 staff

Option G

6.8.6 Enhanced Use/Disposal Opportunities

Option H does not create any opportunities for Enhanced Use and/or disposition of assets.

6.8.7 Conceptual Phasing for Realignment Implementation



6.8.8 Capital Project Implementation and Budget Plan

Exhibit 6-46. Project Inventory – Option G

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATED START	ESTIMATED DURATION	EST. VA CAPITAL REQUIREMENT (2001 \$)
IMMEDIATE	Milwaukee	Renovation of acute care wards (Building 111)	R3	27,600	2002	12 mo.	\$6,248,600
		Renovation of SCI Ward A (Building 111)	R3	6,400	2003	12 mo.	\$1,449,000
		Renovation of SCI Ward C (Building 111)	R3	10,400	2004	12 mo.	\$2,354,600
			R2	10,400			\$1,569,800
		Renovation of nursing home care wards (Building 111)	R3	21,816	2005	12 mo.	\$4,939,100
	Activate CBOC – Green Bay, WI	L	4,000	2004	12 mo.	\$0	
	Madison	Renovation of acute care wards (Building 1)	R3	17,400	2003	24 mo.	\$3,939,300
		Renovation of nursing home care wards (Building 1)	R3	21,000	2005	24 mo.	\$4,754,400
		Activate CBOC – Wisconsin Rapids, WI	L	3,000	2004	12 mo.	\$0
		Activate CBOC – Freeport, IL	L	2,500	2004	12 mo.	\$0
	Tomah	Renovation of acute care ward (Building 400)	R3	3,500	2003	12 mo.	\$792,400
		Renovation of mental health ward (Building 408)	R3	2,400	2003	12 mo.	\$543,400
		Renovation of psych rehab ward (Building 404)	R3	9,220	2003	12 mo.	\$2,087,400
		Renovation of nursing home care wards (Buildings 402, 403, & 406)	R3	19,516	2003	18-24 mo.	\$4,418,400

Note: Forecasted recurring annual rent costs for leased space are not capital improvement costs and are therefore not included in the implementation estimates for each SDO. Recurring lease costs are included in the overall operating cost estimates and recognized in the LCC analysis.

The combined capital requirements for implementation and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-47.

Exhibit 6-47. Capital Budget Impacts by Parent Facility – Option G

FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION*	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
Milwaukee	16,561,100	331,200	\$0	\$0	\$16,892,300.00
Madison	8,693,700	173,900	\$0	\$0	\$8,867,600.00
Tomah	7,841,600	156,800	\$0	\$0	\$7,998,400.00
Total	33,096,400	661,900	\$0	\$0	\$33,758,300.00

**Note: Construction cost estimates include allowances for design, furnishings and furniture, major equipment, and area cost factors. Supporting cost estimate data are included in report appendices.*

Option H

6.9 CAR Plan – Option H

6.9.1 Overview

The translation of Option H into the Northern Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA’s management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option H to realign the Northern Market capital assets to meet the mission and demand in 2010 are as follows:

- **Iron Mountain VAMC** renovates its existing patient care facilities to accommodate acute patient care, residential rehabilitation and nursing home beds. Projects include:
 - Renovation of Building 1 to include eight acute care beds. The renovation ensures 10 percent of patient beds have direct access to toilet rooms and meet ADA requirements. Toilet room ADA renovations total 100 GSF.
 - Renovation of Building 1 to include 55 extended care beds (20,240 GSF). The renovation includes the addition of toilet rooms, 50 percent of which meet ADA requirements, and the reconfiguration of patient rooms and related support spaces. Patients have direct access to toilet rooms without entering the corridor.
- CBOC is activated in Gladstone/Delta County, MI.

6.9.2 Impact on Facility Portfolio Footprint

The realignment of mission in Option H creates a series of construction projects required to implement the option. The primary impacts on the capital assets in the Northern Market are outlined in Exhibit 6-48.

Exhibit 6-48. Portfolio Level Impacts of Option H

MEDICAL CENTER	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
Iron Mountain	<ul style="list-style-type: none"> • Acute Medicine and Surgery • Residential Rehab • Nursing Home Care • Ambulatory Care Clinic 	<ul style="list-style-type: none"> • Acute Medicine • Residential Rehab • Nursing Home Care • Ambulatory Care Clinic • New CBOC in Delta County/Gladstone 	<ul style="list-style-type: none"> • Renovation of acute care wards (Building 1) • Renovation of nursing home care wards (Building 1) • Activate CBOC

6.9.3 Impact on Facility Space and Utilization

The impact of the realignment of services outlined in Exhibit 6-48 drives space alterations in the existing facility in the Northern Market. Space needs are calculated based upon the demand for beds, clinic space, and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. Exhibit 6-49 displays the shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements to accommodate the demand in 2010.

Exhibit 6-49. VISN 12 Medical Center Facility Inventory – Option H

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Iron Mountain VAMC				
Acute Care	10,607	22	3,024	8
Special Disabilities	0	0	0	0
Extended Care	18,479	52	20,240	55
Other Beds	3,680	22	0	0
Ambulatory Care	37,355		20,569	
Research	0		0	
Education	3,247		3,247	
Other Space			0	
• Diagnostic & Treatment	19,162		19,836	
• Logistics/Support	49,781		19,912	
• Administration	22,385		14,550	
• Lobby	0		0	
• Common	0		0	
• Outleased	7,650		7,650	
• Swing	6,567		6,567	
Total	178,913	96	115,595	63
Underutilized Space	18,430		0	
Vacant Space	0		81,748	

6.9.4 Community-based Outpatient Clinic Activation

As noted in Option H service delivery description, three additional CBOCs are recommended for activation in the Northern Market. The lease requirements and recurring annual cost estimates for these CBOCs are outlined in Exhibit 6-50 below.

Exhibit 6-50. CBOC Activation Inventory – Option H

LOCATION	PARENT FACILITY	SERVICES PROVIDED	EST. SQUARE FEET REQUIRED	LOCAL RENTAL RATES	ANNUAL RENT COST
Gladstone/Delta County MI	Iron Mountain VAMC	Primary Care	3,000	\$11-\$14 (Class B)	\$42,000

*Option H***6.9.5 One VA/Non-VHA Tenant Impacts**

Option H has no impact on the VA and non-VHA collocated tenants in the Northern Market.

- **Veteran’s Benefits Administration (VBA)**
 - The VBA counselor on the campus of Iron Mountain VAMC is not effected by Option H. The continued VBA presence on the Milwaukee campus supports the One VA initiative of collocation of VA services.
- **National Cemetery Association (NCA)**
 - Since there are no existing NCA operations in the Northern Market, there are no NCA impacts in Option A. Furthermore, there is no identified need for capacity expansion by NCA in the Northern Market.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option H. Tenant-specific impacts are outlined in Exhibit 6-51.
- **Other Non-VHA Tenants**
 - Non-VHA tenants, particularly the outleased space to a private chiropractor, are unaffected by Option H. The impact of Option H on non-VHA tenants currently leasing space or property from VHA in the Northern Market are outlined below in Exhibit 6-51.

Exhibit 6-51. Collocated Tenants on VISN 12 Northern Market VHA Campuses – Option H

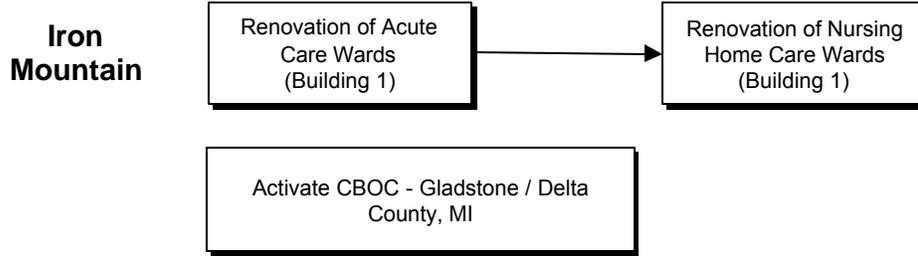
MEDICAL CENTER	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
Iron Mountain			✓			VBA Counselor	1	5	None
		✓				VISN Product Line - MCCF	1	5	None
					✓	Private Chiropractor's Office	3	1	None
					✓	Union Office	6	3	None

Source: VA Databases, VISN 12 staff

6.9.6 Enhanced Use / Disposal Opportunities

Option H does not create any opportunities for Enhanced Use and/or disposition of assets. VHA’s continued presence at Iron Mountain, which utilizes the majority of usable space at the facility, limits opportunities for Enhanced Use or disposal. The Booz:Allen CARES team recommends that Iron Mountain continue to seek outleasing opportunities, similar to the chiropractor relationship, to increase utilization and potentially add valuable services to the medical center campus.

6.9.7 Conceptual Phasing for Realignment Implementation



6.9.8 Capital Project Implementation and Budget Plan

Exhibit 6-52. Project Inventory – Option H

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATE D START	ESTIMATE D DURATION	EST. VA CAPITAL REQUIREMEN T (2001 \$)
IMMEDIATE	Iron Mountain	Renovation of acute care wards (Building 1)	R3	100	2002	12 Mo.	\$22,600
		Renovation of nursing home care wards (Building 1)	R3	20,240	2003	18 Mo.	\$4,582,300
		Activate CBOC – Gladstone/Delta County, MI	L	3,000	2004	12 Mo.	\$0

The combined capital requirements for implementation and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-53.

Exhibit 6-53. Capital Budget Impacts by Parent Facility – Option H

FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION*	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
Iron Mountain	\$4,604,900	\$92,100	\$0	\$0	\$4,697,000
Total	\$4,604,900	\$92,100	\$0	\$0	\$4,697,000

*Note: Construction cost estimates include allowances for design, furnishings and furniture, major equipment, and area cost factors. Supporting cost estimate data are included in report appendices.

*Option I***6.10 CAR Plan – Option I****6.10.1 Overview**

The translation of Option I into the Northern Market facility portfolio generates several opportunities for improved efficiency, flexibility, and cost avoidance in VA's management of its capital asset inventory. The CAR Plan must be viewed as a strategic road map to the major facility and real property initiatives required to implement the services delivery options, not a site-by-site facilities master plan. In that, the major actions identified through the CARES process to improve the scale and suitability of the physical plant given 2010 demand, including investment in the mission and opportunities to reduce the overhead and burden of the current asset portfolio, are evaluated.

The principal strategic initiatives in Option I to realign the Northern Market capital assets to meet the mission and demand in 2010 are as follows:

- **Iron Mountain VAMC** renovates its existing patient care facilities to accommodate acute patient care, residential rehabilitation and nursing home beds. Projects include:
 - Renovation of Building 1 to include 34 acute care beds (12,512 GSF). The renovation includes the addition of toilet rooms, 10 percent of which meet ADA requirements, and the reconfiguration of patient rooms and related support spaces. Patients have direct access to toilet rooms without entering the corridor.
 - Renovation of Building 1 to include 55 extended care beds (20,240 GSF). The renovation includes the addition of toilet rooms, 50 percent of which meet ADA requirements, and the reconfiguration of patient rooms and related support spaces. Patients have direct access to toilet rooms without entering the corridor.
- CBOC is activated in Gladstone/Delta County, MI.

6.10.2 Impact on Facility Portfolio Footprint

The realignment of mission in Option I creates a series of construction projects required to implement the option. The primary impacts on the capital assets in the Northern Market are outlined in Exhibit 6-54.

Exhibit 6-54. Portfolio Level Impacts of Option I – Option I

MEDICAL CENTER	REALIGNMENT OF MISSION / UTILIZATION		
	CURRENT	PROPOSED	IMPACT ON CAPITAL ASSETS
Iron Mountain	<ul style="list-style-type: none"> • Acute Medicine and Surgery • Residential Rehab • Nursing Home Care • Ambulatory Care Clinic 	<ul style="list-style-type: none"> • Acute Medicine, Surgery, and Psychiatry • Residential Rehab • Nursing Home Care • Ambulatory Care Clinic • New CBOC in Delta County/Gladstone 	<ul style="list-style-type: none"> • Renovation of acute care wards (Building 1) • Renovation of nursing home care wards (Building 1) • Activate CBOC

6.10.3 Impact on Facility Space and Utilization

The impact of the realignment of services outlined in Exhibit 6-54 drives space alterations in the existing facility in the Northern Market. Space needs are calculated based upon the demand for beds, clinic space and support/ancillary functions, the methodology for which is described in Appendix J, Capital Asset and Facility Planning Methodology. Exhibit 6-55 displays the shift in space allocation from the current state, as reported in the VA Space and Functional Assessment database, to the planned requirements to accommodate the demand in 2010.

Exhibit 6-55. VISN 12 Medical Center Facility Inventory – Option I

Facility	FY 2000		FY 2010	
	Space (DGSF)	Beds	Space (DGSF)	Beds
Iron Mountain VAMC				
Acute Care	10,607	22	12,512	34
Special Disabilities	0	0	0	0
Extended Care	18,479	52	20,240	55
Other Beds	3,680	22	0	0
Ambulatory Care	37,355		27,962	
Research	0		0	
Education	3,247		3,247	
Other Space			0	
• Diagnostic & Treatment	19,162		51,428	
• Logistics/Support	49,781		19,912	
• Administration	22,385		14,550	
• Lobby	0		0	
• Common	0		0	
• Outleased	7,650		7,650	
• Swing	6,567	6,567		
Total	178,913	96	164,068	89
Underutilized Space	18,430		0	
Vacant Space	0		33,275	

6.10.4 Community-based Outpatient Clinic Activation

As noted in the Option I service delivery description, three additional CBOCs are recommended to be activated in the Northern Market. The lease requirements and recurring annual cost estimates for these CBOCs are outlined in Exhibit 6-56 below.

Exhibit 6-56. CBOC Activation Inventory – Option I

LOCATION	PARENT FACILITY	SERVICES PROVIDED	EST. SQUARE FEET REQUIRED	LOCAL RENTAL RATES	ANNUAL RENT COST
Gladstone/Delta County, MI	Iron Mountain VAMC	Primary Care	3,000	\$11-\$14 (Class B)	\$42,000

*Option I***6.10.5 One VA/Non-VHA Tenant Impacts**

Option I has no impact on the VA and non-VHA collocated tenants in the Northern Market.

- **Veteran’s Benefits Administration (VBA)**
 - The VBA Counselor on the campus of Iron Mountain VAMC is not effected by Option I. The continued VBA presence on the Milwaukee campus supports the One VA initiative of collocation of VA services.
- **National Cemetery Association (NCA)**
 - Since there are no existing NCA operations in the Northern Market, there are no NCA impacts in Option A. Furthermore, there is no identified need for capacity expansion by NCA in the Northern Market.
- **VA and VHA Tenants**
 - There are no significant impacts to VA and VHA tenants in Option I. Tenant-specific impacts are outlined in Exhibit 6-57.
- **Other Non-VHA Tenants**
 - Non-VHA tenants, particularly the outleased space to a private chiropractor, are unaffected by Option I. The impact of Option I on non-VHA tenants currently leasing space or property from VHA in the Northern Market are outlined in Exhibit 6-57.

Exhibit 6-57. Collocated Tenants on VISN 12 Northern Market VHA Campuses

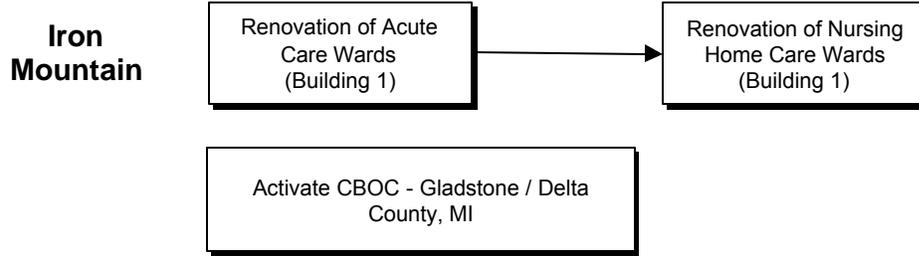
MEDICAL CENTER	VA	VHA	VBA	NCA	OTHER	TENANT	BLDG #	FLOOR	IMPACT OF SDO
Iron Mountain			✓			VBA Counselor	1	5	None
		✓				VISN Product Line - MCCF	1	5	None
					✓	Private Chiropractor’s Office	3	1	None
					✓	Union Office	6	3	None

Source: VA Databases, VISN 12 staff

6.10.6 Enhanced Use/Disposal Opportunities

Option I does not create any opportunities for Enhanced Use and/or disposition of assets. VHA’s continued presence at Iron Mountain, utilizing the majority of usable space at the facility, limits opportunities for Enhanced Use or disposal. The Booz·Allen CARES team recommends Iron Mountain continue to seek outleasing opportunities, similar to the chiropractor relationship, to increase utilization and potentially add valuable services to the medical center campus.

6.10.7 Conceptual Phasing for Realignment Implementation



6.10.8 Capital Project Implementation and Budget Plan

Exhibit 6-58. Project Inventory – Option I

PHASE	PROJECT INVENTORY						
	FACILITY	PROJECT	TYPE	SQ. FT. IMPACTED	ESTIMATE D START	ESTIMATE D DURATION	EST. VA CAPITAL REQUIREMEN T (2001 \$)
IMMEDIATE	Iron Mountain	Renovation of acute care wards (Building 1)	R3	12,512	2002	12 mo.	\$2,832,700
		Renovation of nursing home care wards (Building 1)	R3	20,240	2003	18 mo.	\$4,582,300
		Activate CBOC – Gladstone/Delta County, MI	L	3,000	2004	12 mo.	\$0

The combined capital requirements for implementation and any financing opportunities identified through outleasing, Enhanced Use, or disposal of assets or property is profiled in Exhibit 6-59.

Exhibit 6-59. Capital Budget Impacts by Parent Facility – Option I

FACILITY	INVESTMENT / REVENUE FORECAST				
	CONSTRUCTION *	INTERIM	LAND	REVENUE (EU / DISPOSAL)	TOTAL
Iron Mountain	\$7,415,000	\$148,300	\$0	\$0	\$7,563,300.00
Total	\$7,415,000	\$148,300	\$0	\$0	\$7,563,300.00

*Note: Construction cost estimates include allowances for design, furnishings and furniture, major equipment, and area cost factors. Supporting cost estimate data are included in report appendices.