

# VA decks out executive offices with outlay of \$1 million

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Taxpayers paid nearly \$1 million to customize upscale office space on the North Shore for top Veterans Affairs executives, records obtained by the Tribune-Review show.

The VA's five-year lease for 10,000 square feet on the fourth floor of the Del Monte Building — plus another 1,000 square feet added last year for an expansion that included a shower room — charges upwards of 40 percent more than the average price for prime Pittsburgh office space.

The space in the 4-year-old building houses offices for Director Michael E. Moreland and executives in the VISN 4 region, or Veterans Integrated Service Network that includes Pennsylvania and parts of Ohio, West Virginia, New York and New Jersey.

The delivery in March of a Bowflex exercise bench at the VA facility in Aspinwall — intended for a gym at the new offices on the Allegheny riverfront — tipped off VA employees about what was happening on the North Shore and upset some.

Colleen Evans, president of American Federation of Government Employees Local 3344, which represents VA workers in the region, called the lease "a tragic diversion of limited resources that could be used to provide patient care."

She said the lease and athletic equipment for administrators "suggests VISN 4 leadership has lost sight of the mission of the VA and its responsibility to ensure the prudent expenditure of taxpayer dollars."

The lease for office space at 323 North Shore Drive provides VA officials with renewal options to extend it until 2018. If so, the cost could top \$4.2 million, records show.

VA spokesman David E. Cowgill defended the lease in a statement, saying it "followed all applicable federal rules and regulations." He said the remodeling was "necessary to create an efficient work environment for the employees."

"To accommodate the expanding clinical programs and patient workload at VA Pittsburgh Healthcare System, the VISN office moved off of the medical center grounds," Cowgill said. "This has allowed VA Pittsburgh to create additional treatment space for veterans."

Advertisements for space in the Del Monte Building call it "Pittsburgh's highest quality Class A office space." Its developers described the building in a recent report to city planners as prime real estate where tenants can enjoy "the riverfront and stunning views."

The initial five-year lease with Continental/North Shore LP, effective Oct. 1, 2008, shows the VA agreed to base monthly rent of \$26,925, but in June 2009 the agreement was amended to include the additional 1,000 square feet, boosting the monthly tab to \$29,617.50. That puts the annual cost per square foot at \$32.31.

By comparison, data compiled by Grubb & Ellis and Cushman & Wakefield, two of Pittsburgh's major office rental firms, show the average price for prime Pittsburgh office space is \$22.52 to \$25.24 per square foot.

Joseph Backers, a volunteer at the VA's Highland Drive facility that is slated for closing, said the fitness room for executives was particularly galling because the agency recently closed a pool and athletic facilities that disabled veterans used.

"How do you justify shutting down a pool for veterans when you are providing athletic equipment for executives?" he asked.

Cowgill said "a small fitness room was furnished to encourage employees to participate in a wellness program," which he said "fits with the Department of Veterans Affairs' emphasis on preventive health." He declined to say what the equipment cost or how it was purchased.

Albert Cafazzo, 83, of Penn Hills, who regularly used the Highland Drive pool until it was shut down in May, said he wrote to President Obama to protest the pool closing, but never got a response.

"I don't think it's right that they should spend \$1 million on renovations. How much would it have cost to keep the pool open?" he asked.

The offices Moreland occupied in Aspinwall remain vacant. The new offices sit five miles from the VA's primary Pittsburgh location on University Drive in Oakland. Cowgill did not respond to questions about a notice VA officials recently posted that could extend the lease for some of the North Shore space on a no-bid basis. The lease includes 66 parking spaces.

The regional VA operation is undergoing a \$300 million expansion at its Oakland and Aspinwall locations. The facility on Highland Drive is being phased out, and VA officials have indicated the 160-acre site will be sold.

When the VA sought to move its executives, Continental/North Shore was one of two firms to submit a bid in response to a request for proposals in early 2008, records show. The specifications mandated the office space be located within two narrowly defined geographic areas, including the riverfront.

Officials provided those records in response to a Freedom of Information Act request but did not provide details about the other bid from The Rubinoff Co. Representatives of the firm declined to comment.

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