



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

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Ranking Member

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COMMITTEE RESOLUTION

James H. Zoia, Democrat Staff Director

LEASE
DEPARTMENT OF VETERANS AFFAIRS
MOBILE, AL

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, that pursuant to 40 U.S.C. §3307, a replacement lease of up to 87,919 rentable square feet of space, and 521 parking spaces, for the Department of Veterans Affairs to replace the existing Community Based Outpatient Clinic in Mobile, Alabama, at a proposed unserviced annual cost of \$2,984,028 for a lease term of up to 20 years, a prospectus for which, as amended by the respective section of the attached VA Lease Summaries, is attached to and authorized by this resolution.

Approval of this prospectus constitutes authority to execute an interim lease for all tenants, if necessary, prior to the execution of the new lease.

Provided that, to the maximum extent practicable, the lease contract(s) shall include a purchase option that can be exercised at the conclusion of the firm term of the lease.

Provided further, that the delineated area of the procurement is identical to the delineated area included in the prospectus and associated VA Lease Summary, except that, if it is determined that the delineated area of the procurement should not be identical to the delineated area included in the prospectus and associated VA Lease Summary, an explanatory statement shall be provided to the Committee on Transportation and Infrastructure of the House of Representatives prior to exercising any lease authority provided in this resolution.

Adopted: **September 17, 2014**

Bill Shuster, M.C.
Chairman

**Mobile, Alabama
Outpatient Clinic Lease**

This proposal provides for a Replacement Lease for the Mobile Community Based Outpatient Clinic, Mobile, AL, supporting the parent facility of the VA Gulf Coast Veterans Health Care System, Biloxi, MS.

I. Budget Authority

Lease Through	2012 Request	2012 Authorization Request	Unserviced Annual Rent
2034	\$6,564,528	\$6,564,528	\$2,984,028

II. Description of Project

This project proposes the lease of 65,125 Net Usable Square Feet (NUSF) for a replacement Community Based Outpatient Clinic in Mobile, AL, to replace the existing 35,345 NUSF clinic. The lease will provide for administrative and clinical space consistent with VA CBOC requirements. Space will be allocated to the following general areas: Audiology and Speech Pathology, CCHT, canteen, clinic administration, education, environmental management, eye clinic, HBPC, lab, medical administration, medical specialty clinics, mental health, nursing, patient advocacy, pharmacy, police, primary care, radiology, surgical specialty clinics, Veterans' service organizations, warehouse, and women's health.

Approval of this prospectus will constitute authority for up to 20 years of leasing, as well as potential extension of the present lease as may be necessary pending execution of the replacement lease.

III. Priorities/Deficiencies Addressed

This lease addresses functional, utilization and safety deficiencies. The existing clinic is housed in a functionally obsolete clinical building owned by the University of South Alabama. VA occupies 35,345 net usable square feet on the first and sixth floors of a 1940's era hospital, which has been sublet to various health-oriented businesses since the 1980's. Due to deteriorating conditions, rising crime rates, and the building's operational inefficiencies, many of the businesses have strategically relocated to other parts of the city. As a result, VA remains as one of the few tenants in an otherwise empty building. The Primary Care Clinic is run out of a 1970's era surgery suite and the Mental Health Clinic is housed on a separate floor, in an old inpatient ward. Hallways are narrow and turning radius for wheelchairs is limited. The main reception area is too small for the number of patients; the sub-waiting areas often overflow into the narrow corridors. Other services, such as Audiology and Radiology, also have small waiting rooms. The rest of the clinic is housed on a different floor; it is overcrowded and many new programs can't be implemented due to lack of square footage. Because of columns and bearing walls, the existing space does not work even in a renovated configuration.

As indicated by staff and Veteran complaints, the current environment is challenging, both logistically and aesthetically. Even before the patient enters the clinic, there are barriers to overcome. For example, the main entrance/reception area is co-located on the side of the building originally designed as an ambulance entrance. In fact, VA still uses the entrance for ambulance pick-ups. Although Veterans may be dropped off at this entrance, there is no parking available for family or other escorts.

IV. Alternatives to Lease Considered

Alternative 1 – Status Quo: Maintain the existing lease. The clinic will continue to be housed in a functionally obsolete clinical building on the first and sixth floors of a 1940's era hospital. Space, safety and functional deficiencies will remain. Due to these constraints, this option is not preferred.

Alternative 2 – New Lease (Preferred alternative): This option proposes to lease 65,125 net usable square feet (NUSF) for the Mobile Clinic and would provide greater capacity for medical staff to perform in a more appropriately sized, modern facility. The new lease would incorporate all current services and include the addition of new services, such as Home Based Primary Care (HBPC) and the Patient Aligned Care Team (PACT) Model. The Clinic will need more operational and support space to improve staff and patient flow. Based on cost and the positive patient impact, this alternative is the preferred one.

Alternative 3 – Contract Out: This alternative would contract out all services currently provided by the CBOC to private health care providers in the community. This alternative would result in increased annual costs, which would be challenging to financially support. Also, this alternative would face challenges associated with limited existing capacity in the community to absorb VA's workload. Therefore, this option is the least preferred.

Alternative 4 – New Construction: New construction will address all functional, utilization and safety gap concerns, and agency strategic goals. However, there is a need to reside closer to the Veteran community when demographics change. This makes a permanent site less favorable. In addition, new construction would require land acquisition; this not only increases the cost but would delay activation by at least one year. Therefore, this alternative is the next preferred.

V. Demographic Data*:

	<u>2009</u>	<u>2019</u>	<u>2029</u>	<u>Change</u> <u>(2009-2029)</u>
Veteran Population	35,177	27,628	22,519	-36%
Enrollees	11,957	13,121	12,486	4%

*Data reflects the VISN 16 Central Southern market

VI. Workload

	Current (2009)	Projected (2029)	Change (2009-2029)
Ambulatory Care Stops	66,894	112,975	69%
Mental Health Stops	18,996	36,986	95%

VII. Schedule

Award leases	January 2013
Complete construction	January 2015
Activation/Occupancy	March 2015

VIII. Project Cost Summary

Estimated Annual Cost	\$2,984,028
Proposed Rental Rate*	\$45.82/SF
Proposed Lease Authority	20 Years
Net Usable Square Feet	65,125
Parking Spaces	521
Special Purpose Related Improvements**	\$3,580,500

*Estimate based on 2011 rates, and may be escalated by 4% annually to the effective date of the lease to account for inflation.

**Represents lump sum payment to Lessor to design and build out space for clinical use; not included in base rent.

VA Lease Summaries:

1. Rochester, NY - Outpatient Clinic Lease

The new Community Based Outpatient Clinic (CBOC) will accommodate 84,000 net usable square feet (nurf)/113,400 rentable square feet (rsf) with approximately 672 parking spaces. The annual unserviced rent is estimated at \$4,611,000. The Outpatient Clinic will provide primary care, women's health care, Operation Enduring Freedom/Operation Iraqi Freedom programs, mental health programs, homeless outreach, home-based primary care, surgical specialties, ambulatory surgery, endoscopy, geriatric care, dental clinic, laboratory, pathology, radiology, ancillary services and compensation and pension services.

Delineated area - Properties must be located within the delineated area within the following boundaries:

North: Elmwood Avenue

South: Erie Station Road/E Henrietta Road/Goodburlet Road/Pinnacle Road/Reeves Road

East: Clover Street

West: W Henrietta Street

2. Mobile, AL - Outpatient Clinic Lease

The new Community Based Outpatient Clinic (CBOC) will accommodate 65,125 net usable square (nurf) feet/87,919 rentable square feet (rsf) with approximately 521 parking spaces. The annual unserviced rent is estimated at \$2,984,000. The lease will provide for administrative and clinic space consistent with VA CBOC requirements. Space will be allocated to the following general areas: audiology and speech pathology, care coordination home telehealth (CCHT), canteen, clinic administration, education, environmental management, eye clinic, home based primary care (HBPC), lab, medical administration, mental health, nursing, patient advocacy, pharmacy, primary care, radiology, surgical specialty clinics, and women's health.

Delineated area - Properties must be located within the delineated area within the following boundaries:

North: Moffett Road

South: County Road 30 (Theodore Dawes Rd) and 26 (Hamilton Blvd)

East: County Road 163(Dauphin Island Parkway) to Government Blvd to Houston St

West: County Road 31 (Schillinger Road)

3. Springfield, MO - Outpatient Clinic

The new Community Based Outpatient Clinic (CBOC) will accommodate 68,000 net usable square feet (nurf)/91,8000 rentable square feet (rsf) with approximately 544

parking spaces. The estimated annual unserviced rent is \$2,749,000. The new clinic will relocate and expand the existing 41,000 nusf Gene Taylor Community Based Outpatient Clinic from Mount Vernon, Missouri, where it currently serves over 17,000 unique Veterans. The new CBOC will continue to provide primary and specialty care, mental health and ancillary services. The new clinic will also provide sleep studies, radiology, Magnetic Resonance Imaging (MRI), laboratory, and dental services.

Delineated area - Properties must be located within the delineated area within the following boundaries:

North: Sunshine Street
South: US Highway 60 (properties located up to ½ mile South of US 60 will be considered within the boundary)
East: US Highway 65
West: US Highway 160

4. South Bend, IN - Outpatient Clinic Lease

The new Community Based Outpatient Clinic (CBOC) will accommodate 71,403 net usable square feet (nusf)/96,394 rentable square feet (rsf). The estimated annual unserviced rent is \$3,466,515. This CBOC will replace and expand South Bend's outpatient services to meet increasing Veteran demand, and will include following medical services: primary care; women's health care; home-based primary care; nutrition; audiology; tele-eye care and optometry; urology; cardiology; dermatology; physical therapy; podiatry; pulmonary function; some ambulatory procedures such as colonoscopies, sigmoidoscopies, endoscopies, and other minor procedures; ancillary services – laboratory, pharmacy, basic radiology, and prosthetic dispensing; and Compensation & Physical (C&P) exams.

The South Bend lease was authorized by Public Law 112-37 in an amount not to exceed \$6,731,000. The lease increased from 39,000 nusf to 71,403 nusf from the time the prospectus was submitted and when the lease was authorized.

Delineated area - Properties must be located within the delineated area within the following boundaries:

North: Indiana state border
East: Ash Road north extended to Ash Road
South: Tyler Road/North County Line Road to County Line Road to Tyler Road extended to Ash Road
West: North 900 East east on Route 2/Western Avenue south on Larrison Boulevard/Strawberry Road west on East 50 North/Johnson Road south on County Highway 1100 East extended to Willow Road extended to Willow Road to Adams Street east on Roosevelt Road northeast on Legion Drive southeast on Harrison Street north on Route 23/Liberty Street until Tyler Road/North County Line Road

5. San Jose, CA - Outpatient Clinic Lease

The new Community Base Outpatient Clinic (CBOC) will accommodate 72,000 net usable square feet (nurf)/97,200 rentable square feet (rsf) with approximately 572 parking spaces. The estimated annual unserviced rent is \$5,586,000. This project will replace the existing 72,000 nurf CBOC in San Jose, CA. The CBOC will provide primary care, mental health and specialty care, to include audiology, podiatry and optometry. The clinic will also provide ancillary and diagnostic services, to include general x-ray, laboratory, pharmacy and telehealth.

Delineated area - Properties must be located within the delineated area within the following boundaries:

North: Route 87 (Guadalupe Parkway) to Charcot Avenue
East: I-880 to Highway 101 to Bernal Road
South: Route 85 to Cottle Road to Santa Teresa Boulevard to Highway 101
West: Route 17 to I-880 to Route 87 (Guadalupe Parkway)

6. Butler, PA - Health Care Center (HCC) Lease

The new Health Care Center (HCC) will accommodate 168,000 net usable square feet (nurf)/226,800 rentable square feet (rsf) with approximately 1,035 parking spaces. The estimated annual unserviced rent is \$6,582,000. This project will relocate outpatient services from the current Butler VA Medical Center (VAMC) to a leased build-to-suit HCC in the vicinity of Butler, PA. The new HCC will expand Butler's outpatient space to approximately 168,000 nurf to meet increased Veteran demand. This clinic will serve Veterans from the counties of Armstrong, Butler, Clarion, Lawrence and Mercer. This project will allow VA to continue to provide timely access to state-of-the-art primary care, specialty care, mental health and ancillary diagnostic services in a properly sized facility to meet increased workload.

Delineated area - The proposed site must be within a five (5) mile radius of Eagle Mill Road and Benjamin Franklin Highway (422)