

**PROSPECTUS – LEASE
VETERANS HEALTH ADMINISTRATION
DENVER, CO**

Prospectus Number: PCO-01-DE20
Congressional District: 1st, 6th, and 7th

Executive Summary

The General Services Administration (GSA) proposes a lease of approximately 210,000 rentable square feet (RSF) for the Veterans Health Administration (VHA), currently located at 3773 Cherry Creek North Drive in Denver, CO. VHA has occupied space in the building since 2016 under delegated leases that expire on February 28, 2023; April 30, 2023; and April 30, 2024.

The lease will provide continued housing for VHA and will improve the office and overall space utilization from 80 to 66 usable square feet (USF) per person and 115 to 100 USF per person, respectively.

Description

Occupant:	Veterans Health Administration
Current RSF:	181,510 (Current RSF/USF = 1.14)
Estimated/Proposed Maximum RSF ¹ :	210,000 (Proposed RSF/USF = 1.15)
Expansion/Reduction RSF:	28,490 Expansion
Current USF/Person:	115
Estimated/Proposed USF/Person:	100
Expiration Dates of Current Lease(s):	2/28/2023, 4/30/2023, and 4/30/2024
Proposed Maximum Leasing Authority:	15 years
Delineated Area:	North – I-70; South – C-470, I-25, E Lincoln Ave., S Peoria St, C-470; East – C-83, E Hampden Ave., S Airport Blvd., Pena Blvd.; West – I-70, C-470
Number of Official Parking Spaces:	3
Scoring:	Operating
Current Total Annual Cost:	\$ 6,242,400 (leases effective 3/1/2016, 4/17/2016, and 5/1/2016)
Estimated Rental Rate ² :	\$40.00 / RSF
Estimated Total Annual Cost ³ :	\$8,400,000

¹ The RSF/USF at the current location is approximately 1.14; however, to maximize competition a RSF/USF ratio of 1.15 is used for the estimated proposed maximum RSF as indicated in the housing plan.

² This estimate is for fiscal year 2020 and may be escalated by 2 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including all operating expenses, whether paid by the lessor or directly by the Government. GSA will conduct the procurement using prevailing market rental rates as a benchmark for the evaluation of competitive offers and as the basis for negotiating with offerors to ensure that lease award is made in the best interest of the Government.

³ New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.

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Acquisition Strategy

In order to maximize the flexibility and competition in acquiring space for the VHA, GSA may issue a single, multiple-award solicitation that will allow offerors to provide blocks of space able to meet requirements in whole or in part. All offers must provide space consistent with the delineated area defined by this prospectus.

Background

VHA's mission is to honor America's veterans by providing exceptional healthcare that improves their health and well-being. VHA is the largest integrated healthcare system in the United States, providing care at 1,243 healthcare facilities, including 172 U.S. Department of Veterans Affairs (VA) Medical Centers and 1,062 outpatient sites. These installations provide care of varying complexity to over 9 million veterans enrolled in the VA healthcare program.

Justification

The proposed lease would house all VHA Office of Community Care–Delivery Operations (OCC/DO) Claims Processing functions in a single, right-sized, and efficient facility. The lease would allow VHA OCC/DO Claims Processing services, which process claims for all fee-basis programs for VA to provide consistent and uninterrupted services to veterans and their families. This lease is essential as the workload for claims processing continues to grow.

VHA has been in the Denver area for over 25 years, and the Denver market provides a balance of workforce and space capacity to continue to support the VHA mission. The current leases at 3773 Cherry Creek North Drive expire February 28, 2023; April 30, 2023; and April 30, 2024. VHA requires continued housing to carry out its mission.

Summary of Energy Compliance

GSA will incorporate energy efficiency requirements into the Request for Lease Proposals and other documents related to the procurement of space based on the approved prospectus. GSA encourages offerors to exceed minimum requirements set forth in the procurement and to achieve an Energy Star performance rating of 75 or higher.

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Resolutions of Approval

Resolutions adopted by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works approving this prospectus will constitute approval to make appropriations to lease space in a facility that will yield the required rentable area.

Interim Leasing

The Government will execute such interim leasing actions as are necessary to ensure continued housing of the tenant agency prior to the effective date of the new lease. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

Certification of Need

The proposed project is the best solution to meet a validated Government need.

Submitted at Washington, DC, on December 19, 2019

Recommended: _____


Commissioner, Public Buildings Service

Approved: _____


Administrator, General Services Administration