

**Rochester, New York  
Outpatient Clinic Lease**

*This proposal provides for a replacement leased Community Based Outpatient Clinic in Rochester, Monroe County, NY, supporting the parent facility of the Canandaigua VA Medical Center in Canandaigua, NY.*

**I. Budget Authority**

Lease Through	2012 Request	2012 Authorization Request	Unserviced Annual Rent
2034	\$9,231,600	\$9,231,600	\$4,611,600

**II. Description of Project**

This project proposes to lease a replacement, 84,000 net usable square feet (NUSF) Community Based Outpatient Clinic (CBOC), including 672 parking spaces. This leased facility will provide expanded outpatient services to address utilization and space gaps in the Monroe County sub-market area within the Finger Lakes/Southern Tier Market. The current leased Rochester CBOC is 49,190 gross square feet (GSF) and includes 184 parking spaces. Two additional leased sites nearby, at Mt. Hope Avenue (6,364 GSF) and Clinton Crossings (8,091 GSF), are used to offset the space and parking shortages at the CBOC. The current lease is set to expire in October 2016, and the building owner has indicated the lease cannot be renewed.

The replacement Rochester lease will include primary care, women's health, Operation Enduring Freedom / Operation Iraqi Freedom (OEF/OIF), mental health, homeless outreach, home-based primary care (HBPC), specialty services, ancillary services, compensation and pension (C&P), research, residency programs with local affiliates, Veterans Benefits Administration (VBA), Veteran Service Organizations (VSO), and volunteer programs.

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 the continuing need to provide primary care, mental health, and specialty care services to Veterans residing in Rochester, NY.

Several programs currently provided at the Rochester CBOC were shown to have both workload and space gaps by the Strategic Capital Investment Plan (SCIP). These services include: ambulatory primary care, geriatrics, and urgent care; medical and other non-surgical specialties; mental health programs; surgical specialties; dental clinic; laboratory and pathology; and radiology and nuclear medicine. These gaps will be addressed in the proposed CBOC replacement facility.

#### IV. Alternatives to Lease Considered

*Alternative 1 – Status Quo:* The status quo would continue to provide outpatient services in Rochester, Monroe County, NY, in the current, 49,190 GSF leased building until the lease termination date in 2016. After lease termination, this primary care access point would be eliminated, significantly decreasing access to care for Veterans. This alternative would require Veterans in Monroe County to travel to alternative VA facilities to receive primary care, mental health, and specialty care services. Therefore, this option is not the most optimal.

*Alternative 2 – New Lease (Preferred alternative):* This project proposes to replace the existing lease with a replacement, 84,000 NUSF CBOC to include 332 parking spaces. This replacement lease will allow VA to continue to provide services in Monroe County, and will allow for the required expansion of services to meet current utilization and space gaps at the current CBOC. This alternative was selected because the lease would enable VA to serve a greater number of Veterans, reduce Veteran travel time for some clinical services, and consolidate the three leases into a single location. Furthermore, the lease alternative will provide expanded, state-of-the-art clinical space sooner than the new construction alternative and will provide a more functional and effective healthcare environment to the benefit of Veterans, Veterans' families and medical staff.

*Alternative 3 – Contract Out Services:* This alternative would seek to contract out all ambulatory, mental health, and specialty care services in the community. This alternative is not cost-effective and would result in a loss of quality control over Veteran healthcare. There also may not be sufficient, qualified, private-sector providers in the Monroe County area to accommodate the Veteran workload. Therefore, this alternative is the least preferred.

*Alternative 4 – New Construction:* This alternative would require VA to purchase a land parcel and construct a new, 84,000 NUSF facility in Monroe County. This alternative solves utilization and space gaps in the same manner as the lease alternative. However, a permanent site limits the ability to relocate services in the future to adapt to changes in Veteran demographics. In addition, new construction would require land acquisition; this not only increases the cost but would delay activation by approximately one year. Therefore, this alternative is the second preferred.

#### V. Demographic Data\*

	<u>2009</u>	<u>2019</u>	<u>2029</u>	<u>Change</u> <u>(2009-2029)</u>
Veteran Population	49,357	33,821	23,579	-52%
Enrollees	16,966	16,244	13,613	-20%

\*Data reflects the VISN 2, Monroe County, NY market

#### VI. Workload

	Current (2009)	Projected (2029)	Change (2009-2029)
Ambulatory Stops	66,653	73,116	10%
Mental Health stops	24,231	27,392	13%

#### VII. Schedule

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

#### VIII. Project Cost Summary

Estimated Annual Cost	\$4,611,600
Proposed Rental Rate*	\$54.90/SF
Proposed Lease Authority	20 Years
Net Usable Square Feet	84,000
Parking Spaces	672
Special Purpose Related Improvements**	\$4,620,000

\*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 (nusrf)/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 (nusrf) 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 (nusrf)/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)