Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

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Chairman

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COMMITTEE RESOLUTION

LEASE
DEPARTMENT OF VETERANS AFFAIRS
SPRINGFIELD, MO

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 91,800 rentable square feet of space, and 544 parking spaces, for the Department of Veterans Affairs for a Community Based Outpatient Clinic in Springfield, Missouri to replace the existing Gene Taylor Outpatient Clinic currently located in Mount Vernon, Missouri, at a proposed unserviced annual cost of $2,749,240 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

Springfield, Missouri
Community Based Outpatient Clinic

This proposal provides for a replacement Community Based Outpatient Clinic in Springfield, MO, supporting the parent facility of the Veterans Health Care System of the Ozarks in Fayetteville, AR.

I. Budget Authority

Lease Through	2012 Request	2012 Authorization Request	Unserviced Annual Rent
2034	$6,489,240	$6,489,240	$2,749,240

II. Description of Project

This project proposes the lease of an approximately 68,000 net usable square feet (NUSF) Community Based Outpatient Clinic (CBOC) in Springfield, Missouri, and will include 544 parking spaces. The new CBOC will relocate and expand the 41,000 NUSF Gene Taylor Outpatient Clinic from Mount Vernon, Missouri, where it currently serves over 17,000 unique Veterans. Due to budget limitation, the State of Missouri has elected to close the Missouri Rehabilitation Center (MRC) in Mount Vernon, where the current clinic is located, and will be unable to continue to support the current lease agreement. Moving the CBOC to Springfield, Missouri, will better support the Veterans Health Care System of the Ozarks' (VHSO) strategic initiatives. 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.

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 three critical priorities that will enhance Veteran healthcare services in the Springfield area.

First, it will improve Veteran access to services by locating the replacement CBOC in an area with higher Veteran population. The Upper Western Market of VISN 16 has a significant primary care access gap identified by the Health Care Planning Model. This project will increase the number of unique Veterans within the 30-minute drive time for primary care access by 6,750 Veterans.

Second, the new CBOC will increase clinical capacity for primary and specialty care, mental health and ancillary services, improving patient satisfaction through expanded services, shorter wait times and more timely appointments, and allow for space

configurations consistent with patient-centered care principles. Expanding the CBOC by approximately 27,000 NUSF will address the utilization gap in the Upper Western Market by approximately 308,000 outpatient visits in primary care, mental health, specialty, and ancillary services.

Third, the relocated and expanded CBOC will improve efficiency and lower operating costs. The functional relationships in the new space will provide a more efficient layout of departments and rooms. The new building envelope will be more energy efficient than the current MRC. In addition, direct yearly operating costs are expected to be reduced by $2,550,000, including reduced beneficiary travel of $500,000; reduced contracting of diagnostic services of $1,900,000; and reduced contracting of sleep study services of $150,000.

IV. Alternatives to Lease Considered

Alternative 1 - Status Quo: The status quo would continue to lease 41,000 NUSF for the Gene Taylor Outpatient Clinic in the MRC from the State of Missouri. This alternative would continue to contract out laboratory, radiology and sleep studies from the MRC. This option is not optimal for three reasons. First, the State of Missouri is proposing to close the MRC on June 30, 2011. In order to continue to support the existing lease, the MRC has proposed a surcharge to the existing lease of over $1 million per year. This additional funding is needed to staff MRC facility operations after the facility is closed for state operations. Second, due to a significant utilization gap in the VISN 16 Upper Western Market, it is necessary to expand the Gene Taylor Outpatient Clinic to meet demand. Additional space is needed to support in-house laboratory and radiology functions that are currently purchased by contract from the MRC. Third, the existing space at MRC is inefficient. A complete renovation would be needed to bring the space into compliance with VA space planning criteria and life safety guidelines.

Alternative 2 – New Lease (Preferred alternative): This project proposes a build-to-suit lease of approximately 68,000 NUSF to expand and relocate the Gene Taylor Outpatient Clinic to Springfield, Missouri. There are several reasons why this option is the most preferred alternative. First, relocating to Springfield, Missouri would bring the clinic closer to the Veteran population and would reduce the access gap in the VISN 16 Upper Western Market by 6,750 Veterans. Second, the lease would provide additional space for the expansion of services that would reduce the Upper Western Market utilization gaps in primary care, mental health, and specialty care. It would also allow VA to bring in-house, at lower cost, ancillary services such as laboratory and radiology that are currently contracted out. Finally, a build-to-suit lease provides VA with the flexibility to adjust services based on changes in enrollment and Veteran demographics without the up-front investment needed in the new construction alternative.

Alternative 3 – Contract Out Services: This alternative would seek to contract out all services currently offered at the Gene Taylor Outpatient Clinic as well as the projected workload increase. Challenges for this option include maintaining quality of care across numerous contracts and providers and finding sufficient health care capacity in the community to absorb current and projected VA workload. Health care demand in the area has already stressed capacity of private sector resources; nine of 11 counties in the catchment area served by the Gene Taylor Outpatient Clinic are medically underserved. Therefore, this alternative is the least preferred.

Alternative 4 – New Construction: This alternative proposes to purchase 10 acres of land in the Springfield area and construct a 68,000 NUSF outpatient clinic. This alternative shares many of the benefits of the preferred lease alternative. First, relocating in Springfield, Missouri brings the clinic closer to the Veteran population and will reduce the access gap in the VISN 16 Upper Western Market by 6,750 Veterans. Second, the VA-owned facility would provide additional space for expansion of services to reduce the Upper Western Market utilization gaps in primary care, mental health, and specialty care and bring in-house, at lower cost, ancillary services such as laboratory and radiology that are currently contracted out. Third, this alternative will have a longer implementation timeline than the preferred lease option. Therefore, this alternative is the second preferred.

V. Demographic Data*

	2009	2019	2029	Change (2009-2029)
Veteran Population	617,288	530,662	458,005	-26%
Enrollees	241,581	289,825	288,180	19%

*Data reflects the VISN 16 Upper Western Market

VI. Workload

	Current (2009)	Projected (2029)	Change (2009-2029)
Ambulatory stops	103,367	141,962	37%
Mental Health stops	14,675	24,680	68%

VII. Schedule

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

VIII. Project Cost Summary

Estimated Annual Cost	$2,749,240
Proposed Rental Rate*	$40.43/SF
Proposed Lease Authority	20 Years
Net Usable Square Feet	68,000
Parking Spaces	544
Special Purpose Related Improvements**	$3,740,000

*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 (nusf)/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 (nusf) 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 (nusf)/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 (nusf)/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 nusf 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 (nusf)/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 nusf 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)