



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

Sam Graves
Chairman

Rick Larsen
Ranking Member

Jack Ruddy, Staff Director

Katherine W. Dedrick, Democratic Staff Director

LEASE
U.S. DEPARTMENT OF VETERANS AFFAIRS
KNOXVILLE, TN
PTN-02-VA25

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, that pursuant to 40 U.S.C. §3307, appropriations are authorized for a lease of up to 316,595 net usable square feet of space, and 2,150 parking spaces, for the U.S. Department of Veterans Affairs (VA) for an outpatient clinic in the vicinity of Knoxville, TN to provide continued and expansion services for the Knoxville veteran community at a proposed unserved annual cost of \$13,700,000 for a lease term of up to 20 years, a prospectus for which is attached to and included in 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 Administrator shall include in the lease contract(s) a purchase option that can be exercised at the conclusion of the firm term of the lease.

Provided further, if the General Services Administration delegates to any other agency the authority granted by this resolution, the Administrator of General Services shall oversee and monitor such delegation of authority to ensure such delegation is carried out consistent with the law and authority provided.

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

Provided further, not later than 30 calendar days after the date on which a request from the Chairman or Ranking Member of the Committee on Transportation and Infrastructure of the House of Representatives is received by the Administrator of General Services, the Administrator shall provide such Member a response in writing that provides any information requested regarding the project.

Provided further, prior to entering into this lease or approving a novation agreement involving a change of ownership under this lease, the Administrator of General Services shall require the offeror or the parties requesting the novation, as applicable, to identify and disclose whether the owner of the leased space, including an entity involved in the financing thereof, is a foreign person or a foreign-owned entity; provided further, in such an instance, the Administrator of General Services shall notify the occupant agency(ies) in writing, and consult with such occupant agency(ies) regarding security concerns and necessary mitigation measures (if any) prior to award of the lease or approval of the novation agreement.

Provided further, the Administrator of General Services shall require tenant agency(ies) to agree to reporting actual utilization data on at least an annual basis during occupancy and such reports are transmitted to the Committee.

Adopted: June 11, 2025

A handwritten signature in blue ink, appearing to read "Sam Graves", is written over a horizontal line.

Sam Graves
Chairman

PROSPECTUS – LEASE
U.S. DEPARTMENT OF VETERANS AFFAIRS
KNOXVILLE, TN

Prospectus Number: PTN-02-VA25
Congressional District: 02

Executive Summary

The U.S. General Services Administration (GSA) proposes an outpatient clinic lease of approximately 316,595 net usable square feet (NUSF) for the U.S. Department of Veterans Affairs (VA) in the vicinity of Knoxville, TN.

The lease will be delegated to VA, provide continued services for the Knoxville veteran community, and provide the necessary expansion services to meet current and projected service delivery gaps for healthcare in the local market.

Description

Occupant:	Veterans Affairs
Current NUSF	76,349 (William C. Tallent Knoxville Outpatient Clinic, Downtown West VA Clinic, Knoxville Annex I, Knoxville Specialty Care)
Estimated Maximum NUSF:	316,595
Expansion/Reduction NUSF:	240,246 (expansion)
Estimated Maximum Rentable Square Feet:	427,403
Expiration Dates of Current Lease(s):	09/16/2029 01/31/2027 06/30/2032 09/30/2028
Proposed Maximum Leasing Authority:	20 years
Delineated Area:	<u>North:</u> E on Lovell Rd, E on Ball Camp Pike, NE on Schaad Rd, E on Clinton Hwy, E on I-640, E on US-11W/Rutledge Pike, NE on Old Rutledge Pike, E on Mascot Rd <u>East:</u> SW on Andrew Johnson Hwy, S on Kitts Rd, W on Strawberry Plains Pike, W on TN-168, S on US-129 <u>South:</u> W on I-140 <u>West:</u> N on I-140
Parking Spaces:	2,150
Scoring:	Operating Lease
Current Total Annual Cost:	\$2,679,629 (leases effective 09/17/2009; 02/01/2017; 07/01/2022; 10/01/2018)
Current Total Unserviced Annual Cost:	\$2,271,097

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Estimated Unserviced Rental Rate: ¹	\$43.27 per NUSF
Estimated Total Unserviced Annual Cost: ²	\$13,700,000

Justification

A new 316,595 NUSF lease in Knoxville, TN, will allow for the replacement and expansion of the existing William C. Tallent Knoxville Outpatient Clinic, Downtown West VA Clinic, Knoxville Annex I, and Knoxville Specialty Care Lease.

The current mental health, primary care, specialty care, ambulatory surgery, and ancillary spaces at the four existing clinics and the James H. Quillen VA Medical Center are inadequate and undersized for the current and projected veteran workload demand for services. Specifically, workload for ambulatory services and procedures and mental health services is projected to increase over the next 20 years. Additionally, the consolidation of services from multiple existing leases would create operational efficiencies.

The new facility will enhance VA outpatient services by closing space gaps identified in VA's Strategic Capital Investment Planning process. This new lease will allow VA to provide comprehensive primary care, mental health, specialty care, ambulatory surgery, and ancillary services to the veteran population in the Knoxville area in a rightsized and state-of-the-art healthcare facility in a timely manner. Being housed in a rightsized, Patient-Aligned Care Team-designed,³ and more accessible facility will allow better optimized VA care delivery, improved veteran satisfaction, increased team coordination, improved workflows, and improved recruitment and retention for VA staff.

The proposed project aligns with the following VA Departmental Strategic Goals:

1. Deliver Timely, Accessible, High-Quality Benefits, Care and Services
 - VA delivers timely, accessible, high-quality benefits, care and services to meet the unique needs of veterans and all eligible beneficiaries.
2. Improve Experiences, Satisfaction, Accountability and Security
 - VA ensures governance, systems, data, and management best practices improve experiences, satisfaction, accountability and security.

¹ This estimate is for fiscal year 2025 and may be escalated by 2.2 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is unserviced (taxes, insurance, management, and maintenance and repair reserves included); however, the lease contract may include operating expenses paid by the lessor.

² New leases may contain an escalation clause to provide for annual changes in real estate taxes.

³ Patient-Aligned Care Team design focuses on open office work environments, separation of patient and staff flows, and modular adaptable design.

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Summary of Energy Compliance

The Government will incorporate energy efficiency and sustainability requirements into the Request for Lease Proposal and other documents related to the procurement of space based on the approved prospectus. The Government encourages offerors to exceed minimum requirements set forth in the procurement, and to the maximum extent practicable requires offerors to comply with the Energy Star requirement and other statutory and regulatory requirements.

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 net usable area.

Interim Leasing

The Government will execute such interim leasing actions as are necessary to ensure continued housing 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.

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Certification of Need

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

Submitted at Washington, DC, on 9/16/2024

Recommended: Elliot Doomes
Commissioner, Public Buildings Service

Approved: Ralph Carnahan
Administrator, General Services Administration