

# VA



U.S. Department  
of Veterans Affairs  
Office of Construction  
& Facilities Management

*Building for those who served!*

## NFDA | Webinar

May 2022

**John Thomas**, Associate Executive Director, Office of Real Property (ORP), Office of Construction & Facilities Management

**John Bulick**, Director, Facility Planning Development Service, Office of Construction & Facilities Management

**Mitch Ortiz**, Director, Lease Delivery, ORP, Office of Construction and Facilities Management

**Brandi Stockstill**, Director, Policy and Programs, ORP, Office of Construction & Facilities Management



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# U.S. Department of Veterans Affairs

## Mission Statement

To fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his widow, and his orphan" by serving and honoring the men and women who are America's veterans.

## Vision

To provide veterans the world-class benefits and services they have earned - and to do so by adhering to the highest standards of compassion, commitment, excellence, professionalism, integrity, accountability, and stewardship.



## Core Values

**Integrity:** Act with high moral principle. Adhere to the highest professional standards. Maintain the trust and confidence of all with whom I engage.

**Commitment:** Work diligently to serve Veterans and other beneficiaries. Be driven by an earnest belief in VA's mission. Fulfill my individual responsibilities and organizational responsibilities.

**Advocacy:** Be truly Veteran-centric by identifying, fully considering, and appropriately advancing the interests of Veterans and other beneficiaries.

**Respect:** Treat all those I serve and with whom I work with dignity and respect. Show respect to earn it.

**Excellence:** Strive for the highest quality and continuous improvement. Be thoughtful and decisive in leadership, accountable for my actions, willing to admit mistakes, and rigorous in correcting them.

### Veterans Health Administration

- 9.2 Million Enrolled Veterans
- 7.4 Million Patients
- 148 Million Outpatient Visits
- 1.2 Billion Inpatient Admissions
- 171 VA Medical Centers
- 1,241 VA Outpatient Sites
- 18 VISNs

### VA Infrastructure

### Veterans Benefits Administration

- 5.2 Million Veterans received Disability Compensation
- \$11 Billion in Education Benefits to .8 Million Veterans
- 3.5 Million Active VA Home Loan Participants
- 56 VBA Regional Offices

### National Cemetery Administration

- 149,925 Internments in National Cemeteries
- 4.0 Million Graves Maintained
- 158 National Cemeteries and 34 soldiers' lots and monument sites

Data as of April 2022

- 6,314 Owned Buildings, 156,845,147 BGFS
- 2,007 Leases, 28,433,923 NUSF

- 39,280 owned acres of land
- Over 2,190 Historic Buildings



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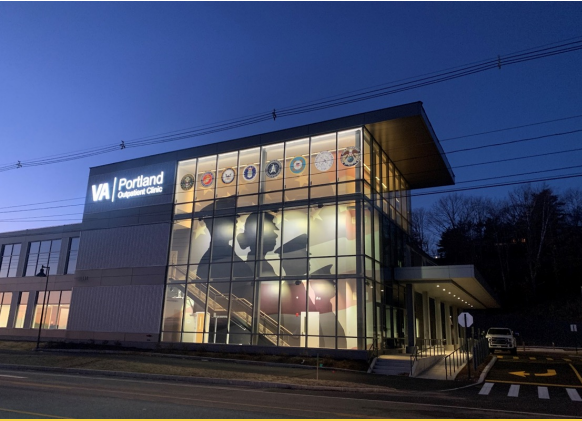
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# Building for those who served!

Portland, ME, Outpatient Clinic, 57k NUSF,  
\$86M Total Lease Value (TLV)



## Office of Construction & Facilities Management Overview of Ongoing Projects

### Project Portfolio

- **68 major construction projects totaling approximately \$15B contract value**
  - Planning, design and construction efforts at **37** medical facilities and **28** cemeteries
- **22 super construction projects** currently under agreement with US Army Corp Engineers (USACE) totaling approximately **\$9.4B**
  - *VA has entered into an agreement with USACE to serve as construction agent for projects over \$100M*
- **Leading VA's new seismic program** to manage and execute approximately \$7B of outstanding seismic deficiencies - 120 projects already identified
- **60 Major and Minor leases totaling 5.1M net usable square feet (NUSF) with a total contract value of over \$6.3B**
  - Includes 31 new Major Leases included in VA's FY2023 Budget Request
  - Provides services to over 6M Projected Enrolled Veterans in respective markets
- **Approximately 150 land acquisition and land management transactions**
  - Acquired 41 acres of land in FY2021

# Unique Aspects to VA's Contracts: All Leases

**Kingdomware Requirements - 38 USC§ 8127 applies to all VA contracts**

**June 16, 2016, U.S. Supreme Court ruled that VA shall award contracts based upon competition restricted to Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) and Veteran-Owned Small Businesses (VOSBs) when a Contracting Officer has a reasonable expectation that two or more firms listed as verified in Vendor Information Pages database are likely to submit offers and an award can be made at a fair and reasonable price for the value of the United States.**

**Aka - "VA Rule of Two"**

**Applies to all Leasing Contracts**



*Chattanooga, TN, Outpatient Clinic,  
75k NUSF, \$86M TLV*



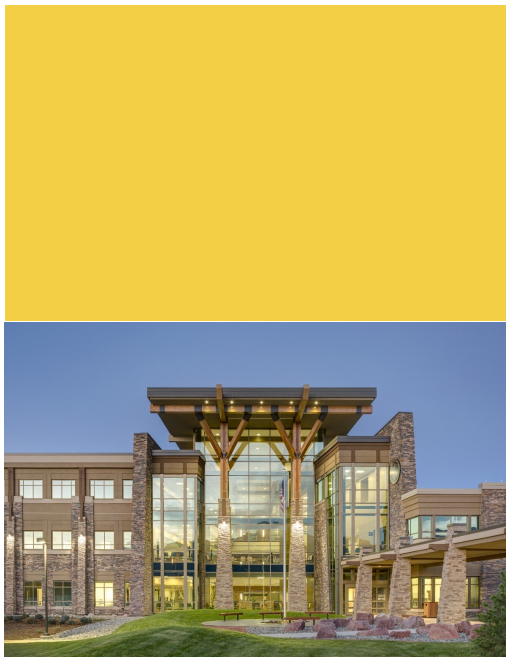
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# Needed Fixes: Major Lease Authorization



Colorado Springs, CO, Outpatient Clinic, 77k NUSF, \$93M TLV

**Congress has not authorized VA's Major Leases since August 2017 and our larger leases (>\$3.375M/year) require action by both VA and GSA authorizers**

Proposed fix: Legislative proposal submitted in VA's FY2023 Budget Request for Congressional action

- Allow VA authorizers to OK by committee resolution rather than statute – impacts VA's budget scoring; GSA authorizers now OK by committee resolution
- Increase prospectus threshold of Major Leases from \$1M/year to \$3.375M/year (consistent w/GSA definition and increased annually by OMB)

Result: Aligning with GSA's model allows VA's leases to speed to market. Fewer leases will require Congressional action to approve and will be synced w/GSA authorizing committee levels

# VAs FY23 Budget Request Major Leases

Awaiting Congressional Authorization for 31 Major Leases included in VA's FY23 Budget, prospectuses starting on page 4-13

[fy2023-va-budget-volume-iv-construction-long-range-capital-plan-and-appendix.pdf](#)

Lease Location	State	Function	Size (NUSF)	Est Total Lease Value
Allentown	PA	Outpatient Clinic Lease	81,719	\$95,330,000
Atlanta	GA	Admin - VHA Member Services	76,657	\$95,154,000
Baltimore	MD	Outpatient Clinic Lease	112,624	\$172,659,000
Baton Rouge	LA	Outpatient Clinic Lease	87,878	\$97,874,000
Beaufort	SC	Outpatient Clinic Lease	71,663	\$89,519,000
Beaumont	TX	Outpatient Clinic Lease	47,720	\$52,796,000
Brainerd	MN	Outpatient Clinic Lease	41,055	\$46,152,000
Buffalo	NY	Research Lease	27,854	\$36,357,000
Clarksville	TN	Outpatient Clinic Lease	215,175	\$230,878,000
Columbia	MO	Research Lease	58,538	\$65,509,000
Cookeville	TN	Outpatient Clinic Lease	35,849	\$41,415,000

Lease Location	State	Function	Size (NUSF)	Est Total Lease Value
Denver	CO	Residential Treatment Facility	25,397	\$32,598,000
Elizabethtown	KY	Outpatient Clinic Lease	51,240	\$57,692,000
Farmington	MO	Outpatient Clinic Lease	45,894	\$57,289,000
Hampden County	MA	Outpatient Clinic Lease	76,685	\$110,965,000
Hampton	VA	Outpatient Clinic Lease	182,230	\$223,882,000
Jacksonville	NC	Outpatient Clinic Lease	188,917	\$192,949,000
Killeen	TX	Outpatient Clinic Lease	196,382	\$228,648,000
Lawrence	IN	Outpatient Clinic Lease	45,237	\$46,496,000
Lecanto	FL	Outpatient Clinic Lease	46,248	\$52,195,000
Nashville	TN	Outpatient Clinic Lease	157,260	\$231,261,000
North Kansas City	MO	Outpatient Clinic Lease	102,736	\$128,415,000

Lease Location	State	Function	Size (NUSF)	Est Total Lease Value
Pflugerville	TX	Outpatient Clinic Lease	49,944	\$62,349,000
Plano	TX	Outpatient Clinic Lease	94,769	\$118,220,000
Prince George's County	MD	Outpatient Clinic Lease	85,116	\$107,887,000
Rolla	MO	Outpatient Clinic Lease	58,734	\$71,170,000
Salt Lake City	UT	Outpatient Clinic Lease	85,046	\$107,423,000
Sarasota	FL	Outpatient Clinic Lease	109,770	\$127,869,000
Tampa	FL	Community Living Center Lease	153,528	\$172,693,000
The Villages	FL	Outpatient Clinic Lease	140,144	\$160,861,000
Tri-Cities (Richland,	WA	Outpatient Clinic Lease	98,635	\$127,564,000



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# *E.O. 14057: OMB Memorandum - Sustainable Leasing Requirements*

## *Green Leases*

*“Each agency must ensure that all new leases entered into after 9/30/2023 for  $\geq$  25,000 RSF where the Federal Govt.  $\geq$  75% of the total bldg s.f. are green leases”.*

**9 / 30 / 2023 +**

## *Lessor Reporting of Energy/Water/GHG/Waste*

- *“Such Green Leases must require the Lessor to report annual data on facility GHG emissions, energy + water consumption, and waste generation.”*
- *Applies to new leases  $\geq$  25,000 RSF, where Govt. is  $\geq$  75% of building*

**9 / 30 / 2023 +**

## *Net Zero Emissions*

- *New leases entered into after 9/30/2030 must be in net-zero emissions buildings*
- *Applies to leases  $\geq$  25,000 RSF*

**9 / 30 / 2030 +**



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# Current Business Transformation

## Market Area Health Systems Optimization (MAHSO) Initiative

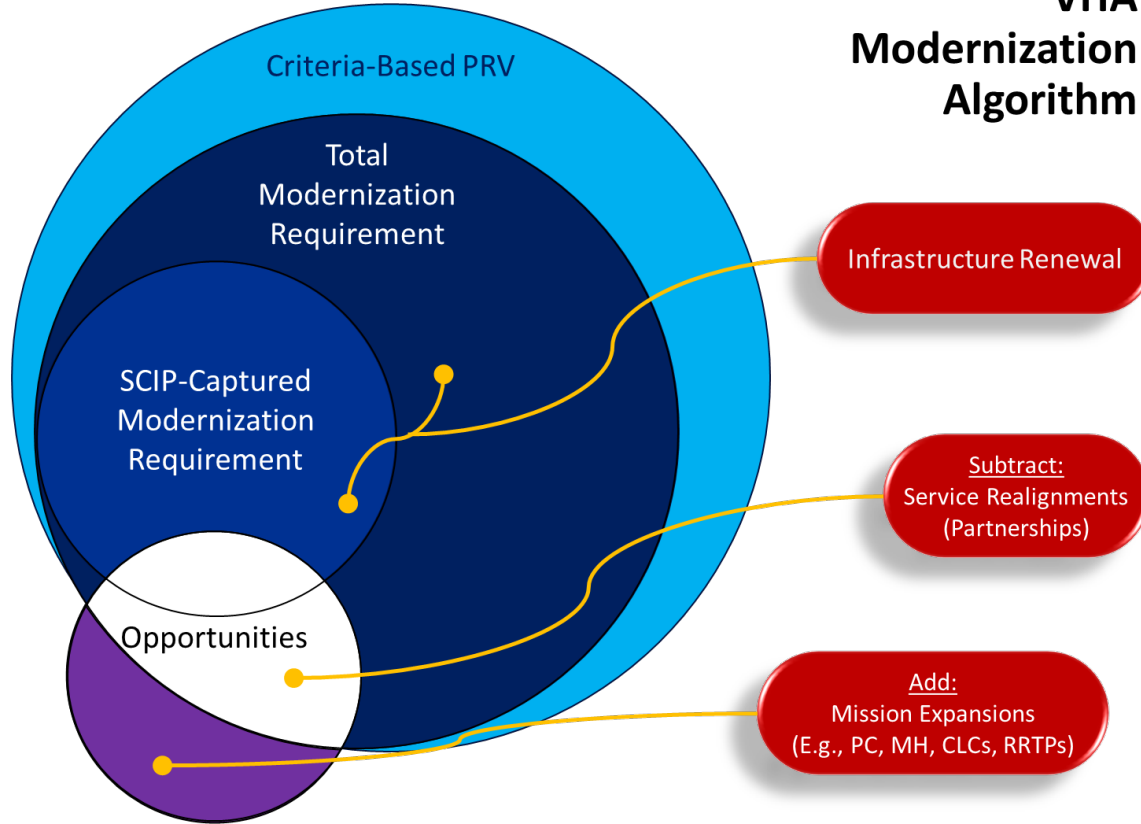
- Developing a National Service Realignment Strategy
  - Optimizing VHA market area health care delivery including modernized facilities
  - Establishing high performing health care networks
  - Market Area Assessments
  - National Service Planning Strategies
  - Opportunities Development
  - Modernization Requirements
  - Cost Benefit Analysis
  - Prioritization
- Recently delivered VA Secretary's report of capital investment and service realignment "recommendations" to the Mission ACT legislated Asset and Infrastructure Review (AIR) Commission





# Modernization Requirements

## VHA Modernization Algorithm



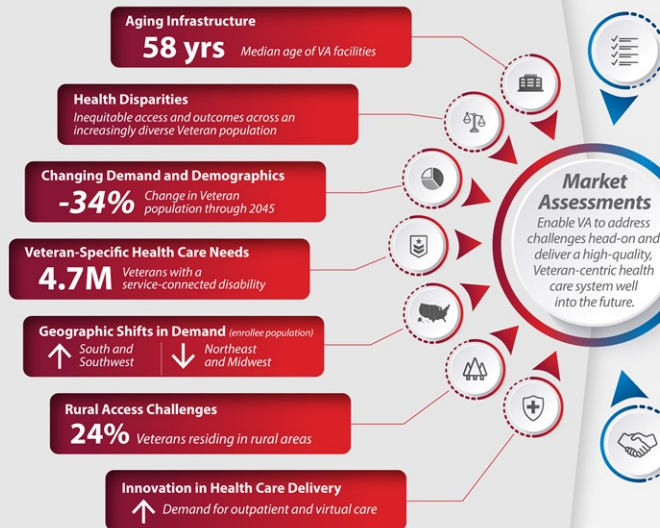
# Current Challenges and Strategies for the Future

VA operates the largest integrated health care system in the United States

with **170** + **755** + **322**  
Medical Centers Outpatient Clinics Other Care Sites

serving **9.3M**  
Veteran Enrollees

## Current Challenges



## Strategy for the Future



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# Facility Dispositions by Type

	Facility Type	Closed Sites <sup>1,2</sup>	New and Replaced Sites <sup>1,2</sup>	Current State	Future State
VAMC	VA Medical Centers	20 <sup>3</sup>	39 <sup>4</sup>	171	168
	Acute			142	118
	Sub-Acute			29	50
Stand-Alone CLC	Stand-Alone CLC	2 <sup>5</sup>	29	2	29
Stand-Alone RRTP	Stand-Alone RRTP	5 <sup>5</sup>	22	10	22
Ambulatory Care Locations	HCC	5 <sup>5</sup>	19	16	30
	MS CBOC	55 <sup>5</sup>	195	248	388
	CBOC	184 <sup>5</sup>	98	555	469
	OOS	105 <sup>5</sup>	19	255	169

Leasing  
Candidates



# Turnkey Tenant Improvement

Factors*	Year 2017	Today
1. Understanding of GSA's TI and Shell costs split for healthcare.	Low	High
2. Availability of TI cost benchmark data for healthcare.	Low	High
3. Understanding of new design and construction standards.	Medium	High
4. Capacity to develop fully biddable RLP packages and expect competitive offers.	Low	High

\*Based on VA & Market full knowledge of new procurement options.

# Webinar – VA and NFDA

May 4, 2022

## Speakers



**John Thomas**  
Associate Executive  
Director for Real  
Property, Office of  
Construction and  
Facilities  
Management, U.S.  
Department of  
Veterans Affairs



**John Bulick**  
Director, Facility  
Planning Development  
Service, Office of  
Facilities Planning,  
Office of Construction  
and Facilities  
Management, U.S.  
Department of  
Veterans Affairs



**Mitch Ortiz**  
Director, Lease  
Delivery, Office of  
Real Property, Office  
of Construction and  
Facilities  
Management, U.S.  
Department of  
Veterans Affairs



**Brandilyne Stockstill**  
Director of Policy  
and Programs, Office  
of Real Property,  
Office of  
Construction and  
Facilities  
Management, U.S.  
Department of  
Veterans Affairs

## Moderator

**Mark Ritchie**