

# A REVIEW OF VETERANS AFFAIRS MAJOR LEASE PROCUREMENT

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## HEARING

BEFORE THE  
SUBCOMMITTEE ON NATIONAL SECURITY  
OF THE  
COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

JUNE 25, 2015

**Serial No. 114-39**

Printed for the use of the Committee on Oversight and Government Reform



Available via the World Wide Web: <http://www.fdsys.gov>  
<http://www.house.gov/reform>

U.S. GOVERNMENT PUBLISHING OFFICE

96-872 PDF

WASHINGTON : 2015

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## **A REVIEW OF VETERANS AFFAIRS MAJOR LEASE PROCUREMENT**

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**Thursday, June 25, 2015**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON NATIONAL SECURITY,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, D.C.*

The subcommittee met, pursuant to call, at 2:01 p.m., in Room 2154, Rayburn House Office Building, Hon. Ron DeSantis [chairman of the subcommittee] presiding.

Present: Representatives DeSantis, Hice, Hurd and Lieu.

Mr. DESANTIS. The subcommittee on National Security will come to order. Without objection, the chair is authorized to declare a recess at any time.

The Department of Veterans Affairs operates one of the Nation's largest healthcare delivery systems. To help meet the changing medical needs of the veteran population, the VA has increasingly leased medical facilities to provide healthcare to veterans. This hearing will review the process by which the VA leases outpatient clinics.

Through the examination of specific cases, such as the community-based outpatient clinic at St. Johns County Florida, we will aim to identify inefficiencies in the lease procurement process in order to formulate solutions that will benefit veterans who seek access in nearby, modern medical facilities.

The VA's Office of Construction and Facility Management stated in a VA fact sheet that major lease projects for replacement or new medical facilities are ready to serve patients within 5 years from the, "start date." GAO report, though, on this topic from April 2014 revealed that 39 of the 41 projects reviewed with the contract value of about \$2.5 billion experienced schedule delays ranging from 6 months to 13.3 years, with an average delay of 3.3 years.

With respect to the outpatient clinic surveyed in the GAO's report, 94 percent of the delays occurred prior to signing the lease agreement. This means that the vast majority of delays occurred during the planning phase, not during construction or renovation of new outpatient clinics. Costs also increased for all 31 lease projects for which VA had complete cost data, primarily due to delays and changes to the scope of the project. First-year rents increased a total of \$34.5 million, an annual cost that will extend for the life of the lease normally for 20 years.

Some specific examples help bring these statistics to life. The outpatient clinic in Austin, Texas, experienced the largest size and cost increase from the time the authorization for the clinic was ap-

proved by Congress. The size increased from 85,000 square feet to 135,000 square feet during its first renovation, and increased during a second renovation a final total of 185,000 square feet.

The total first-year cost tripled from \$6.2 million to \$19.8 million. An increase of \$8.4 million in the cost of the lease will impact the VA's annual budget for the duration of the 20-year lease. The outpatient clinic in Jacksonville, Florida, experienced the longest delay of the projects reviewed by GAO in their report. Due to an increase in size and the need to procure additional land adjacent to the existing property to fit the new facility, the total delay amounted to more than 13 years.

County officials in St. Johns County, which is the district that I represent, have been involved in trying to facilitate a new location for the veterans community-based clinic since late 2011. The outpatient clinic in question serves 5,000 veterans. St. Johns County notified the VA in 2011 about the sale of the property, where its current outpatient clinic is located. The notification provided more than 3 years for the VA to procure a new permanent clinic site and vacate the current facility by March 31, 2015.

Today, 3.5 years have passed since the initial notification, and the VA still has not selected a permanent site for its new outpatient clinic or vacated the current facility. After VA's lease expired for the current outpatient clinic in March, the VA began paying a penalty of approximately \$50,000 per month. At the end of September, the penalty will double to approximately \$100,000 per month.

Without a solution for a permanent clinic in place, the VA is forced to construct and open interim clinic at even additional costs to the taxpayers. This situation is not supporting the services that our veterans need in my district, and it's not showing good stewardship of taxpayer dollars, and it is not unique to my district in Florida.

So this hearing is about meeting the needs of veterans in my district and across the country who could benefit tremendously from the VA executing lease procurement in a much more efficient and effective manner than the examples I've highlighted. We look forward to hearing from our panel of witnesses today, as we aim to find solutions to this issue.

And I now recognize the gentleman from California, Mr. Lieu, who is sitting in for Mr. Lynch, who is the ranking member of our subcommittee, for his opening statement. Five minutes.

Mr. LIEU. Thank you, Mr. Chair.

Let me first ask for permission to submit the opening statement of Ranking Member Lynch for the record.

Mr. DESANTIS. Without objection.

Mr. LIEU. Okay. Mr. Chairman, I appreciate the opportunity to examine major lease projects at the Department of Veterans Affairs. I also want to welcome our witnesses and thank you for your public service.

Ever since Secretary McDonald was confirmed last year, I have seen a sea change in leadership. I have seen Secretary McDonald take seriously the reports of deficiencies at the VA and work hard to try to fix them. The VA has already undertaken tremendous efforts to respond to recommendations made by these various re-



ports, conducted its own studies on how the VA could improve, and implement department-wide changes.

I am pleased to inform you of the following efforts that VA has completed: Elimination of redundant approval requirements. The VA has now eliminated the requirement that a secretary approve leases between \$300,000 and \$1 million in annual unserviced rent when they were already receiving approval through the VA strategic capital investment process. Instead of the redundant approval, the Secretary will be briefed regularly on all projects approved through that process.

Over the past several years, the VA has also issued new policies and procedures in a number of areas, including leasing procurements, establishing requirements, procurement steps, pre-award vetting, compliance, and quality assurance. Many of the new policies and procedures issued are a result of recommendations made by the OIG, GAO, and congressional Members. So, again, the VA leadership is taking seriously reports made by these various agencies.

Contract reorganization. In fiscal year 2014, the VA Office of Acquisition, Logistics and Construction restructured its contracting groups allowing for a clearer division of labor and decisionmaking authority between contracting officers and project management. In addition, leasing officials have been integrated into OALC's contracting arm to provide contracting assistance review and oversight of lease procurements.

The VA has also engaged in standardization of GSA delegation requests. The VA has implemented an internal review and approval process for delegation requests be submitted to GSA to ensure consistency and completeness of submissions department wide.

I've also seen significant changes within my own district at the West Los Angeles VA campus. After four decades of dysfunction, we now have the Secretary settling a major lawsuit, having a master plan being set up in October, having stakeholders come in and improve the quality of healthcare, and to help address homeless veterans.

I also want to specifically thank Carolyn Clancy, Vince Kane, and so many others who were turning the West L.A. VA in my district into a model for other VAs. We're also specifically working with the VA on enhanced used leases, and I look forward to this hearing.

With that, I yield back.

Mr. DESANTIS. Gentleman yields back.

Mr. DESANTIS. Thank you. I will hold the record open for 5 legislative days for any members who would like to submit a written statement.

We will now recognize our panel of witnesses. I'm pleased to welcome Mrs. Stella Fiotes, Executive Director Office of Construction and Facilities Management at the Department of Veterans Affairs; Mr. Norbert Doyle, Chief Procurement and Logistics Officer, Veterans Health Administration at the Department of Veterans Affairs; Mr. David Wise, Director of the Physical Infrastructure Team at the Government Accountability Office; and Mr. Jerry Cameron,

Assistant County Administrator for St. Johns County, Florida, although not much longer, as I understand.

Welcome to you all. Pursuant to committee rules, all witnesses will be sworn in before they testify. So if you could please rise and raise your right hand.

Do you solemnly swear that the testimony you're about to give will be the truth, the whole truth, and nothing but the truth so help you God?

All witnesses answered in the affirmative.

Thank you. You may be seated.

In order to allow time for discussion, please limit your testimony to 5 minutes. Your entire written statement will be made part of the record.

Mrs. Fiotes will be giving one oral statement on behalf of both witnesses from the Department of Veterans Affairs, and she is recognized for 5 minutes. Go.

## **WITNESS STATEMENTS**

### **STATEMENT OF STELLA FIOTES**

Mrs. FIOTES. Thank you. Good afternoon, Mr. Chairman and distinguished members of the committee. Thank you for the opportunity to discuss the Department of Veterans Affairs leasing program.

The Department's main priority is to provide high-quality care and benefits to veterans in facilities that meet our mission requirements and are procured legally, constructed soundly, and comply with Federal regulations. In many cases, leasing some of those facilities rather than constructing and owning all medical space allows VA flexibility to best adapt to demographic shifts in the evolving needs of our Nation's veterans.

While VA is working to deliver world-class facilities to best care for our veterans, we are also aggressively working to shorten the delivery timelines for our leases by improving and streamlining VA's internal and external processes and implementing agency-wide programmatic changes. We are also working with our partners in the Office of Management and Budget, General Services Administration, U.S. Army Corps of Engineers, and experts from the private sector to achieve maximum efficiencies and implement best practices in our leases.

Even though leasing provides an essential tool in helping ensure veterans have access to VA care and services, we face limitations in our ability to deliver these leases. We are often unable to swiftly provide healthcare facilities and make decisions that are in the best interest, first, of our veterans, and second, of taxpayers because of the framework within which we operate.

There is a long list of laws, regulations, and rules that frequently control and govern our efforts to deliver timely access to facilities and services. VA's compliance with these requirements narrows what could be a universe of options into a small, tightly-controlled box of what we are legally able to accomplish. When compared with the private sector, we are critically hamstrung by the impact of these constraints.

Private care providers have greater freedom than VA to negotiate directly and to select a developer, a site, an architect, general contractor, and the lease terms that allows for the fastest possible delivery of care to patients. The St. Augustine community-based outpatient clinic is an example of how VA's timelines are affected and our options limited because of these factors.

We were late starting what we knew was the required, lengthy, competitive process to find new space. For that, we accept responsibility. But soon after starting, the project was placed on hold while VA and GSA worked out issues related to VA's leasing authority. After the project resumed, we experienced difficulty with offers achieving operating lease status according to OMB Circular A-11. As a result, VA has requested multiple rounds of proposals from offerers.

If we are unable to achieve operating lease status, our options will be further limited. In compliance with Federal acquisition regulations and GSA regulations, we will need to cancel and restart the lease procurement with different parameters. This does not help provide optimal services in a timely way to St. Johns County veterans. And while we may be interested in exploring a partnership with the county government, our legal options to do so are also limited.

Mr. Chairman, VA is focused on providing veterans top-quality accessible care and services in the best facilities possible. We take this duty very seriously and we're looking for ways to improve the speed, efficiency, and flexibility by which we provide access to care. VA has faced serious challenges in the execution of its leasing program in the past. We have learned from our mistakes and have made great strides recently in streamlining and managing our processes.

Positive change is happening now. However, we can only change as much as we control, and we don't have control over many external factors that affect our processes. We believe changes are required to regulations governing Federal leases, particularly in the area of medical facilities. We need the latitude to act more like a private sector healthcare provider when it comes to establishing facilities and getting services to veterans when and where they need them. That's why we exist as a Department and we need your help to fulfill our obligation.

We believe too that 4 or 5 years is too long for our veterans to have to wait for new clinics. We are working to improve our part, and we will work with Congress and others to come up with workable solutions to reduce the constraints that impact our ability to best provide veterans the timely access to care and services they deserve.

Thank you for the opportunity to discuss these important issues. We look forward to your questions.

Mr. DESANTIS. Thank you.

[The prepared statement of Ms. Fiotes follows:]

[For complete submitted testimony, please see the following website: <https://oversight.house.gov/hearing/a-review-of-veterans-affairs-major-lease-procurement/>]

Mr. DESANTIS. The chair now recognizes Mr. Wise for 5 minutes.

**STATEMENT OF DAVE WISE**

Mr. WISE. Chairman DeSantis and distinguished members of the subcommittee, I'm pleased to be here today to discuss our work examining scheduled delays and cost increases at the VA's major-leased outpatient clinics. The clinics provide both primary care and various other medical and dental services.

As of November 2013, VA's leasing program had a long-run liability of \$5.5 billion with a total of 1,889 leases. VA's Office of Construction and Facilities Management Office of Real Property Services is responsible for acquiring land and leasing space for the construction of medical and medically-related facilities for VA and provides guidance to regional and local VA offices regarding real property.

My statement today discusses, one, schedule and cost increases for selected VA outpatient clinics we reviewed and the contributing factors involved; and two, actions VA has taken to improve its leasing practices for outpatient clinics and any opportunities that may exist for VA to improve its management of project schedules and costs.

This statement is based on our April 2014 report, which discussed 41 major outpatient clinic leases for which a prospectus was submitted to Congress as required by law for any lease over \$1 million. The total contract value of these 41 projects was \$2.5 billion.

Our report noted that VA has experienced substantial delays in executing new outpatient clinic-leased projects. Nearly all of the delays occurred in the planning stages prior to entering into a lease agreement. Specifically, we found that 39 of the 41 outpatient clinic projects for which VA submitted a prospectus experienced schedule delays, ranging from 6 months to 13.3 years, with an average delay of 3.3 years. Two projects experienced schedule time decreases.

Our analysis showed that 94 percent of these delays occurred prior to entering into the lease agreement. For all but one of the projects that experienced a delay, the delay occurred during the pre-lease agreement stage. A number of factors contributed to the delays, including VHA's late or changing requirements, site selection challenges, and outdated guidance.

In addition to substantial delays, our report noted that VA also experienced cost increases to its outpatient clinic projects when compared to the costs in the project's prospectuses. For the 31 projects with complete cost data, first-year rents increased a total of \$34.5 million when compared to prospectus cost, an annual cost which will extend for 20 years the life of these leases.

The causes of the total cost increase can be attributed primarily to increases in the projects awarded first-year rent due to the schedule delays and/or changes in the design or scope of a project. Changes in a project's size expand the scope of the project requiring design changes and schedule delays further adding to costs. VA's made some progress in addressing issues with its major medical facilities leasing program.

In 2012, VA formed a high-level counsel to oversee its capital asset program, including leasing. VA has been working on or planning the following improvements: Requiring detailed design requirements earlier in the design process to help avoid the delays, scope changes, and cost increases; developing a process for han-

dling scope changes; providing Congress with more complete information on the cost to propose future lease projects; and refining and updating lease guidance.

To improve the outpatient leasing program, we recommended the VA update VHA's guidance for leasing outpatient clinics to better reflect the roles and responsibilities of all VA's staff involved in leasing projects. VA concurred with our recommendation and has actions underway to implement it.

Chairman DeSantis and distinguished members of the subcommittee, this completes my prepared statement, and I'd be pleased to respond to any questions that you may have.

Mr. DESANTIS. Thank you, Mr. Wise.

[The prepared statement of Mr. Wise follows:]

[For complete submitted testimony, please see the following website: <https://oversight.house.gov/hearing/a-review-of-veterans-affairs-major-lease-procurement/>]

Mr. DESANTIS. The chair now recognizes Mr. Cameron for 5 minutes.

#### STATEMENT OF JERRY CAMERON

Mr. CAMERON. Thank you, Chairman DeSantis, and distinguished members of the subcommittee. It is a privilege to address you today on this important subject.

The governing body of St. Johns County believes it is not just the Federal Government that has the responsibility of coming to the aid and assistance of those who have served this country, but this responsibility extends to every level of government.

Up until this spring, our veterans enjoyed having a veterans service office located directly beside the VA's community-based outpatient clinic, or CBOC, where they received assistance in filing for their benefits and appeals. In addition, at the same site, veterans had access to many other resources through our division of Health and Human Services, such as food stamps, temporary assistance to needy families, affordable housing, credit counseling, and credit repair, resume development, use of computers for job search and communication, and a host of other services.

This ideal arrangement ended this spring when the VA refused to join other service providers and move the CBOC to the new state-of-the-art facility built by St. Johns County.

Almost 4 years ago, in October of 2011, St. Johns County first notified the VA regional office in Gainesville there was a potential for a sale of the existing facilities to Lowe's Home Improvement. The VA was kept informed as the county entered into a contract with Lowe's, which ultimately closed in March 2013. At which time, the VA was notified that the premises must be vacated no later than March 31 of 2015. Time does not permit detailing the timeline for this process, but I have included in your packages a sketch of that timeline.

It became obvious in early 2014 the VA was not going to meet the March 31, 2015, vacation deadline and would either have an interruption of clinical services to our veterans or a delay in the construction of the new Lowe's store, a crucial economic development and job-producing project. By the summer of 2014, the county

became so alarmed that it offered to build a separate clinic at the new site, and at one point even offered to relocate their own agencies so the VA could use the space.

When the vacation date arrived, the VA had no other viable options. In order to avoid interruption of services, it fell on St. Johns County to negotiate an extension with Lowe's and devise a plan to keep the old building operational, including penalties and increased cost for operation. The VA's monthly cost went from approximately \$26,000 a month to approximately \$90,000 and will increase to approximately \$135,000 a month on October 1 of 2015.

In addition, taxpayers will now have to pay for site preparation in modular units to house a temporary clinic. This is the new Health and Human Services building. The VA clinic would have been operating out of here today had they not steadfastly refused any meaningful dialogue with St. Johns County. Given this experience, it is our fear that the VA will make a serious error in selecting a site for a permanent clinic.

The VA has put out at least three different search area boundary maps, one as far south as the southern county line. To date, they have refused to consider population growth patterns. The northern portion of the county is exploding with the new town of Nocatee being the third fastest-growing community in the Nation.

It is critical the VA not make a mistake that the veterans of our county will have to live with for decades to come. St. Johns County is still willing to provide what has always been the VA's best option: An opportunity to locate with other essential services providers in a central location of the county.

In short, St. Johns County has become a classic example of the overall problems plaguing the VA throughout the country. The VA is so insular that it has not only lost touch with those it has intended to serve, but it has lost connection and accountability to the Congress created it. As an over-mature bureaucracy, it suffers from a policy sclerosis that denies it situational flexibility.

Its focus is now on what is best for the bureaucracy and not what is best for the veterans it serves. The VA must once again become responsive to Congress and return its focus first and foremost to the welfare of the men and women who have served in our armed forces.

I thank you again for the unique opportunity to appear before you, and I am confident that this proceeding is an important step toward finding solutions to this nation-wide problem. I would be pleased to answer any questions. Thank you.

Mr. DESANTIS. Thank you.

[The prepared statement of Mr. Cameron follows:]

[For complete submitted testimony, please see the following website: <https://oversight.house.gov/hearing/a-review-of-veterans-affairs-major-lease-procurement/>]

Mr. DESANTIS. The chair now recognizes himself for 5 minutes.

You know, it just strikes me that the folks who serve our country in uniform and do so honorably, I mean, they show up on time. They're there, report for duty, they perform their duties. Some of them perform very, very difficult duties. Some of them have the scars and the wounds to prove it. And it's frustrating that we're

here where these delays are really a matter of course. And that's just unacceptable.

Mr. CAMERON, you mentioned this, but when did St. Johns initially notify the VA that the property where the current VA clinic is located was sold, and how much time did the VA have to relocate?

Mr. CAMERON. The VA, as well as all other agencies, after the closing, were notified immediately, and had 2 years in order to make arrangements.

Mr. DESANTIS. And they were notified that this was a possibility as early as 2011?

Mr. CAMERON. Actually, in October of 2011 it was first brought to the attention that it was a possibility, and they were notified again in the spring of 2012 that a contract had been entered into.

Mr. DESANTIS. Now, during that same time, St. Johns County was able to move a number of their human services. And what was the extent of that project? And was St. Johns able to complete that project within the time allotted?

Mr. CAMERON. Mr. Chairman, St. Johns County was able to construct that. They broke ground for that new facility in March of 2014. They built a 72,000-square foot facility in a little less than 12 months at a cost of \$12 million that came in on time and in budget, and we actually moved our folks in, in less than a year after ground was broken.

Mr. DESANTIS. So, Mrs. Fiotes, has the VA selected a new permanent site for the outpatient clinic in St. Johns?

Mrs. FIOTES. We have not yet—

Mr. DESANTIS. Can you hit your mic, please.

Mrs. FIOTES. We have not yet selected a site, Mr. Chairman. We are in the final rounds of negotiations and value engineering of the current offers to see if we can reach an agreement with an offer that would give us an operating lease.

Mr. DESANTIS. But it has been over 3.5 years since the VA was first notified of this potential to be vacating. So why hasn't the VA found a site in that intervening period?

Mrs. FIOTES. As I mentioned earlier, Congressman, we were late getting started, and for that, we accept responsibility. At the time we did get started, which was in early 2013, shortly thereafter we were put on a temporary freeze because of the issues that had arisen with our leasing authorities and GSA. That stalled us for—

Mr. DESANTIS. What did you do to try to rectify that? Because when we were notified of this problem, we went to the GSA, and they were very interested in working with us and providing a waiver if necessary. And so it was—I was expecting this to be this big issue, but they seemed to be willing to work with us.

Mrs. FIOTES. Unfortunately, that was not our experience. All our leases, not just this lease, every single lease, minor and major, was put on hold until we could come to an understanding with GSA—

Mr. DESANTIS. And did you raise that issue with the Congress?

Mrs. FIOTES. I cannot remember specifically if we raised it with the Congress.

Mr. DESANTIS. Mr. Doyle, without a permanent site selected, and given the need to continue uninterrupted services to the veteran, you're now going to have to build an interim outpatient clinic. Now,

does this strike you as an efficient use of taxpayer dollars given the fact that VA has had a significant period of time to build the permanent facility or choose a permanent facility?

Mr. DOYLE. Mr. Chairman, I think the VA has stepped up and acknowledged that this is not the optimal solution that we had and wanted. I'm happy to say, though, that of the interim lease, my contracting officers working with the program office that it is on schedule. We are confident we will deliver the services by the end of the summer so that veterans——

Mr. DESANTIS. All right. Look, I hope so. I mean, we've been told that this was going to happen in the past on a certain schedule, and it hasn't happened.

I'm concerned also about the taxpayer penalties that the taxpayer is now going to have to pay. The lease expired March of this year, and so now you're in a situation where you're paying \$50,000 a month. That is then going to go up to, I believe, at least \$100,000 a month. And so given that there was a lot of time and a lot of notice, how is that a good stewardship of taxpayer dollars?

Mr. DOYLE. Well, I would say, Mr. Chairman, that it is not a good stewardship of the chairman dollars, and it's not what I think in hindsight the situation we would have endeavored to find ourselves in.

Mr. DESANTIS. Now, Mr. Cameron, you have informed us that there is a footprint for a VA outpatient clinic at the location of the new Health and Human Services campus in St. Johns County. And you say that the county is still willing to build the clinic at that site and lease it to the VA at the same rate per square foot as the recently-expired lease.

And you also say that the facility will be built to the VA's floor plan design and comply with the VA's elevation requirements. You've stated this is not financially advantageous to the county, but, you believe it's the best outcome for local veterans. How has the VA responded to that offer?

Mr. CAMERON. As far as I know, Mr. Chairman, St. Johns County is not in consideration for a permanent site. There have been a number of reasons stated that we were not in consideration. And my last conversation while we were negotiating the holdover at the existing facility, when I said that St. Johns County stands ready to step up and provide this facility for the VA, I was told—and this is a direct quote—"that is not happening."

Mr. DESANTIS. Now, one of the VA's arguments for not being willing to accept the county's offer to have the permanent clinic within the HHS building is the 100-year flood zone issue. Now, did the county have similar concerns about building its own facility in this flood zone?

Mr. CAMERON. Mr. Chairman, that building is built on our campus, and we have hundreds of millions of dollars' worth of investment in there. We have to be approved by five different agencies in order to build. We are not going to build a building in the floodplain.

Mr. DESANTIS. And did you mitigate the concern of flooding when you chose this site and constructed the facility?

Mr. CAMERON. Yes, sir, we did considerable fill there.



Mr. DESANTIS. And you're willing to offer to mitigate the same concern if the VA clinic was there?

Mr. CAMERON. Yes, sir. We believe that the outcome is worth any effort we might be required to make.

Mr. DESANTIS. Now, the other argument that the VA has put forward is to do a demographics, that existing veteran population necessitates the site selection area to be south of the site where the current or the new HHS building is located. So how do you respond to the demographic argument that the VA has made?

Mr. CAMERON. From the beginning, Mr. Chairman, the VA has given us a number of different criteria that we were to proceed on. And by our GSI analysis in-house and use of the census data, we have the center of the veterans population located well north of the existing clinic and actually slightly north of our new clinic.

Nocatee being an explosive community has got a significant veterans population coming in there. Veterans services are locating there. K-9 for Warriors just opened their new facility this weekend there. Wounded Warriors is looking at it as a possible site too. And to ignore that growth pattern is unconscionable.

Mr. DESANTIS. Now, Mrs. Fiotes, let me ask you this: I mean, this has been very frustrating for a lot of folks certainly in my community, and reading the GAO report, I would imagine that there is a lot of frustration in other communities all across the country. Now, you have cited some of the factors and constraints that limit your ability to act as rapidly as maybe somebody in the private sector would do.

So my question for you is, what reforms has the VA proposed to Congress for us to implement so that you will no longer have this problem?

Mrs. FIOTES. Congressman, I don't believe we have proposed a specific proposal at this point—

Mr. DESANTIS. But why not? You know it's a problem. You've acknowledged it's a problem. And that's part of the, I think, the frustration, and not just with the VA. VA has a lot of frustration because it's such a big bureaucracy, but what we find is there are always kind of excuses as to why things aren't done right.

But what we don't tend to get is, okay, well, what should we do if you're legally constrained, tell Congress what we need to do to be able to free you to do your job so that the veterans are being served. And you're saying that the VA does not have a list of reforms that the Congress could implement right now?

Mrs. FIOTES. None that we have shared with the Congress. But we are working with GSA and we are working with OMB to identify what improvements we might bring forward.

Mr. DESANTIS. Well, I think we need to do this as quickly as possible. I think time is wasting, and I think our veterans are being left to suffer.

I am out of time, and I will recognize my friend from California.

Mr. LIEU. Thank you.

Having served on active duty in the Air Force in the 1990s and still being in the Reserves, I hit 20 years this year, I am passionate and concerned about veterans.

And I just want to, first of all, say thank you, because you said something that is far too rare on Capitol Hill. You uttered the

statement, “we accept responsibility.” Thank you for saying that. It tells me that you understand the challenges that are facing you, that you’re working to make the problems better, and I appreciate that.

I also note that the GAO report talks about things—April 2014 and before that. These did predate Secretary McDonald coming in. They were not under his watch. So I look forward to the continuing leadership we are having from the Secretary.

I do have a couple questions for you, Mrs. Fiotes. First, are some of these challenges facing you because you at the VA cannot sole source?

Mrs. FIOTES. That is correct, Congressman. We are required to do our lease procurements in the competitive process because of the Competition in Contracting Act and because of Federal regulations. And, therefore, we could not take the county up on its offer as a sole source offer. We did ask them to participate when we put out the solicitation, which they did. They were outside of the delineated area that the VA had established for that solicitation.

Our methodology for identifying the delineated area is different from that which the county follows. We do not follow political boundaries. We do not look at county limits. We look at catchment areas and we look at enrolled veterans. Those are some of the basic differences between our methodology. And that placed the delineated area south of the county’s proposed site. That was the primary reason they were excluded from the initial competition.

Mr. LIEU. Thank you.

As you may know, in my district at the west Los Angeles VA campus, we cannot use enhanced use leases, which pretty much every other VA facility can. Do you believe having enhanced use leases would be important for the VA and your mission to help veterans?

Mrs. FIOTES. Absolutely, Congressman. And Secretary McDonald has repeated the same as well in various venues. I think it would be one additional tool that we could use to help us take advantage of more opportunities to get facilities and to get private partners to help us in delivering those facilities. Absolutely.

Mr. LIEU. Thank you.

I have no further questions so I’ll give you the opportunity if you want to clarify anything at all during this hearing. If not, then I will yield back.

Mrs. FIOTES. I would like to offer one more thing, and that’s about the delays that are mentioned in the GAO report, and we acknowledge those delays, and we have taken many steps, in addition to the ones you mentioned earlier. I think one of the most important things—and you noted that yourself, Mr. Chairman—that a lot of our delays happen in the upfront planning process and a lot of the changes happen there.

We now have a much more structured process for planning our—not only our construction but also our major leases to make sure that we right size them the first time so that when we get the authorization we can stay with that size that we have. We also have a process in place to manage scope changes in the Department that elevates the requirement for change all the way up to the Secretary

if it's above a certain threshold before we can implement such a change.

So I think we have the right processes in place to avoid delays and growth such as the ones we saw in the reports—in the reported leases in the GAO report. And I'm confident that we are doing much better on that. I just wanted to point that out.

Mr. LIEU. Thank you. I yield back.

Mr. DESANTIS. The gentleman yields back.

It was interesting, because I was in Orlando when we opened the facility there. It's a great facility. And one of the speakers had got up and said: Isn't this great? He's like: Look, it's over budget. It hasn't been done on time. By it's not that over budget. It hasn't been that much over time, you know, given some of the other things. And so it was almost as if we were celebrating the fact that the cost overruns and the delays were of course they were there but they weren't as much as you would see in a typical project.

And I know that's not limited to the VA, but I just think that that's not where we want to be. I mean, this should be a matter of course where we're getting this stuff done.

Mr. Wise, let me ask you, that April 2014 report indicated that 39 of the 41 projects that GAO investigated were facing or faced some sort of delay. What was the nature of those delays, and what was the average delay?

Mr. WISE. Well, Mr. DeSantis, the—yes. You're correct. First of all, there were significant delays on almost all the projects we looked at. And we found that basically the major issue that it involved was, as I think we've talked about throughout this hearing, was the real issue with requirements changing in the preplanning process. And once the requirements were changing, that led to this kind of a cascading effect of scope changes and further delays and land acquisition issues.

So one thing all kind of fed on another resulting in what ended up being pretty significant delays for a number of projects. I think the average we ended up with was a little over 3.3 years, if I recall. So this was a—kind of an interwoven, intertwined process that led to some less-than-optimal results.

Mr. DESANTIS. And so these are by and large pre-lease delays that are occurring?

Mr. WISE. That's correct, sir.

Mr. DESANTIS. So, in other words, if you lease a property or you hire someone to construct a facility, there may be problems with that, but these are delays that are solely attributed to the government planning and execution initial process. Is that fair to say?

Mr. WISE. That was our conclusion.

Mr. DESANTIS. Now, what about common delays. What are the most significant that you would see?

Mr. WISE. Well, basically we found that—let me give you an example. We had, you know, just every project seemed to have kind of its own unique characteristics, but you find a situation where maybe VA had changed because they had done demographic studies that maybe went back a number of years. So you end up with a situation: Well, there was a thought that, well, maybe we're going to be serving a larger population than we thought we were, and so therefore we need a larger facility.

So you decide to do some redesign, come up with plans for a larger facility. Then you say: Oh, wait a minute, now. The land won't support that building anymore, and the building—we need a bigger building for the numbers, and we need more land to support the buildings. So, therefore, you run into the whole problem. Then you have to acquire additional land, and that leads to, you know, all kinds of issues. The zoning and the stakeholder interests come into play, and sometimes there are problems with environmental issues when you go to another site.

So it just leads to a whole host of complicating factors that the bottom line is you end up with—you can end up with some pretty significant delays.

Mr. DESANTIS. Now, these requirement changes that you mentioned, can you just explain that. I mean, this is like they're in the middle of this and then the requirements change and so it ends up prolonging everything?

Mr. WISE. Well, they may have decided to add additional services, or there may be modernization of particular equipment that needs to be put into the place that maybe wasn't foreseen earlier. So therefore perhaps a particular facility now needs to be modified to accept this equipment. So you've got to go back and do some redesigning in order to make the building commensurate with the kind of equipment you want to put into it. That's one aspect of it.

So because some of the facilities, the planning went back a number of years and by the time you got around to getting into the leasing aspect of it, you went back and realized that this doesn't quite fit the bill. And, again, that results in these kind of—when requirements change, this results in scope changes and further delays.

Mr. DESANTIS. Now, the delays in the report about determining the location of some of these sites, that struck me. There was, I think, a 7-year delay for the outpatient clinic in Las Vegas. For that Las Vegas, that delay, what was the reason for that?

Mr. WISE. Well, the problem in Las Vegas was one where the facility was located adjacent to Nellis Air Force Base northeast of Las Vegas a bit. And I think the main problem they ran into there was that—that was unforeseen was the fact that there was—they were close to where the flight area was and there was then an environmental issue, which is pretty common in military bases. We've seen them in other real property work I've done. We often see BRAC'd military bases or other kinds of former bases with lots of environmental issues. And this had to do with aircraft and other kinds of residue that were left over from other kinds of activities at the base. And until you can get the NEPA requirements resolved, then you really can't proceed further with that. And so that resulted in a delay for constructing the Las Vegas facilities.

Mr. DESANTIS. Now, what was the longest delay in the report?

Mr. WISE. I think the longest delay was about 13 years, and that was in the Jacksonville facility.

Mr. DESANTIS. And what was the cause of that delay?

Mr. WISE. Well, again, that was kind of a complicated story with a number of factors interwoven to cause these delays. You had a situation where there was a parking garage that was supposed to be a shared facility between the city and the health clinic. But at

the end, that fell through and, again, that resulted in having to acquire more land.

Eventually they were able to acquire more land, but that alone took a number of years, and so until you got all that resolved and there were additional environmental issues, it just went on and on until finally it was all able to get resolved over a very long period of time.

Mr. DESANTIS. Now, based on the projects that you reviewed in your report, how would you characterize the delays, as more things that were outside the VA's control or more shortcomings in the development and planning of the basic requirements of the projects?

Mr. WISE. The latter rather than the former, sir. In the case of the—there were certain things, in fairness to the VA, and when we spoke to officials there, they conveyed this to us, and we took that onboard. There were certain areas that really they didn't have particular control over. For example, in the Las Vegas situation, again, they ran into a NEPA problem.

There were a couple other facilities where they ran into problems with either a contractor defaulted or the contractor didn't perform and had to be fired, and so you kind of had to start over again with that. But those were a relatively small number of cases compared to the problems we identified that went into the preplanning process with—that was within the control of VHA.

Mr. DESANTIS. Thank you. My time is expired.

My friend from California, do you have another round of questions?

Mr. LIEU. I do not.

Mr. DESANTIS. Okay. Well—we have no more members here. So let me just thank the witnesses for their testimony and for answering our questions. We really appreciate it. We hope that this hearing has highlighted some of the shortcomings in this process, you know, not just in my district, which is obviously, you know, a huge concern of mine. I'm concerned about this happening all over the country. Because there's a lot of good people who are potentially going to be negatively affected if we continue down this road.

So thanks again. This hearing is now adjourned.

[Whereupon, at 2:45 p.m., the subcommittee was adjourned.]



## **APPENDIX**

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MATERIAL SUBMITTED FOR THE HEARING RECORD

**A Sketch of Events Surrounding the  
Relocation of the Saint Johns County Veteran's  
Community Based Outpatient Clinic**

The bullet points below represent a brief outline of actual attempts by St. Johns county to support the Veteran Administration (VA) in relocating the existing Community Based Outpatient Clinic (CBOC) from the existing fifty plus year old existing site to a state-of-the art facility specifically designed to meet their needs. The original intent was for St. Johns County to provide the new facility under the same terms and conditions of the lease the VA had enjoyed for nearly 15 years. The below events clearly illustrate the frustrations encountered by St. Johns County. This list is by no means all inclusive, but has been selected to present a clear picture as succinctly as possible.

- 10-12-2011 VA first notified of a pending sale
- 11-07-2011 the VA first stated their intention to stay in the southern part of the County. This was before any demographic analysis was done, either by the County or the VA.
- 1-9-2012 the VA verbally informs the County that they will not be placing the new CBOC at the new HHS facility. This is before any demographic analysis was done, No formal search area had been identified, and no RFP issued.
- 1-20-2012 County travels to Gainesville to meet with VA officials. At this meeting it was confirmed the clinic would not be moving to the HHS site. When County personnel attempted to convince VA officials to keep an open mind, they stated there was little likelihood of changing the VA's position
- 2-27-2012 St. Johns County receives an email from the VA in Gainesville which stated "an RFP is a long way off."
- 2-27-2012 St. Johns County sends an email to the VA in Gainesville informing them the County will reserve a "phantom" footprint for the CBOC, since the RFP will be some time off.
- 4-3-12 Debbie Taylor sends a letter to The VA in Gainesville requesting a formal notification that the CBOC will not be moving to the new HHS site.
- 5-2-12 Debbie Taylor expresses concern in an email to Mary Ann Blount the VA has not responded to her letter.
- 5-4-2012 Mary Ann Blount informs the VA in Gainesville by email that the sale is moving forward.
- 5-23-2012 the VA in Gainesville informs Mary Ann Blount by email that a Solicitation for Offer was probably months away, and he did not believe the County would be in a position to bid on the new clinic as a part of our construction plans. (No consideration was given to trying to use the existing leases as a vehicle to locate the CBOC at the new HHS site.)
- 9-25-2012 The VA in Gainesville was informed by Mary Ann Blount that the VA could continue to occupy their existing spaces until 3-31-15.
- 9-26-2012 Email between Mary Ann Blount that is the first documentation the VA is looking to get a "Standstill Agreement" in place. This is a contractual substitute for eminent domain.



- 10-24-2012 Email from Mary Ann Blount to the VA in Gainesville requesting the status of an RFP for the new clinic.
- 1-29-13 Conference call with the VA in Gainesville to discuss the county's concern that was the potential for a gap in service to our veterans at the rate the VA was proceeding with its RFP process.
- 2-4-15 Letter from Michael Wanchick emphasizing the need to relocate all agencies no later than 3-31-2015.
- 4-8-2013 Certified letter sent to the VA in Gainesville informing them that the sale of the Health & Human Services building to Lowe's Home Center officially closed on April 1, 2013 and that the VA would need to vacate the premises no later than March 31, 2015.
- 4-24-13 Mary Ann Blount reiterates to the VA in Gainesville the need for the VA to vacate the existing location no later than 3-31-2015.
- 5-16-2013 The County sends the VA an "Expression of Interest" to Lorena Trejo Jewart of the VA.
- 6-3-13 The VA is informed once again of the importance of vacating the existing location by 3-31-2015.
- 8-19-2013 VA notifies the County that the new HHS facility will not be considered for the new CBOC because it was not in the search area.
- 9-6-13 The VA notifies the County that the VA will vacate the existing site by 3-31-15.
- 2-10-2014 The VA notifies the County of a nationwide freeze on Solicitation of Offers.
- 2-28-2014 to 3-14-2014 Mary Ann Blount leaves repeated voice messages to Jessica L. Kaplan for a return phone call, to no avail.
- 3-17-14 Debbie Taylor emails Joseph Callahan with the VA asking when the freeze will be lifted.
- County receives an email from Lorena Jewart stating Solicitation documents are available for viewing.
- 4-8-2014 The VA informs the County they would prefer not to move, and now says it will not be ready to move by 3-31-2015.
- 4-25-2014 VA informs the County there will be little hope for any offer submitted by the County to provide the new clinic being accepted.
- 4-29-2014 Lorena Trejo with the VA notifies the County that the new HHS site will not be considered by the VA.
- 6-2-2014 Concern on the part of the County, that the possibility of the VA meeting the 3-31-2015 deadline is even more remote in light of due date for offers being pushed back, is expressed to VA staff in an email from Mary Ann Blount.
- 7-1-2014 County staff meets with Gainesville VA to discuss the County providing vacant land for a modular clinic.
- 7-10-14 VA Gainesville informs Jerry Cameron the VA would like to move forward with using a piece of vacant property owned by St. Johns County on Inman Rd. for their modular clinic site.
- 7-15-2014 BCC passes resolution approving the Inman Rd. site.
- 8-1-2014 County offers to build permanent CBOC at the new HHS site and have it ready by the move-out deadline.

- 8-7-2014 Letter from Michael Wanchick to the VA in Gainesville offering to assist the VA in locating a permanent or temporary space. The letter also states that the contractor for the new Health and Human Services facility had reviewed the project and stated that because he was already mobilized and had sub-contractors on site, he could build a facility to house the VA clinic and have it ready before April 2015. Mr. Wanchick further states that this site is located at the epicenter of the veteran population in St. Johns County and directly next to many other services essential to the veterans. Mr. Wanchick indicates the Board of County Commissioners unanimously moved to authorize County Administration to offer the VA the required space at the new HHS complex and appropriated \$5.2 million for the immediate construction of the facility. The letter formally offers to provide space built to accommodate the VA's floor plan, in a separate building at the new HHS complex, under the terms and conditions of the existing lease. Mr. Wanchick cautions the VA in Gainesville that this is a short window of opportunity and the VA needs to respond as soon as possible.
- 8-28-2014 County expresses its wish to the VA to have a meaningful discussion before the VA's September 4, 2014 Town Hall Meeting.
- 8-29-2014 Letter from Michael Wanchick to Tammiko Newell with the VA expressing urgency for a decision.
- 9-2-2014 County answers Congressman DeSantis's questions about the Flood Plain, stating that the new HHS building is above the Flood Plain.
- 9-4-2014 VA holds Town Hall Meeting in which angry local veterans receive no meaningful answers.
- 9-9-2014 County receives email from Lorena Jewart states the new HHS sit is acceptable for the interim clinic.
- 9-10-2014 Letter from Jerry Cameron to the VA in Gainesville stating that if the VA located a permanent site base on their current demographic study it would be well away from the center of the County's veterans population.
- 9-16-14 By letter Jerry Cameron once again explains to Tammiko Newell that the new HHS site is not in the 100 year flood plain.
- 9-30-14 A letter from Michael Wanchick explains to Tammiko Newell that time has run out for an acceptance of the County's offer to provide interim space at the new HHS site due to lack of a timely response by the VA. He explains the County now does not have sufficient time to relocate the tenants scheduled to occupy those spaces.
- 10-27-14 A letter from Michael Wanchick to Stella Flores, stating that due to the VA's decision to wait as long as the end of the year to award a contract for interim space, it was highly unlikely the VA could vacate by 3-31-2015, and that would result in either a gap in services or economic harm to the County. He questioned what the VA intended to do with regard to the flawed demographic used in defining the search area.
- 11-7-2014 The VA advertised for Expressions of Interest to provide 1.5-3 acres in St. Augustine for temporary trailers for the clinic, without notifying the County.
- 1-6-2015 Randy Stapleford notifies the County that the VA has entered into a contract with Hull Property Group for the interim site.
- 1-26-2015 The VA for the first time begins discussions as to how to keep the building functional because they would not be able to vacate by 3-31-2015
- 1-28-2015 The VA sets a new date for leaving the property as 9-30-2015, and states they are willing to pay the large penalties for holding over.
- 2-4-2015 The County receives a Pre-application from the VA's vendor.
- 2-14-2015 The County and the VA sign the holdover license agreement.

- 3-11-2015 VA informs the County that no vender has been selected for the interim space.
- The date on their new map is after the date of their FSO, thus was not used to determine their delineated search area.
- The VA in Gainesville previously stated our GIS was superior to theirs, now the VA takes the position our GIS is inferior.
- Their current map shows the Green Cove Springs clinic as “existing”, when it does not exist, and to our knowledge is not even funded.
- The VA states they will not consider future growth patterns for veteran enrollees, but rely on expansion of future clinics to determine location of other clinics, an obviously flawed approach. This is especially distressing in light of the fact Nocatee is the 3<sup>rd</sup> fastest growing community in the nation, and is completely un-served according to their latest map. Other entities recognize this and are locating in Nocatee. K-9 For Warriors is having their grand opening in Nocatee at the end of this month, and Wounded Warriors has looked at this area for a national headquarters. It seems the VA is the only veterans’ related organization that is oblivious to what is going on in NE St. Johns County.

It appears the VA has always had only one goal, to divert this clinic away from a St. Johns County site. In light of the multitude of reasons given by the VA for not locating with the rest of the services provided by the county to local veterans, it is difficult conclude that the VA does not have a hidden agenda. Adding to concerns over an apparent hidden agenda, the GAO now has the VA listed as a high risk for fraud, waste, and abuse.

Reports such as this one serve to reinforce concerns over fair treatment in the VA procurement process; *“One of the employees being fired is Susan Taylor, the deputy chief procurement officer with the VHA who oversees \$15 billion a year in federal contracts. A report by the VA's Office of Inspector General found that Taylor helped steer contracts to a private company that championed so-called reverse auctions, in which sellers compete with each other to offer the lowest bids. Taylor advocated for the company, Virginia-based FedBid, and worked to discredit a senior VA official who had declared a moratorium on reverse auctions while the government studied them, the report said. She also “misused her position and VA resources” for FedBid’s private gain and interfered with the inspector general’s investigation, the report said”* (Associated Press | Oct 07, 2014 | by Matthew Daly).

VETERANS COUNCIL OF ST. JOHNS COUNTY INC.

CHAIRMAN  
*Bill Daddys*

VICE CHAIRMAN  
*Russ Chalmers*

Post Office Box 2117  
St. Augustine, FL 32085



TREASURER  
*John Whinnery*

SECRETARY  
*Michael Rodighiero*

JUNE 21, 2015

The Honorable Ron DeSantis  
Chairman  
Subcommittee on National Security of the  
House Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman DeSantis:

The veterans of Northeast Florida are deeply concerned over the gross mismanagement exhibited by the Northeast Florida – Southeast Georgia Regional Office of the Veterans Administration (VA). A glaring example of this is the total mismanagement of the building of the new Community Based Outpatient Clinic (CBOC) in St. Johns County.

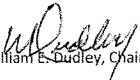
The VA has, for almost four years, made one poor decision after another. The local county government and local veterans' associations have made every effort to seek solutions to this alarming situation at the regional level of the VA. Our concerns have been met with calloused indifference, and our complaints over this indifference have been met with absolute condescending arrogance. After years of being either ignored or being presented with outright misrepresentations, we, the veterans of our armed services, can find no other recourse than to appeal to you, the holders of the highest offices in our land. We do so with full faith that you will not hesitate to serve the needs of those who have faithfully served this country.

In order to prevent further damage and waste to taxpayer dollars immediate action is required. We ask that no further action be taken by the VA to locate a permanent clinic until they have engaged the local veteran's population and the county government in a meaningful and productive dialogue. It is destructive and unacceptable to allow the VA to continue along the course they have travelled thus far. Had the VA listened to the concerns of St. Johns County veterans and accepted the generous offer made by the St. Johns County government, they would now be operating out of a state-of-the-art facility at

the same site as other services heavily utilized by our veterans. In addition millions of taxpayer dollars would not have been wasted. The VA will not set this right without intervention by Congress.

The veterans of Northeast Florida, trust you will take action to prevent further consequences to our community caused by an agency that has shown little concern over the damage it has done and has given every indication it intends to continue its present destructive path.

May God bless The United States of America and your efforts on our behalf.

  
William E. Dudley, Chairman

Veterans Council of St. Johns County

ST JOHNS COUNTY  
CIVIC ASSOCIATION  
ROUNDTABLE

6/20/2015

The Honorable Ron DeSantis  
United States House of Representatives  
308 Cannon House Office Building  
Washington D.C. 20515-0906

Dear Congressman DeSantis:

The Civic Association Roundtable is an organization comprised of representatives of homeowners associations through St. Johns County. The purpose of the association is to address serious concerns arising in our county, and to provide feedback to elected officials in our county. We often perform the function of informal oversight on those critical issues. Over the past several decades we have been very successful in achieving beneficial outcomes to serious community concerns.

We have never addressed a Federal issue, but the disaster we are experiencing in St. Johns County with regard to our local Veterans Administration (VA) Community Based Outpatient Clinic (CBOC) compels us to become involved. The total mismanagement by the VA in procuring a new site for our CBOC has deprived our veterans of easy access to ancillary services which they have enjoyed for years, caused those veterans undue anxiety, seriously setback local economic development plans, and squandered millions of dollars. The reputation of the VA for mismanagement is legendary, and their conduct in this instance begs for Congressional intervention. According to county officials, the VA has been totally indifferent and exhibited zero cooperation in seeking solutions that would have prevented the present undesirable situation.

In October of 2011 the County first informed the VA of a potential sale of the property housing the existing CBOC. It was assumed that the VA would relocate with the rest of the service providers housed in the existing facility, and would be afforded the opportunity to continue under their existing lease and its existing terms. County staff was surprised to learn that Nick Ross, of the regional office of the VA in Gainesville, had stated the VA would not make the move with the rest of the providers, citing "most of their clientele lived closer to the then existing site. This was alarming to County personnel due to the fact our veterans currently enjoyed "one stop shopping." The County's Veterans Service Office (VSO) was located next to the CBOC, and other social services utilized by our veterans were in the same building. Separating these services from the CBOC represented a severe handicap to these veterans.

For several months Nick Ross continued to verbally state "the VA would not be moving into the new County facility." On January 20, 2012 the Assistant County Administrator and the Land Management Manager for St. Johns County travelled to Gainesville to meet with Nick Ross. Mr. Ross informed them that the VA would not continue to lease from the County and would seek another location. In spite of every effort by St. Johns County to find a way to keep services together, the VA has refused to engage in meaningful discussion. Every time the VA cited a

concern that would keep them from joining other services, the County would address the issue. Once the issue was proved not valid or was resolved, the VA would roll out another excuse. Among the reasons given by the VA for its position were; too far from the veterans population (it is actually closer to the center of the population), no adequate transportation (public transportation comes to the front door of the new facility), located in the flood plain (County regulations would prohibit building in the flood plain), too far from emergency services (the new facility has advanced life support services and law enforcement closer than the old facility), and VA procurement would not let them award to the County (legal research determines this to be untrue). This list of spurious reasons, and the VA's refusal to enter into meaningful dialog, makes it obvious the VA has undisclosed motivations for not working with the County to solve this problem.

Not only did VA management in Gainesville refuse to work with the County, they failed to make any provisions for a move, even though the County gave them notice in the early spring of 2013 that the sale to Lowes was final and the building must be vacated by March 31, 2015, or substantial penalties would be incurred. When the VA had made it clear they would not be moving to the County's facility and was doing nothing to make other arrangements, the County became alarmed and stridently notified the VA that the deadline was approaching and there was no apparent progress. By the summer of 2014 it was apparent the VA would not make the March 31, 2015 vacation deadline. The County offered to build a facility which could be completed before the deadline. At one point the County even offered to move its own personnel to another location to make room for the CBOC in order to avoid the looming crisis. The VA seemed unconcerned.

The VA did not meet the deadline and the County had to broker an arrangement with Lowes to allow the VA to hold over at the old facility. This arrangement is costly to taxpayers. The VA will be spending over \$60,000 a month more than it would have by moving to the new County facility, and on October 1<sup>st</sup> that will be raised to over \$100,000 dollars a month wasted. In addition, the VA has secured a piece of property on which to put temporary modular building while they continue to struggle with "what to do about securing a permanent CBOC."

The wasted dollars paid by taxpayer will exceed \$2,000,000 before a final solution is found; a vital economic development project has been indefinitely delayed; and all this because of gross mismanagement by VA officials in Gainesville. We, the members of the St. Johns County Civic Association Roundtable, urgently request our Congressional leaders and the Secretary of the VA to intervene, demand accountability of those responsible for this situation, and halt further damage by the inept VA management in Gainesville. Thank you for careful consideration of this most important matter.

Sincerely,

Richard A. Lofgren

President, St Johns County Civic Roundtable