

## ENHANCED SHARING USE OF SPACE PROGRAM

**1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) directive establishes new application and review requirements for the Sharing Use of Space Program authorized under Title 38 United States Code (U.S.C.) 8153.

**2. SUMMARY OF MAJOR CHANGES:** Major changes include:

a. The new changes to policy regarding use of shared space as distinct from other sharing of resources as described in VHA Handbook 1660.04, VHA-Department of Defense (DoD) Direct Sharing Agreements, dated July 29, 2015, or subsequent policy.

b. Clarifying the application and review requirements of sharing use of space proposals. The Department of Veterans Affairs (VA) medical facility Directors and Veterans Integrated Service Network (VISN) Directors are responsible for complying with the requirements outlined in this directive and meeting all requirements of law, including Public Law 104-262, codified at Title 38 U.S.C. 8153.

c. Identifying the Office of Capital Asset Management, Engineering and Support (10NA5) as the program office for coordinating and approval for field-based sharing use of space proposals. In addition, sharing proposals between VA medical facilities and homeless Veterans' service providers for use of space for supportive housing programs or service centers are to be given high priority consideration at all levels of VHA.

**3. RELATED ISSUES:** VHA Handbook 1660.04, dated July 29, 2015.

**4. RESPONSIBLE OFFICE:** The Deputy Under Secretary for Health for Operations and Management, Office of Capital Asset Management, Engineering and Support (10NA5), is responsible for the content of this directive. Questions may be referred to (202) 632-7897.

**5. RESCISSIONS:** VHA Handbook 1820.1, dated March 7, 2005, is rescinded.

**6. RECERTIFICATION:** This VHA directive is due for recertification on or before the last working day of November 2022. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

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## ENHANCED SHARING USE OF SPACE PROGRAM

### 1. PURPOSE

This Veterans Health Administration (VHA) directive establishes application and certification requirements for new concept proposals, review and routing procedures, and data entry for sharing the use of VHA space with other entities. **AUTHORITY:** Title 38 United States Code (U.S.C.) 8153.

### 2. BACKGROUND

a. Sharing agreements related to the use of VHA space (including parking, outdoor recreational facilities, and vacant land) are authorized under Title 38 U.S.C. 8153. Enhanced sharing use of space agreements for sharing space do not include revocable licenses or permits. If revocable licensing or permits are sought in lieu of a sharing agreement, then all revenues from such locally-initiated licenses and permits (i.e., authorized by the Department of Veteran Affairs (VA) medical facility Directors) will accrue exclusively to the United States (U.S.) Department of the Treasury. The following factors should be considered when determining whether consideration for shared space is adequate for the VA medical facility:

- (1) Benefit current Veterans;
- (2) Recoup operating expenses;
- (3) Agreement must only support space;
- (4) Authority allows up to 20 years; and
- (5) Conforms to historic preservation requirements.

b. Pre-certified contracting officers are the only persons with authority to commit VHA to a binding sale, i.e., sharing agreement. In accordance with VA Handbook 7401.3, Selling Authority Certification, dated December 3, 1998, or subsequent policy, only the Deputy Assistant Secretary for Acquisition and Logistics (the Procurement Executive) is authorized to appoint or to terminate individuals as VA selling officials for sharing use of space agreements. Only certified contracting officers are vested with the authority to execute selling agreements on behalf of the federal government.

### 3. DEFINITIONS

a. **Financial Analyst.** A financial analyst is a person with the ability to determine the financial feasibility of the proposed sharing opportunity.

b. **Full Cost.** The Federal Accounting Standards Advisory Board in the Statement of Federal Financial Accounting Standards No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, defines the term full cost as the sum of the costs of:

(1) Resources consumed by the segment that directly or indirectly contribute to the output; and

(2) Identifiable supporting services provided by other responsibility segments within the reporting entity, and by other entities.

**NOTE:** *The Managerial Cost Accounting Implementation Guide, issued jointly by the Government Chief Financial Officer (CFO) Council and the Financial Systems Integration Office (FSIO) formerly Joint Financial Management Improvement Program (JFMIP) in February 1998, is a technical practice aid intended to assist Federal entities in implementing cost accounting. The Guide elaborates on the definition of full cost by indicating that Full cost is the sum of all costs required by a cost object, including the costs of activities performed by other entities regardless of funding sources. It includes direct costs (costs specifically identified with the output) and indirect costs (costs used to produce multiple outputs). The direct and indirect costs can be funded, reimbursed, un-funded, or non-reimbursed.*

c. **Local Direct Cost.** Local direct cost includes the Decision Support System's (DSS) fixed direct, variable labor, and variable supply.

#### 4. POLICY

It is VHA policy that VA medical facilities establish application and certification requirements for new concept proposals, review and routing procedures, and data entry for sharing the use of VHA space with other entities.

#### 5. RESPONSIBILITIES

a. **Office of Capital Asset Management, Engineering and Support, VA Central Office.** The Office of Capital Asset Management, Engineering and Support (OCAMES) is responsible for:

(1) Receiving, reviewing and notifying VA medical facilities of the status of their proposal by electronic mail within 5-business days of receipt of their proposal. OCAMES reviews concept proposals to verify all required information and certifications are present and acceptable. All field-based concept proposals or concept papers must contain answers to the questions required by Appendix A or Appendix B. Required certifications to be made by senior level VA medical facility, Veterans Integrated Service Network (VISN) staff, or line managers must be either attached and accompany submitted concept papers, and must be filed in VA medical facility sharing agreement files, as noted in Appendix A and Appendix B. **NOTE:** *Typically OCAMES review takes no more than 5-business days.*

(2) Reviewing and approving or disapproving the sharing use of space concept papers generally within 5-business days of receipt of properly completed proposals. When concept papers involve sharing space to accommodate research activities, the VA Central Office review process must include the Medical Sharing/Affiliate Office (MSO).

(3) Notifying the proposal initiator by email of the decision reached within 2-business days of the OCAMES decision.

(4) Communicating that concept papers for Sharing Use of Space Agreements must go through the VISN Capital Asset Management (CAM) office and should not be submitted directly to VHA by facilities. The CAM will complete the initial review, obtain the Network Director endorsement and then submit to the contracting officer. The contracting officer ensures that Regional Counsel review and provides legal guidance before the concept paper is forwarded to OCAMES for final approval. Once the agreement is finalized the VISN CAMS ensure that the facilities input the agreement into the Capital asset inventory.

b. **Veterans Integrated Service Network Directors.** VISN Directors are responsible for:

(1) Ensuring VA medical facility proposals represent the most responsible choice for VA and America's Veterans and taxpayers. The facility should contact their IntegratedEthics® program or the VA National Center for Ethics in Health Care, for help in analyzing specific circumstances where there is uncertainty or conflict on how to prioritize the interests of VA, VHA, Veterans, and/or taxpayers. The National Center for Ethics in Health Care can be contacted by email at [vhaethics@va.gov](mailto:vhaethics@va.gov).

(2) Assuring VA medical facility proposals to share space are giving high-priority consideration to homeless Veteran service providers who are planning to develop supportive housing programs or service centers for homeless Veterans. Proposals to share space with homeless Veteran service providers must charge at least \$100/monthly for use of space.

(3) Confirming all information required by OCAMES are submitted in the proper format at least 2 weeks or 9 months at [sharinguseofspace@va.gov](mailto:sharinguseofspace@va.gov) (the latter for high revenue and/or capital investment proposals) prior to the desired agreement execution date by any VA medical facility within that VISN's jurisdiction.

(4) Overseeing that VA medical facilities under the VISN's jurisdiction adequately maintain VHA's Capital Asset Inventory (CAI) database.

(5) Certifying that VA medical facilities under the VISN's jurisdiction provide appropriate monitoring to ensure an acceptable level of performance for sharing use of space agreements.

c. **VA Medical Facility Director.** The VA medical facility Director is responsible for:

(1) Ensuring that VA is not sharing space with any federal government employee for personal use, or business entities owned or controlled by a federal government employee.

(2) Giving high-priority consideration to sharing space with homeless Veteran service providers that are planning to develop supportive housing programs or service centers, either through funding that can be made available through VA Homeless Providers Grant and Per Diem Program, or through other Federal, State or local funding sources. **NOTE:** See Appendix G.

(a) Submitting completed and correctly formatted sharing of space concept papers to OCAMES by email at least 3 weeks prior to planned execution of the sharing agreement. **NOTE:** See Appendix A and Appendix B.

(b) **Exception One (to the submittal timing).** Proposed use of space concept papers that entail less than 1 week in duration and/or gross less than \$2,500 in total revenues may be submitted 1 week prior to planned execution. Examples include: 1 or 2-day rental of a parking lot for a community charity walk and/or run, or a one-time use of conference room or similar type of non-medical or technical space.

(c) **Exception Two.** Use of space proposals and resulting draft agreements with projected high revenues or high capital investment cost must be submitted with results of a formal market survey and cost benefit analysis, in addition to the requirements outlined in Appendix A and Appendix B for VA Central Office technical and legal review.

(3) Ensuring that all proposals are based upon an assessment of the current market and utilize a business team approach employing the following individuals and skills: Contracting Officer with the authority to share or sell; financial analyst or business manager; Regional Counsel; local human resources specialist, and where appropriate, union representation; and an applicable program official, as appropriate. When a use of space proposal involves a homeless Veteran service provider who intends to develop a supportive housing program or a service center, the VA business team considering the proposal must include the VA medical facility's Health Care for Homeless Veterans (HCHV) Program Coordinator. **NOTE:** The responsibilities and determinations to be made during the course of the business teamwork are outlined in Appendix E.

(4) Obtaining needed certifications, and filing the certifications locally and/or with VA Central Office with electronic submission of the concept proposal to OCAMES within specified timeframes. **NOTE:** See Appendix A and Appendix B.

(5) Obtaining approval to submit the proposal from the VISN Director prior to emailing VHA OCAMES if the agreement is for VHA to share space for 30-calendar days or more. **NOTE:** Any previously granted blanket pre-approval or permission to proceed to agreement stage without prior OCAMES approval is rescinded.

(6) Notifying the respective VISN prior to electronically submitting a proposal to share space to OCAMES if the agreement is for VHA to share space for less than 30-calendar days. **NOTE:** Including the VISN Office in the electronic mail simultaneously may be permitted if the VISN has pre-authorized such procedure.

(7) After receiving VA Central Office concept approval, securing Regional Counsel review prior to all parties signing the agreement, regardless of dollar revenue. The

Regional Counsel office with responsibility for the facility where the proposal arose is the appropriate legal review office for both concept and agreement legal review. For proposals projecting high revenue or high capital investment costs, VA medical facilities must submit both the proposal and subsequent draft agreement to OCAMES for VA Central Office technical review prior to any party signing the agreement.

(8) Before the sharing agreement is signed and executed, incorporate any changes to proposed agreements as required by VA Central Office. If the agreement's projected revenues total more than \$700,000 annually, the Office of General Counsel (OGC) will complete a legal review of the concept paper. The concept paper will also undergo a review from VA contracting office. If the proposal has projected revenues totaling less than \$700,000 annually the concept paper will be reviewed and approved by OCAMES.

(9) Ensuring that a hard copy of the signed sharing of space agreement is mailed to OCAMES within 5-business days of all parties signing the agreement.

(10) Monitoring performance at least quarterly and taking appropriate action to correct problems promptly and to ensure a proper level of performance. This involves the ongoing collection and maintenance of data in the sharing agreement file at the VA medical facility level and entering quarterly and year-end data into the CAI database.

(11) Ensuring that the required data is entered into the CAI database.

d. **Facility Chief Engineer.** The facility's Chief Engineer is responsible for ensuring that the required data is entered into the CAI database:

(1) When submitting an electronic copy of a concept paper;

(2) Within 5-business days of the facility receiving concept paper approval from VA Central Office; and

(3) At the time the agreement is signed by all parties and quarterly thereafter until its conclusion.

***NOTE:*** *It is essential to VHA's credibility that its Space and Functional database is accurately and timely maintained in order to demonstrate VHA's commitment to responsible capital asset portfolio management, and provide needed information in response to short turn around Congressional, Government Accountability Office, and other information requests.*

## **6. POST VA CENTRAL OFFICE APPROVAL**

### **a. Preparing the Sharing Agreement.**

(1) After OCAMES' approval of the concept paper, Regional Counsel must have a final review of any proposed sharing agreement projecting revenues totaling more than \$700,000 annually before it is signed by the VA medical facility's designated contracting authority and the sharing partner.

(2) It may be appropriate for VA medical facilities to pay prorated damages to a sharing partner in the event that VHA must terminate the use of space agreement before the time specified on the agreement, particularly if the sharing partner has made a significant capital investment in the space, but only if provisions for damages are included in the terms of the initial agreement. **NOTE:** See Appendix C for the provisions that must be included in any sharing agreement involving liability payments from a VA medical facility.

(3) If a VA medical facility chooses to utilize non-recurring maintenance (NRM) funds to render the space acceptable to the sharing partner, after VA Central Office approval of the concept, the sharing agreement revenues need to reflect proportional reimbursement of expended NRM funds over the term of occupancy.

(4) For proposals grossing greater than \$700,000, or needing greater than \$1M in NRM funds, submit Appendix A together with formal market survey results and cost benefit analysis at least 3 months prior to planned execution.

(5) A hard copy of the certification(s) must be placed in the sharing agreement file maintained at the VA medical facility, and in identified instances, must be submitted with the proposal, as indicated in Appendix A and/or Appendix B. In addition, a hard copy of the executed sharing of space agreement must be mailed to OCAMES, within 5-business days of the agreement award date.

(6) All agreements for sharing space must be in writing.

(7) Terms to be included in the agreement must include:

(a) The ability to cancel the agreement if unforeseen future circumstances result in VHA failing to meet the requirements of Title 38 U.S.C. 8153, i.e., particularly in regards to the unforeseen reduction of services to Veterans, or as a result of mission analysis, among other extenuating conditions;

(b) The time period covered by the agreement;

(c) Any mechanisms for adjusting prices;

(d) What, if any, liability is to be assumed by VHA for failure to perform;

(e) Holding the sharing partner harmless and indemnifying VHA from claims, losses, damages, liabilities, costs, expenses or obligations arising out of or resulting from the sharing partner's wrongful or negligent conduct in the performance of this agreement; and

(f) Other items such as: quantities, billing and payment terms, deadlines, quality, environmental issues, security, hours of operation, manpower commitments, ability to deliver services as required, performance management, reporting, and others as appropriate.

b. Agreement Stage.

(1) All proceeds from agreements for the use of VA space under the use of space Sharing Authority must be deposited into the correct medical care appropriation account at the VA medical facility in order to benefit Veterans. These proceeds need to be coded as directed by VHA's Financial Management System (FMS), or any subsequent system developed and promulgated by VHA's Office of Finance.

(2) Reimbursement rates (e.g., prices or costs plus inflation, as applicable) must be negotiated in the best interest of VHA, Veterans, and taxpayers.

(3) VA medical facilities must enter required data into the CAI database, at the Sharing Use of Space tab, found at <https://vaww.cai.va.gov>, upon submittal of the proposal, 5-business days after the agreement is signed, and at the end of each quarter thereafter for the life of the agreement. **NOTE:** *This is an internal VA Web site that is not available to the public.*

**GENERAL FORMAT FOR SUBMITTING AND EXECUTION OF CONCEPT PAPERS  
TO SHARE SPACE**

**1. REQUIREMENTS**

a. Department of Veterans Affairs (VA) medical facilities proposing to share the use of space for less than 30-calendar days in duration and/or only grossing less than \$2,500 in total revenues, need to complete items in paragraphs 2.a. through 2.k. of this appendix, then electronically submit the concept paper to the Office of Capital Asset Management, Engineering and Support (OCAMES), 1 week prior to the planned execution date.

b. For proposals with durations greater than 30-calendar days, or grossing revenues less than \$700,000 annually, complete this appendix. Electronically submit the concept paper to OCAMES, and file and/or mail certifications at least 2 weeks prior to planned execution date.

c. In the event that damages are to be paid in accordance with the terms of an agreement, the VA medical facility is responsible for the payment of the damages from the Medical Care Account.

d. For proposals grossing greater than \$700,000, or needing greater than \$1.0 million in Non-Recurring Maintenance (NRM) funds, submit Appendix A together with formal market survey results and cost benefit analysis at least 9 months prior to planned execution.

e. VA medical facilities must enter required data into the CAI database, at the Sharing Use of Space tab, found at: <https://vaww.cai.va.gov>. **NOTE:** *This is an internal VA Web site that is not available to the public.* The required data must be entered at the following times:

- (1) At the time the proposal is submitted;
- (2) 5-business days after the agreement is signed; and
- (3) At the end of each quarter thereafter for the life of the agreement.

**2. SUBMITTAL OF CONCEPT PAPER**

In submitting a Concept paper, the VA medical facility's sharing coordinator, or designee, must provide or identify the following:

a. The VA medical facility name and facility number requesting the concept approval.

- b. The Veterans Integrated Service Network (VISN) name and number endorsing the concept.
- c. The VA medical facility and VISN contact persons and telephone numbers.
- d. The resource, gross square footage, and location of the asset to be shared.
- e. The name and address of the sharing partner and a brief explanation/description of the purpose of the proposed use of space.
- f. The term of the agreement (base period and length of options in years). **NOTE:** *Sharing use of space proposals entails 1 to 5 years as the base period, and 1 to 5 year optional terms, as appropriate, up to a total of 20 years. The time frame for notifying the sharing partner of VA's discretion to terminate the agreement can be 30, 60, or 90-calendar days or, at maximum, 180-calendar days.*
- g. The costing methodology or basis of reimbursement rate.
- h. The market rate in the private sector for comparable space (e.g., dollars per net usable square feet).
- i. The dollar and/or other Veterans Health Administration (VHA) outlays (e.g., construction and/or renovation, utilities, telephones, etc.) that are involved in this proposal. In addition, proposals must identify what, if any, capital improvements and cost will be incurred by the VA medical facility and in which fiscal year.
- j. An estimate of the annual operating costs (e.g., utilities, security and maintenance).
- k. An estimate of the total gross revenues, by year, and for the life of the proposal (provide table) with inflation factor built into the charge for the space, if term exceeds 1 year.
- l. Identify sharing partner's proposed capital expenditure (if any) by year.
- m. Certifying the proposal and retain the evidence in the VA medical facility's sharing agreement file if this proposal is:
  - (1) Recovering, at a minimum, all operating costs (e.g., utilities, space maintenance, security, etc.).
  - (2) Charging market rate for the space.
  - (3) Benefiting Veterans.
  - (4) Ensuring that the partner complies with all applicable VHA and VA codes and regulations, including handicapped accessibility and historic preservation. **NOTE:** VA

*medical facilities may choose to make this part of the actual agreement, after VA Central Office approval of proposal.*

n. Generally, all sharing use of space agreements must be offered to the public, in order to obtain an outcome in the best interest of VHA, Veterans, and taxpayers. If the sharing agreement is not offered to the public (competed), then proper justification must be provided.

(1) Simply stating that the proposed sharing agreement is with an affiliate or a homeless Veteran service provider is adequate justification in this instance.

(2) In all other cases when the sharing agreement was not offered to the public, full justification must be provided.

o. Describe and quantify how current, not potential future, Veterans will benefit from this proposed agreement. **NOTE:** *A narrative alone is not sufficient.*

p. Identify how patient privacy, VA computer systems, overall security of the space and those using it, will be handled if the public present potentially harmful or disruptive behavior, or if a participant becomes sick or injured and needs immediate attention.

q. Obtain VISN concurrence with the proposal. The following should be submitted to the Office of Capital Asset Management, Engineering and Support office either electronically or by surface mail: the proposal, the VISN concurrence, and the VISN certification that the proposal conforms to, the mission analyses and the preferred planning options.

### 3. EXECUTION OF SHARING AGREEMENT

Following OCAMES, VA Central Office approval of the concept paper, the VA medical facility's sharing coordinator, or designee, must:

a. Email a copy of the signed sharing agreement to the Program Manager at [sharinguseofspace@va.gov](mailto:sharinguseofspace@va.gov).

b. Retain in the sharing agreement file at the VA medical facility, a required established system of monitoring, evaluation, and correction (if needed) of the sharing partner's and the VA medical facility's performance at least biannually.

c. Enter the required data into the CAI Database at: <https://vaww.cai.va.gov> at the following times: **NOTE:** *This is an internal VA Web site that is not available to the public.*

(1) At the time the proposal is submitted;

(2) 5-business days after the agreement is signed; and

(3) At the end of each quarter thereafter for the life of the agreement.

**REQUIREMENTS FOR SUBMITTING PROPOSALS TO SHARE SPACE FOR ANTENNAS, WHETHER GROUND-BASED OR TO BE PLACED ON ROOFTOPS**

The Department of Veterans Affairs (VA) medical facilities proposing to share use of space for antennas, with durations greater than 30-calendar days and, if projected revenues or Non-Recurring Maintenance (NRM) expenditures do not exceed the limits noted in Appendix A, must submit the information needed in Appendix A and Appendix B, at least 1 week prior to the desired execution of the sharing agreement. For antenna-related proposals grossing revenues greater than \$700,000 per year or generating over \$7 million in total revenues over the life of the proposed sharing agreement and/or needing greater than \$1 million in NRM funds, VA medical facilities must complete and email the information needed in Appendix A and Appendix B at least 9 months prior to anticipated signing of the agreement. At the same time file and/or mail applicable certifications described in Appendix A and Appendix B.

If this is a proposed sharing agreement, the VA medical facility sharing coordinator, or designee, must, through or with concurrent notification of the respective Veterans Integrated Service Network (VISN), complete the following:

a. Provide the information required in Appendix A.

b. Electronically or surface mail VA medical facility statements certifying that the simultaneously mailed proposal complies with:

(1) Federal, State, and local ordinances. **NOTE:** *To facilitate each local agreement, VA medical facilities must document that they have conferred with the county planning agency (concurrence with the VHA plan or proposal is recommended, but it is not required), and that they have placed a public notice in the main local newspaper advising the community of their intent, with a 30-calendar day window for public comment.*

(2) Environmental Protection Agency guidelines and regulations governing such usage.

(3) General Services Administration (GSA) guidelines and regulations per GSA Bulletin Federal Property Management Regulation (FPMR) D-242, Placement of Commercial Antennas on Federal Property.

(4) VA and Federal Historic Preservation Law and regulations. **NOTE:** *All monopoles or rooftop antennas must go through the Historic Preservation process outlined in Appendix F.*

c. If the projected revenues are greater than \$700,000 annually, and/or require NRM capital investment by the VA medical facility totaling more than \$1 million, a cost benefit analysis and formal market survey results must be submitted and attached to the Concept paper.

d. Obtain the VISN Director's, or designee's, concurrence with the proposal and VISN certification that this proposal conforms to mission analyses and to preferred planning options. Email this with the concept paper (Appendix A and Appendix B) to, [sharinguseofspace@va.gov](mailto:sharinguseofspace@va.gov).

Enter the required data into the Capital Asset Inventory Database (CAI), found at: <https://vaww.cai.va.gov>, at the following times: At the time the proposal is submitted; 5-business days after the agreement is signed; and at the end of each quarter thereafter for the life of the agreement. **NOTE:** *This is an internal VA Web site that is not available to the public.*

**SHARING AGREEMENT PROCEDURES AND REQUIREMENTS FOR LIMITING  
VA'S LIABILITY IN THE EVENT OF EARLY TERMINATION**

Department of Veterans Affairs (VA) medical facility contracting officers must:

- a. Prorate the amount of damages that the VA medical facility will pay if the agreement is terminated earlier than agreed upon;
- b. Limit the Veterans Health Administration's (VHA) liability to the amount of appropriated funds available to the VA medical facility at the time payment is made; and
- c. State that funds are not currently available and that VHA does not promise that Congress will appropriate additional funds to meet any deficiency in the event that damages must be paid.

## REIMBURSEMENT RATES

1. Department of Veterans Affairs (VA) medical facilities must consider local commercial market rates for similar space, as well as the full cost as defined by the Federal Accounting Standards Advisory Board, for providing the service when negotiating reimbursement rates. VA medical facilities must incorporate an annual inflation adjustment to multiple year agreements to ensure maintenance and operating costs, including future costs of utilities, continue to be at least recouped if not exceeded. VA medical facilities are encouraged to maximize revenue generated from the sharing of space under this authority except when sharing space with homeless Veterans service providers. Prices may be established above full cost.

2. In setting reimbursement rates for homeless Veteran service providers, VA medical facilities are to be sensitive to the partner's ability to help VA meet its mission of providing assistance to this high priority patient population. In these cases, VA medical facilities are not encouraged to maximize revenue generated from the sharing of space, but rather, are encouraged to recognize the value and cost effectiveness of the services that are being made available to homeless Veterans. VA medical facilities must take into consideration the potential costs that would be associated with residential services and support services that could be incurred by VA medical facilities if these services were not made available by community-based partners. Local direct cost, associated with providing the services, needs to be the starting point for negotiating reimbursement rates.

3. The rationale and justification for all price determinations must be fully explained, documented, and maintained in the agreement file. This must be sent, with a hard copy of the executed agreement, to Office of Capital Asset Management, Engineering and Support (OCAMES).

## **DETERMINATIONS REQUIRED PRIOR TO SIGNING SHARING OF SPACE AGREEMENTS**

### **1. DETERMINATION OF CAPACITY**

The Department of Veterans Affairs (VA) medical facility team must determine that sufficient capacity exists, or can be generated, to handle the work associated with the sharing opportunity. This includes a determination that the proposed activity will not diminish existing levels of services to Veterans, and that the agreement is necessary either to maintain an acceptable level or quality of care or to improve services to Veterans. Any revenue generated from the agreement must be used to benefit Veterans. Decisions to share space need to be based on sound business principles. The team must be able to document how VA benefits from the sharing of the resource.

### **2. DETERMINATION OF COSTS**

Both local direct costs and full costs must be determined. There is no single costing methodology that fits all circumstances. Good judgment must be exercised in choosing the methodology most appropriate to the resource in question. The methodology chosen for determining costs must be documented and the cost worksheets maintained in the agreement file.

### **3. DETERMINATION OF A FAIR PRICE**

In establishing a price for the resource, the team must take into account local direct costs, full costs, and local market prices for the same resource. Local market prices can be obtained through market surveys and third-party rates. In most instances, prices need to be set comparable to prices in the commercial market. VA is not limited to recovering full cost in setting a price. The team must determine a price that is in the best interest of the Federal Government. If, and only if, the agreement is necessary to maintain an acceptable level or quality of care, such as supportive housing and services available for homeless Veterans in service centers, it may be determined to be in the best interest of the Federal Government to establish a price that is below full cost. Otherwise, the price must be established at, or above, full cost. The team must document the rationale used in determining a price.

### **4. DETERMINATION OF A NEGOTIATING RANGE**

The team must develop a range of prices to be used in negotiations and in developing a negotiating strategy. The range may include considerations, such as: volume discounts or a multi-tiered pricing structure, community needs, and effects on relationships with potential sharing partners. It may be necessary to identify a break-even point and establish a price floor below which VA will not negotiate, even if the end result is failure to reach agreement. In no instance will any agreement be executed if the revenues to be received do not recover local direct costs.

## **5. DETERMINATION OF SPACE**

Determination that the space available has first been considered as a possible site for making supportive housing or service centers available to homeless Veterans.

## **6. DETERMINATION OF MARKETING APPROACH**

Market research may be a critical step involving an assessment of the existence of potential partners, or an assessment of community needs or potential niche markets as examples. Any market research needs to be documented. When VA chooses to offer services on the open market, reasonable competition occurs.

a. Potential parties are afforded the opportunity to offer bids for a VA resource. Notice may be made to the public through the Federal Business Opportunities (FedBizOpps), or other media as appropriate. In other circumstances where a potential partner approaches VA, VA may decide to offer the resource directly to the soliciting buyer. Factors to be considered in making these decisions may include: the relationship with the potential interested parties, the market demand for the resource, the political sensitivity of the potential agreement, community needs, the value and effectiveness of on-site community-based supportive housing or service centers for homeless Veterans or other factors that may make the offer in the best interest of the Federal Government based on criteria other than price.

b. VA medical facilities may prepare and submit bids in response to solicitations announced and open to the public for response.

## **7. DETERMINATION OF THE IMPACT OF THE PROPOSED AGREEMENT ON ACCREDITATION**

The team must make an assessment of any potential impact of the proposed agreement on accreditation, such as: the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), College of American Pathologists (CAP); facility licensing; licensing of employees; credentialing and privileging; risk management; etc.

## **8. DETERMINATION OF CONFLICT OF INTEREST**

Government business must be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. Transactions relating to the expenditure of public funds require the highest degree of public trust, and an impeccable standard of conduct. The general rule is to strictly avoid any conflict of interest or even the appearance of a conflict of interest. While many Federal laws and regulations place restrictions on the actions of Government personnel, their official conduct must be such that they would have no reluctance to make a full public disclosure of their actions. With regard specifically to sharing of space, buying and selling to the same entity violates this provision.

## **9. DETERMINATION OF IMPACT**

The team must make a determination of impact of the proposed agreement on other programs or elements in the facility. In addition, VA medical facilities and Veterans Integrated Service Networks (VISNs) must assess and base decisions upon the likely outcome of mission studies.

## **10. DETERMINATION OF POTENTIAL LIABILITY**

The team must make a determination of the potential liability for failure to perform under the terms of the agreement as well as other liability issues. Contingency plans need to be developed to allow the facility to meet performance requirements under foreseeable circumstances, or the agreement needs to detail circumstances under which VA would not be expected to perform.

**NOTES AND REFERENCES REGARDING HISTORIC PRESERVATION**

1. Department of Veterans Affairs (VA) medical facilities and Veterans Integrated Service Networks (VISNs) are advised that when any visual change is being considered at a historic property, the Veterans Health Administration (VHA) must, by law, go through the National Historic Preservation Act Section 106 (codified at Title 36 Code of Federal Regulations Part 800) compliance process prior to any approvals for that change. For example, any monopole or rooftop antenna (past, present, future) must go through the process. Approving Officials in VA Central Office must see evidence that this compliance process has been completed by the requesting facility or by the VISN prior to granting approval.

2. The VA medical facility program manager or approving official is responsible for documenting evidence of compliance and maintaining such documentation in the sharing agreement file. **NOTE:** *The requesting field officials are the ones in the best place to actually accomplish the compliance and start the paperwork and discussions with the preservation reviewers, beginning with the State Historic Preservation Officers.*

## **SUPPORTIVE HOUSING AND SERVICE CENTERS FOR HOMELESS VETERANS**

1. Homelessness among Veterans in the United States has been, and continues to be, a significant problem.

2. Making underutilized space available for at least \$100/monthly to community-based homeless Veterans service providers for supportive housing and service centers through sharing use of space agreements supports the President's Management Agenda, VA's legislated goal, and VA-community planning strategies to address the needs of homeless Veterans. VA medical facilities and Veterans Integrated Service Networks (VISNs) must give high priority for sharing use of space agreements with organizations that are planning to develop supportive housing or service centers for homeless Veterans.

3. In determining charges to homeless Veteran service providers who are planning to develop supportive housing programs or service centers, VA medical facilities need to consider the therapeutic value of these services and the cost-effectiveness of partnering with community-based organizations to jointly address the needs of homeless Veterans. Homeless Veterans' access to supportive housing and service centers offers an alternative to prolonged and unnecessary hospitalizations. VA medical facilities need to recognize that community-based service providers are most likely to be funded through Federal, State, or local grants and/or donations from charitable foundations. Many of these organizations may be seeking funds to establish and maintain programs through VA's Homeless Providers Grant and Per Diem Program. While these organizations may have multiple funding sources, they typically function with only minimal resources available to cover the cost of basic operating expenses. VA medical facilities must charge at least \$100/monthly to allow for reimbursement of the VA medical facility's local direct cost associated with the sharing of space agreement. Charging \$100/monthly for use of VA space allows community-based service providers to commit more of their resources to staffing and other direct support for homeless Veterans.