



infobrief

A PUBLICATION OF ADC

Community Roles in Enhanced Use Leasing

SEPTEMBER 2007



About the Association of Defense Communities

The Association of Defense Communities (ADC) is the nation's premier membership organization serving America's defense communities. With 1,200 members nationwide, ADC is the voice for communities and states with a significant military presence. ADC unites the diverse interests of communities, state governments, the private sector and the military on issues of base closure and realignment, community military partnerships, defense real estate, mission growth, mission sustainment, military privatization, and base redevelopment.

734 15th Street, NW | Suite 900 | Washington, D.C. 20005

Tel: 202.822.5256 | Fax: 202.822.8819

www.defensecommunities.org

Introduction

At a time when federal funds for the operations and maintenance of military bases can be scarce, enhanced use leasing, or EUL, provides the services with an option to make the most of what they have and are not even using. Through an EUL, military departments can lease non-excess land on domestic bases to private sector developers or public entities. In exchange, the developers or public bodies will build or renovate facilities for the services to use at their bases, make cash lease payments to the military, or both.

For defense communities adjacent to the bases, the benefits primarily include the generation of jobs and tax revenue. Defense communities also believe that EUL projects can help the services operate their bases more efficiently, making them valuable to the services and perhaps protecting the bases from future closures or mission losses. Because of the limited number of executed EULs, this theory was not truly tested in the 2005 Defense Base Closure & Realignment (BRAC) round.

Leases benefit the other parties involved in different ways. The military service leverages underutilized land and buildings to get a new or improved facility, such as badly needed office space. As in any endeavor, developers can turn a profit and create partnerships that could lead to future opportunities.

From this ADC Infobrief, defense communities will better understand the EUL process and the players that are involved, and what communities themselves can do within the process. This community guide will review the evolution of the military's leasing authority and how this asset management tool has been used at places like Kirtland Air Force Base, Fort Leonard Wood and Camp Navajo.

I. EUL Authority

Excess property is "property under the control of a federal agency that the head of the agency determines is not required to meet the agency's needs or responsibilities."¹ Any land on an active military base that is deemed to be non-excess is eligible for leasing to another party via an EUL. Excess property is distinct from "surplus property," which is defined as "excess property that the Administrator [of the U.S. General Services Administration (GSA)] determines is not required to meet the needs or responsibilities of all federal agencies."² Surplus federal property is disposed of by GSA or, in the unique case of BRAC, by the military services.

As we know it today, the authority of the military departments to lease non-excess property can be traced to 1892. The Act of July 28, 1892, allowed the War Department to lease land for up to five years. This authority was supplemented by laws in 1916 and 1932 that gave similar authority to the Navy Department³ and required that such leases of federal land "shall be for a money consideration only,"⁴ respectively.

The authority was refined in 1947 when President Truman signed Public Law 80-364, which provided uniform legislative authority for the leasing of War or Navy department property, broadened the peacetime authority of the departments to lease property for the performance of government or private work; and permitted the transfer without reimbursement to the departments of certain plants, machinery and equipment.⁵

The authority was codified in 1956 when Congress set aside Title 10 of the U.S. Code for military matters. The Act of August 10, 1956,⁶ placed the leasing authority in Section 2667 of Title 10, hence the "2667" moniker often given to EUL projects.

The leasing authority was "enhanced" by Congress in 2000 when it amended the statute to permit the construction of new facilities as in-kind consideration and authorized the military departments to use funds received from money rentals for the construction or acquisition of new facilities.⁷ Specifically, the amendment allowed the military services to accept in-kind consideration in the form of:

- Maintenance, protection, alteration, repair, improvement or restoration of property or facilities;
- Construction of new facilities;
- Provision of facilities for use;
- Facilities operation support; and
- Provision of services related to activities on the leased property.

Should the services receive cash payments for leases, the amended statute directed that the funds be placed in a special U.S. Treasury account for use by that service to:

- Maintain, protect, alter, repair, improve or restore property or facilities;
- Build or acquire new facilities;
- Lease facilities; or
- Provide operational support.

The authority also requires that at least half of the proceeds generated from a lease must be used at the military installation where the proceeds were derived.

The EUL authority was amended in 2006 to direct lease proceeds derived from bases approved for closure or realignment after January 1, 2005, to be deposited into the base realignment and closure account.⁸ For now, this affects installations altered by the 2005 BRAC round.

DOD was encouraged by the potential opportunities that the 2000 legislation created. “These enhancements provide the Military Services with exceptional tools to maximize the utility and value of our underused real property assets. The ability to spend cash consideration on a greatly expanded list of base operating support functions, including construction, and the ability to accept a greater array of in-kind services, creates many new and innovative out-leasing opportunities,”⁹ noted a 2001 DOD policy memorandum.

The statute has been further amended several times, including most recently in 2006, when military exchanges, commissaries, and morale, welfare and recreation (MWR) activities were given the right to establish and operate a community support facility or provide community support services as part of an EUL agreement in cases when the project would compete with the military exchanges.¹⁰ The exchanges also would have the right to receive “equitable compensation” if they choose not to operate such a facility. This amendment was a congressional compromise forged out of a desire to protect exchanges and commissaries, whose revenues fund MWR programs for military personnel.¹¹

EUL authority is not unique to DOD. In fact, the Department of Veterans Affairs (VA) gained this authority¹² in 1991, nine years before DOD.

Similar to the DOD authority, VA leasing activities must contribute to the department’s mission at the affected location and enhance the property’s use.¹³ EUL projects have led to major improvements to at least four VA medical centers in Indiana, Texas, Illinois and Washington, D.C. Projects have included office buildings, energy cogeneration plants, elder daycare centers, child development centers and community nursing homes.¹⁴

The National Aeronautics & Space Administration¹⁵ has limited authority to consider EUL projects on its underutilized property.

Budget Scoring in a Nutshell

The White House Office of Management & Budget (OMB) has a set of guidelines for measuring federal spending obligations against amounts appropriated by Congress and the President. How well a project “scores” can determine its viability. The guidelines, found in Appendix B of Circular A-11, affect two areas of an EUL project.

First is the ground lease. There is no scoring associated with an EUL ground lease as long as the installation gets fair market value for the land, either as in-kind consideration or cash. Second is any federal leasing of space in new buildings constructed via the EUL project. The OMB criteria help the government determine whether project really is federal construction in disguise — in which case it would be put on the federal books as a capital lease — or whether it really is just an operating expenditure of the federal government like anything else it would lease, in which case it would be accounted for as an operating lease.

For a current version of Appendix B of OMB Circular A-11, visit http://www.whitehouse.gov/omb/circulars/a11/current_year/app_b.pdf.

Source: U.S. Army Enhanced Use Leasing Web site, <http://eul.army.mil>

Before EUL projects can proceed, they must be “scored” under guidelines set by the White House Office of Management & Budget (OMB). [See sidebar for more details.] Among other things, OMB addresses the budgetary treatment of lease-purchases and leases of capital assets. In doing so, the budgetary effects of an EUL project are estimated and compared to the limits set in appropriations legislation that would fund the project. Projects can be canceled if they are not favorably scored.

II. Roles of the Parties

In an EUL project, there typically can be two parties involved — the military and the defense community, which acts as the project developer — or three parties involved — the military, the developer and the defense community — each with their own roles.

The Military

The military’s involvement in EUL projects generally is focused at the bases where projects will be executed and the EUL program managing agencies — the Army Corps of Engineers, Air Force Real Property Agency and Naval Facilities Engineering Command. Projects have been initiated by the bases, the major commands and units, or the EUL managing agency for each military service itself.

With the Army, for instance, some projects have come about after a base contacts the Army Corps of Engineers (ACOE) and states that it has an infrastructure need that it would like an EUL to help meet. Conversely, ACOE may approach a base with a concept for an EUL project. ACOE and base leaders will meet to brainstorm ideas and consider their options. Bob Penn, EUL program manager for ACOE, noted that it is less

likely that a private developer or defense community will approach the military with an EUL project idea.

The military goes through many steps to determine whether a project is feasible for development.¹⁶ It identifies non-excess assets and determines whether the assets have any historic or specific development requirements that could influence the project. The information gathered to this point informs a project concept plan. The military continues this internal process by determining the highest and best use of the assets, and conducting an economic analysis of the assets. From this background work, the military decides whether a project should proceed. If a project is selected to proceed, marketing and proposal solicitation processes commence. (See sidebar for a look at these background steps.)

The financial viability of a proposed project can hinder any EUL deal. If the potential for a return on investment is not in the cards, then the project will not be attractive to developers. Other factors that can impede projects include: concerns about the environmental condition of property, community opposition, and changes in base leadership, in such positions as base commander or public works developer.

Enhanced use leasing projects require the military departments to take a business-oriented approach toward their building and land assets. This has been a challenge that the services continue to work to overcome. The services have been training their real estate specialists and have hired firms with real estate expertise as consultants to analyze these complex deals. Ultimately, the services hope these factors will reduce the time from project conception to lease execution so that every party involved can see benefits quicker.

The EUL Process – From Square One to Solicitation

Leading up to the point when an EUL project is presented to developers for their consideration, the military follows a number of steps that help shape the scale of the project. Here is a look at some of those steps.

Developing a Project Vision

- Identifying Non-Excess Assets
- Identify an “installation champion” to drive the process.
- Interview key installation personnel to help review the existing asset inventory and identify potential development opportunities.
- Enlist experienced real estate and financial professionals.
- Conduct physical inspection of facilities.
- Identify and map assets available for EUL project.
- Determine whether assets are historic and/or have specific development requirements.
- Develop a project concept plan.
- Identifying Asset Value
- Determine market demand and conditions.
- Determine highest and best use for assets based on market conditions, site conditions and compatibility with base operations.
- Conduct economic analysis to consider revenue streams.
- Identify and evaluate internal installation considerations and external private sector considerations. Installation considerations include location, security and environmental conditions. Private sector considerations include market interest, financial attractiveness, and condition and size of property.
- Determine fair market value for assets.
- Determine a “Go/No Go” strategy.

Developing and Marketing the Project

- Refine project concept plans.
- Obtain congressional approval, which is required for projects involving in-kind consideration valued at \$500,000 or more.
- Develop solicitation strategy and documents.
- Select advertising media.
- Actively inform, educate and market real estate opportunities to potential public and private developers.
- Provide potential developers with key information about the base’s master plan, facilities and operations.
- Conduct an industry form to provide project information to prospective developers, assess private sector interest, and allow for networking among participants.

Source: “Enhanced Use Leasing Guide,” Ernst & Young, July 2004.

Developers

Private sector developers often are selected to carry out EUL projects. Private developers approach EUL projects as they would any economic development project. They look for a robust return on their investment, which can be influenced by factors like local market conditions, real estate absorption rates, competition from off-base developments, site access, site environmental conditions and access to utilities.

EUL projects are carried out on military-owned land, meaning the land cannot be used to secure project financing. Developers must rely on the value and potential cash flow from a long-term lease to get financial backing. Terms of some EULs go as long as 50 years, which has increase opportunities for financing. By comparison, the Department of Veterans Affairs has done leases for up to 75 years.

Communities/States

Defense communities have much to gain from EUL projects. The creation of jobs and generation of sales tax revenue are among the benefits. This job and revenue generation could be considered an unexpected surprise for a defense community, because EUL projects generally are brought forward by the military, not local economic development agencies, and the projects are developed on land that is federally controlled and not previously considered available for commercial development. EUL projects also may attract other developers to a community, spurring further development. Further, EUL projects have the potential of making military base operations more efficient and therefore helping ensure that bases may endure future rounds of base closure.

The role for defense communities

within the EUL process is an emerging one, although it can be somewhat imprecise. In many cases, the military initiates a project plan and brings it to private developers for the consideration. This generally leaves defense communities in the less active — but no less important — role of project supporters. In interviews, representatives of the military, the development community and defense communities themselves agreed that one of the most significant ways that communities can effectively support EUL projects is by treating them as they would other major economic development projects. That is, by offering incentives that will sweeten deals to potential developers and tenants. For example, Penn said communities have helped locate EUL tenants and used tax increment financing and other financing mechanisms to support projects.

“Encourage and promote projects,” said Deirdre Firth, senior economic developer for the city of Albuquerque, N.M., home of Kirtland Air Force Base. “Seek ways to help make them reality.” Firth also suggested working closely with congressional delegations that can provide possible funding streams and other influence for EUL projects. While Albuquerque was not directly involved in the Kirtland Air Force Base EUL project, she said the city continues to support the effort and is prepared to assist in any way it can.

Fred Mondragon, then-director of economic development for Albuquerque, suggested that the military services should directly approach the mayors of the cities where they are considering projects. Opening the line of communication early between the military and defense communities can resolve potential conflicts before they slow things down or scuttle projects altogether. This communication also can help define what role the military needs the community to play, and what the community is willing to do in its role.

Craig Zgabab, a developer with the Shaw Group in San Antonio, suggested that communities can support the infrastructure needs of EUL projects by helping secure transportation funds to expand access roads to larger project sites or extending utilities to the sites.

While defense communities may want to treat EUL projects like other large-scale economic development projects, there is at least one significant difference that must be noted. EUL projects, because they are located on military property, generally are not subject to real property taxes. Rick Finholt, executive director of the Missouri Research Park system, warned of the potential for community resistance to EUL projects because they are not taxed like other developments. He said this is not unlike the adversarial “town-gown” relationship between communities and major colleges and universities. In this situation, communities contend that they lose tax revenue to tax-exempt schools, while the colleges and universities note that they generate significant local spending and ancillary economic benefits.

Community Roles in EUL Projects

- Provide infrastructure (roads and utilities) support.
- Help attract project tenants.
- Promote projects during industry day forums and through other community relations.
- Employ financing mechanisms and other economic development incentives that can make projects more attractive.
- Manage local regulatory issues, such as zoning.
- Help identify developers.

This issue has emerged in relation to a planned EUL at Redstone Arsenal in Huntsville, Ala. The city has asked for the Army’s permission to annex the 422-acre project site where an office and educational development would be built. The city wants to annex the land so that it may tax the project tenants. The city is concerned that if major retail outlets or a shopping mall were allowed on the base, then established local businesses would lose customers and the city would lose tax revenue.¹⁷

Redstone Arsenal leaders have assured that the Army would not allow major retailers or a mall at the base. In a counteroffer intended to resolve the conflict, the base proposed terms on the project that would protect the city’s — as well as the Army’s — interests. Negotiations between the Army and the private developer on the 50-year lease plan are expected to be completed in the fall of 2007.

In some cases, the military has picked a public sector entity to develop sites. This occurred at Fort Leonard Wood in Missouri, where the University of Missouri system was selected to create a technology park at the base, and Kirtland Air Force Base in New Mexico, where New Mexico Institute of Mining & Technology also is planning a technology park. The advantage of a sole-source development award to a public entity is avoiding a lengthy selection competition. This can lead to quicker project development. However, this advantage could be neutralized by fiscal constraints or restrictive procurement regulations that govern public entities.

III. Case Studies

To offer insight into how defense communities and other public sector entities have been involved in the EUL development process, three leasing projects are examined below.

Fort Leonard Wood — St. Robert, Mo.

The EUL project at Fort Leonard Wood in central Missouri grew from a plan by the commanding general of the base to expand and upgrade facilities to accommodate mission growth from the 1995 BRAC round. Ultimately, the base, the Missouri Economic Development Department and the University of Missouri system drafted a plan whereby the university would establish the Technology Park at Fort Leonard Wood, the nation’s first technology park on military base property.

The parties signed a 33-year lease in the fall of 2001. The lease is renewable for another 33 years. Under the lease terms, the research park annually pays Fort Leonard Wood \$500 per acre developed plus 7 percent of net revenue from tenant leases. The university system, as the managing partner of the park, is responsible for developing and maintaining the site, structuring tenant leases, and marketing the site to

potential tenants.

So far, the university system and state economic development department have invested \$4.2 million to build two 18,000-square-foot office buildings on 6 acres of the base. The first building opened in May 2002, with the second following in May 2005. The buildings count private and Army entities as tenants.

The university system paid for 55 percent of the development, and the Missouri Technology Corp., a state-chartered private, nonprofit corporation, covered the remaining costs. The parties may expand the park to up to 500,000 square feet of space on its present footprint. It also may expand its footprint to up to 62 acres, if the demand for space arises. At this time, though, there are no plans to expand the park.

Finholt attributed some of the success of the project to the Army's selection of a state agency as its partner. He said that since the university system is not a profit-oriented private developer, it tends to have more patience with projects like this.

The state of Missouri supports the technology park because it has the potential to leverage the BRAC growth for greater regional economic growth and increase the number of technology-based businesses. For the university system, the project neatly fit with its mission of fostering innovation to support economic development. The system hopes the park will create more opportunities for technology transfer and increase its participation in federally and privately funded research projects.¹⁸

Kirtland Air Force Base — Albuquerque, N.M.

The Air Force and New Mexico Institute of Mining & Technology signed the service's first EUL in December 2005. The 50-year lease is for 8.3 acres on the west side of the 52,000-acre base, where the state-supported university would establish the Kirtland Technology Park. Initial plans call for construction of up to 100,000 square feet of academic and office space at a cost of up to \$10 million by mid-2008. That would be the first of four development phases. In the subsequent 10-20 years, the project could be expanded to 4 million square feet of office, laboratory and light industrial space with a capacity for 15,750 workers on about 300 acres of the base.

The project supports the state's focus on research and development. In fiscal 2003, the most recent year for which data are available, New Mexico received the highest per-capita federal research and development funding of any state.¹⁹

As in-kind consideration for the lease, the university agreed to provide the Air Force Research Laboratory (AFRL) at Kirtland with space in the new building or build the lab a building of its own.²⁰ The university will benefit by having more research and development space for its own projects. Kathryn Halvorson, executive director of the Air Force Real Property Agency, said she hopes that AFRL and the university will continue working closely once the first stage of the park opens by having

lab technicians working with university students, some of whom may be attracted to careers in the Air Force as a result.

Halvorson noted that the Air Force selected the university as a sole-source provider on the lease because of its existing relationship with the Air Force lab.

Camp Navajo — Bellemont, Ariz.

In 2003, the Greater Flagstaff Economic Council (GFEC) expanded the footprint of its state-designated Enterprise Zone to incorporate Camp Navajo, an Arizona National Guard base. The council, which administers the incentive program for Coconino County, did so in anticipation of pursuing a development strategy with the base, according to GFEC President and Chief Executive Officer Stephanie McKinney. About two years later, an EUL project was suggested for the base by the Army Corps of Engineers.

A private-sector developer, which was selected in May 2006, will create an eco-industrial park that will include an intermodal facility and biomass cogeneration plant on an 814-acre section of the base. The intermodal facility is expected to connect to the nearby Burlington Northern Santa Fe rail line. The cogeneration plant will use forest waste as fuel to generate about half of the power for tenants of the base.²¹ The developer expected to break ground for the initial stages of the project this year.

By taking an active and supportive stance of the military base, the community is encouraging private investment in the EUL project. Certain businesses that move to Camp Navajo may qualify for tax credits for a three-year period. Some manufacturers also may qualify for reduced property taxes if they make fixed-asset investments in their businesses.²² The economic council also has provided assistance and data and coordinated meetings for the other parties involved in the EUL process, namely the Arizona National Guard and Army Corps of Engineers and its real estate consulting firm. The council also has identified and contacted potential tenants for the site.

Other Sites

There are several other EUL projects that have been completed or are in the early stages of development that are worth noting. The following is a summary of some of those projects.

Base: Aberdeen Proving Ground

Location: Aberdeen, Md.

Summary: A private developer will create an office and research park of up to 2 million square feet on a 200-acre footprint. The land was used for training, but has sat vacant since that component was moved to another section of the installation. Construction of the first phase of the project, two office buildings totaling 150,000 square feet, could begin in 2008. The research park project concept was approved by the federal government in October 2006. The entire development could take up to 10 years to complete. Part of the in-kind consideration from the devel-

oper to the Army will be the relocation and expansion of a base picnic area.²³ Aberdeen Proving Ground is expected to gain more than 4,000 jobs as a result of the 2005 BRAC round, and this project is expected to complement some of those gains.

Base: Eglin Air Force Base

Location: Okaloosa County, Fla.

Summary: The Air Force and Okaloosa County in October 2006 signed a 30-year lease for 255 acres at Eglin. The county will build a wastewater treatment facility on the property, which currently houses the county's spray irrigation effluent disposal site. Construction could start in the summer of 2007. The agreement includes an annual lease payment to the Air Force of \$325,000 with an annual escalation factor of 2 percent.²⁴ Bonds for the approximately \$66 million project are expected to be sold in November 2006.²⁵ The lease replaces a 20-year agreement between the Air Force and county. In terms of in-kind consideration, the plant is expected to serve some newly privatized military housing at the base.²⁶

Base: Fort Detrick

Location: Frederick, Md.

Summary: Construction of a \$100 million steam, chilled water and electrical power plant to be built under an EUL with two private companies began in August 2006. The firms will design, build, operate and own the plant on 10 acres of land they are leasing in exchange for providing utilities to the National Biodefense Analysis and Countermeasures Center, the U.S. Army Medical Research Institute of Infectious Diseases, the National Institute of Allergy and Infectious Diseases Integrated Research Facility, and the post's steam sterilization plant. The plant is expected to be completed in early 2008. The new utility plant will use natural gas and produce fewer emissions than the base's current plant.²⁷

Base: Fort Meade

Location: Anne Arundel County, Md.

Summary: A private developer selected in November 2006 plans to build the Fort Meade Technology Center — 2.5 million square feet of office and retail space — and two golf courses on three tracts of land at the base. The office and retail space would be built on two sites, one of 125 acres, the other 48 acres. The golf courses would be built on a 367-acre tract just beyond the fence line and replace a pair of courses on base property. The Army plans to use the old golf course land to accommodate new missions being directed to the base as a result of the 2005 BRAC round.²⁸

Base: Fort Sam Houston

Location: San Antonio, Texas

Summary: As part of the Army's first EUL with a private developer, the historic Brooke Army Medical Center and two other abandoned buildings have been preserved and converted into 450,000 square feet of administrative space. The Army was able to reduce its maintenance costs for the previously vacant space and avoid the cost of remediating site contamination from lead, mercury, asbestos and other health hazards. Tenants now include the U.S. Army South and Army Medical Information Technology Center. Over the 50-year term of the lease, the Army is projected to reap \$250 million in cash and in-kind consideration from the

developer, who was selected in April 2000.²⁹

Base: Naval Station Pearl Harbor

Location: Pearl Harbor, Hawaii

Summary: A developer demolished a 65,000-square-foot shopping center, and built a 55,000-square-foot Navy community support service center and about 30,000 square feet of retail and commercial space, all across the street from the Navy-Marine Corps Golf Course near Naval Station Pearl Harbor. The development allowed the Navy to consolidate several of its quality-of-life facilities from around the base. The \$17 million project improved services to sailors and moved non-essential traffic away from the base.³⁰ GSA honored the project as a best practice in federal property management, noting that this EUL a blueprint that "provides an excellent opportunity for Department of Defense agencies to leverage high value real property assets to achieve mission goals at a time when resources to acquire, build and/or maintain facilities are extremely scarce."³¹

Base: Navy Broadway Complex

Location: San Diego, Calif.

Summary: In November 2006, the Navy selected a private developer for a 99-year ground lease of property that will yield new office space for the service and \$1.2 billion in total development. The developer will build a \$160 million, 351,000-square-foot office building for the Southwest Regional Command. In exchange, the developer gets the rights to build offices, condominium-style hotels and retail stores on the remainder of the nearly 15-acre, Navy-owned Manchester Pacific Gateway.³² This deal was structured like an EUL, although it was carried out under authority in the fiscal 1987 National Defense Authorization Act (Section 2732 of Public Law 99-661).³³

IV. Looking Ahead

There is no doubt that federal discretionary funding, including that for military construction projects, will difficult to come by in the foreseeable future. Competing interests from BRAC 2005 implementation and the wars in Iraq and Afghanistan have stretched the federal budget. EUL projects can help the military meet some of its facility needs without having to dip into its military construction budget. However, all of the players involved in EUL efforts must be cognizant that these projects are not a panacea. EUL projects cannot solve every need on every base, but should be considered within a larger real property partnership toolbox that includes programs that match the dynamic needs of installations.

The projects that follow the successes at bases like Fort Leonard Wood and Naval Station Pearl Harbor will continue to face challenges. EUL projects compete for financing with other community economic development projects and perhaps will demand more creative financing mechanisms to make the projects viable and attractive. EULs will continue to face federal scoring scrutiny that will challenge the way the services and developers structure projects. The continued development of real estate expertise among the services is encouraging and is a sure way to reduce the amount of time it takes for projects to go from the drawing board to completion. The sooner projects are finished, the sooner all parties can benefit.

Further, defense communities likely will demand from the military greater involvement during project planning so that community needs may be addressed in the final project. Failure to listen to a communities could force the military to rescale, relocate or rescind project plans. An EUL project that takes into account community-based transportation and land-use plans can be better integrated into the fabric and economy of a community, and stand a better chance to succeed.

Appendix A — Defense Department Enhanced Use Leasing Authority

UNITED STATES CODE
TITLE 10. ARMED FORCES
SUBTITLE A – GENERAL MILITARY LAW
PART IV – SERVICE, SUPPLY, AND PROCUREMENT
CHAPTER 159 – REAL PROPERTY; RELATED PERSONAL PROPERTY; AND LEASE OF NON-EXCESS PROPERTY

10 U.S.C. § 2667

CURRENT THROUGH JULY 1, 2007

§ 2667. Leases: non-excess property of military departments

(a) LEASE AUTHORITY. — Whenever the Secretary of a military department considers it advantageous to the United States, he may lease to such lessee and upon such terms as he considers will promote the national defense or be in the public interest, real or personal property that is--

- (1) under the control of that department; and
- (2) not excess property, as defined by section 102 of title 40
- (3) Redesignated (2)]

(b) CONDITIONS ON LEASES. — A lease under subsection (a)—

- (1) may not be for more than five years, unless the Secretary concerned determines that a lease for a longer period will promote the national defense or be in the public interest;
- (2) may give the lessee the first right to buy the property if the lease is revoked to allow the United States to sell the property under any other provision of law;
- (3) shall permit the Secretary to revoke the lease at any time, unless he determines that the omission of such a provision will promote the national defense or be in the public interest;
- (4) shall provide for the payment (in cash or in kind) by the lessee of consideration in an amount that is not less than the fair market value of the lease interest, as determined by the Secretary;
- (5) may provide, notwithstanding section 1302 of title 40 or any other provision of law, for the alteration, repair, or improvement, by the lessee, of the property leased as the payment of part or all of the consideration for the lease; and
- (6) except as otherwise provided in subsection (d), shall require the lessee to provide the covered entities specified in paragraph (1) of that subsection the right to establish and operate a community support facility or provide community support services, or seek equitable compensation for morale, welfare, and recreation programs of the Department of Defense in lieu of the operation of such a facility or the provision of such services, if the Secretary determines that the lessee will provide merchandise or services in direct competition with covered entities through the lease.

(c) TYPES OF IN-KIND CONSIDERATION.—

- (1) In addition to any in-kind consideration accepted under subsection (b)(5), in-kind consideration accepted with respect to a lease under this section may include the following:
 - (A) Maintenance, protection, alteration, repair, improvement, or restoration (including environmental restoration) of property or facilities under the control of the Secretary concerned.
 - (B) Construction of new facilities for the Secretary concerned.
 - (C) Provision of facilities for use by the Secretary concerned.

- (D) Facilities operation support for the Secretary concerned.
 - (E) Provision of such other services relating to activities that will occur on the leased property as the Secretary concerned considers appropriate.
- (2) In-kind consideration under paragraph (1) may be accepted at any property or facilities under the control of the Secretary concerned that are selected for that purpose by the Secretary concerned.
 - (3) Sections 2662 and 2802 of this title shall not apply to any new facilities whose construction is accepted as in-kind consideration under this subsection.
 - (4) In the case of a lease for which all or part of the consideration proposed to be accepted by the Secretary concerned under this subsection is in-kind consideration with a value in excess of \$500,000, the Secretary concerned may not enter into the lease until 30 days after the date on which a report on the facts of the lease is submitted to the congressional defense committees.

(d) COMMUNITY SUPPORT FACILITIES AND COMMUNITY SUPPORT SERVICES UNDER LEASE; WAIVER.—

- (1) In this subsection and subsection (b)(6), the term 'covered entity' means each of the following:
 - (A) The Army and Air Force Exchange Service.
 - (B) The Navy Exchange Service Command.
 - (C) The Marine Corps exchanges.
 - (D) The Defense Commissary Agency.
 - (E) The revenue-generating nonappropriated fund activities of the Department of Defense conducted for the morale, welfare, and recreation of members of the armed forces.
- (2) The Secretary of a military department may waive the requirement in subsection (b)(6) with respect to a lease if—
 - (A) the lease is entered into under subsection (g); or
 - (B) the Secretary determines that the waiver is in the best interests of the Government.
- (3) The Secretary of the military department concerned shall provide to the congressional defense committees written notice of each waiver under paragraph (2), including the reasons for the waiver.
- (4) The covered entities shall exercise the right provided in subsection (b)(6) with respect to a lease, if at all, not later than 90 days after receiving notice from the Secretary of the military department concerned regarding the opportunity to exercise such right with respect to the lease. The Secretary may, at the discretion of the Secretary, extend the period under this paragraph for the exercise of the right with respect to a lease for such additional period as the Secretary considers appropriate.
- (5) The Secretary of Defense shall prescribe in regulations uniform procedures and criteria for the evaluation of proposals for enhanced use leases involving the operation of community support facilities or the provision of community support services by either a lessee under this section or a covered entity.
- (6) The Secretary of the military department concerned shall provide written notification to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives regarding all leases under this section that include the operation of a community support facility or the provision of community support services, regardless of whether the facility will be operated by a covered entity or the lessee or the services will be provided by a covered entity or the lessee.

(e) DEPOSIT AND USE OF PROCEEDS.—

- (1) (A) The Secretary of a military department shall deposit in a special account in the Treasury established for such military department the following:
 - (i) All money rentals received pursuant to leases entered into by that Secretary under this section.
 - (ii) All proceeds received pursuant to the granting of easements by that Secretary under sections 2668 and 2669 of this title.
 - (iii) All proceeds received by that Secretary from authorizing the temporary use of other property under the control of that military department.
- (B) Subparagraph (A) does not apply to the following proceeds:
 - (i) Amounts paid for utilities and services furnished lessees by the Secretary of a military department pursuant to leases entered into under this section.
 - (ii) Money rentals referred to in paragraph (4), (5) or (6).

- (C) Subject to subparagraphs (D) and (E), the proceeds deposited in the special account of a military department pursuant to sub paragraph (A) shall be available to the Secretary of that military department, in such amounts as provided in appropriation Acts, for the following:
- (i) Maintenance, protection, alteration, repair, improvement, or restoration (including environmental restoration) of property or facilities.
 - (ii) Construction or acquisition of new facilities.
 - (iii) Lease of facilities.
 - (iv) Facilities operation support.
- (D) At least 50 percent of the proceeds deposited in the special account of a military department under subparagraph (A) shall be available for activities described in subparagraph (C) only at the military installation where the proceeds were derived.
- (E) The Secretary concerned may not expend under subparagraph (C) an amount in excess of \$500,000 at a single installation until 30 days after the date on which a report on the facts of the proposed expenditure is submitted to the congressional defense committees.

- (2) Payments for utilities and services furnished lessees pursuant to leases entered into under this section shall be credited to the appropriation account or working capital fund from which the cost of furnishing the utilities and services was paid.

[(3) Repealed.]

- (4) Money rentals received by the United States directly from a lease under this section for agricultural or grazing purposes of lands under the control of the Secretary of a military department (other than lands acquired by the United States for flood control or navigation purposes or any related purpose, including the development of hydroelectric power) may be retained and spent by the Secretary concerned in such amounts as the Secretary considers necessary to cover the administrative expenses of leasing for such purposes and to cover the financing of multiple-land use management programs at any installation under the jurisdiction of the Secretary.
- (5) Money rentals received by the United States from a lease under subsection (g) at a military installation approved for closure or realignment under a base closure law before January 1, 2005, shall be deposited into the account established under section 2906(a) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510).
- (6) Money rentals received by the United States from a lease under subsection (f) at a military installation approved for closure or realignment under a base closure law on or after January 1, 2005, shall be deposited into the account established under section 2906A(a) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note).

(f) TREATMENT OF LESSEE INTEREST IN PROPERTY.— The interest of a lessee of property leased under this section may be taxed by State or local governments. A lease under this section shall provide that, if and to the extent that the leased property is later made taxable by State or local governments under an Act of Congress, the lease shall be renegotiated.

(g) SPECIAL RULES FOR BASE CLOSURE AND REALIGNMENT PROPERTY.—

- (1) Notwithstanding subsection (a)(2) or subtitle I of title 40 and title III of the Federal Property and Administrative Services Act of 1949 (to the extent subtitle I and title III are inconsistent with this subsection), pending the final disposition of real property and personal property located at a military installation to be closed or realigned under a base closure law, the Secretary of the military department concerned may lease the property to any individual or entity under this subsection if the Secretary determines that such a lease would facilitate State or local economic adjustment efforts.
- (2) Notwithstanding subsection (b)(4), the Secretary concerned may accept consideration in an amount that is less than the fair market value of the lease interest if the Secretary concerned determines that—
- (A) a public interest will be served as a result of the lease; and
 - (B) the fair market value of the lease is (i) unobtainable, or (ii) not compatible with such public benefit.
- (3) Before entering into any lease under this subsection, the Secretary shall consult with the Administrator of the Environmental Protection Agency in order to determine whether the environmental condition of the property proposed for leasing is such that the lease of the property is advisable. The Secretary and the Administrator shall enter into a memorandum of understanding setting forth procedures for carrying out the determinations under this paragraph.

- (4) (A) Notwithstanding the National Environmental Policy Act of 1969 (42 U. S. C. 4321 et seq.), the scope of any environmental impact analysis necessary to support an interim lease of property under this subsection shall be limited to the environmental consequences of activities authorized under the proposed lease and the cumulative impacts of other past, present, and reasonably foreseeable future actions during the period of the proposed lease.
- (B) Interim leases entered into under this subsection shall be deemed not to prejudice the final disposal decision with respect to the property, even if final disposal of the property is delayed until completion of the term of the interim lease. An interim lease under this subsection shall not be entered into without prior consultation with the redevelopment authority concerned.
- (C) Subparagraphs (A) and (B) shall not apply to an interim lease under this subsection if authorized activities under the lease would--
- (i) significantly affect the quality of the human environment; or
- (ii) irreversibly alter the environment in a way that would preclude any reasonable disposal alternative of the property concerned.
- [(5) Redesignated (4).]

(h) COMPETITIVE PROCEDURES FOR SELECTION OF CERTAIN LESSEES; EXCEPTION.—

- (1) If a proposed lease under subsection (a) involves only personal property, the lease term exceeds one year, and the fair market value of the lease interest exceeds \$100,000, as determined by the Secretary concerned, the Secretary shall use competitive procedures to select the lessee.
- (2) Not later than 45 days before entering into a lease described in paragraph (1), the Secretary concerned shall submit to Congress written notice describing the terms of the proposed lease and the competitive procedures used to select the lessee.
- (3) Paragraph (1) does not apply to a renewal or extension of a lease by the Secretary of the Navy with a selected institution for operation of a ship within the University National Oceanographic Laboratory System if, under the lease, each of the following applies:
- (A) Use of the ship is restricted to federal supported research programs and to non-Federal uses under specific conditions with approval by the Secretary of the Navy.
- (B) Because of the anticipated value to the Navy of the oceanographic research and training that will result from the ship's operation, no monetary lease payments are required from the lessee under the initial lease or under any renewal or extension.
- (C) The lessee is required to maintain the ship in a good state of repair, readiness, and efficient operating condition, conform to all applicable regulatory requirements, and assume full responsibility for the safety of the ship, its crew, and scientific personnel aboard.

(i) DEFINITIONS.— In this section:

- (1) The term 'community support facility' includes an ancillary supporting facility (as that term is defined in section 2871(1) of this title).
- (2) The term 'community support services' includes revenue-generating food, recreational, lodging support services, and resale operations and other retail facilities and services intended to support a community.
- (3) The term 'military installation' has the meaning given such term in section 2687(e)(1) of this title.

(j) EXCLUSION OF CERTAIN LANDS.— This section does not apply to oil, mineral, or phosphate lands.

Appendix B — Department of Veterans Affairs Enhanced Use Leasing Authority

TITLE 38 — VETERANS' BENEFITS PART VI — ACQUISITION AND DISPOSITION OF PROPERTY CHAPTER 81 — ACQUISITION AND OPERATION OF HOSPITAL AND DOMICILIARY FACILITIES; PROCUREMENT AND SUPPLY; ENHANCED-USE LEASES OF REAL PROPERTY SUBCHAPTER V — ENHANCED-USE LEASES OF REAL PROPERTY

38 U.S.C. § 8161-8169

CURRENT THROUGH JULY 1, 2007

Sec. 8161. Definitions

For the purposes of this subchapter:

- (1) The term "enhanced-use lease" means a written lease entered into by the Secretary under this subchapter.
- (2) The term "congressional veterans' affairs committees" means the Committees on Veterans' Affairs of the Senate and the House of Representatives.

Sec. 8162. Enhanced-use leases

- (a) (1) The Secretary may in accordance with this subchapter enter into leases with respect to real property that is under the jurisdiction or control of the Secretary. Any such lease under this subchapter may be referred to as an "enhanced-use lease". The Secretary may dispose of any such property that is leased to another party under this subchapter in accordance with section 8164 of this title. The Secretary may exercise the authority provided by this subchapter notwithstanding section 8122 of this title, subchapter II of chapter 5 of title 40, sections 541-555 and 1302 of title 40, or any other provision of law (other than Federal laws relating to environmental and historic preservation) inconsistent with this section. The applicability of this subchapter to section 421(b) of the Veterans' Benefits and Services Act of 1988 (Public Law 100-322; 102 Stat. 553) is covered by subsection (c).
- (2) The Secretary may enter into an enhanced-use lease only if –
 - (A) the Secretary determines that –
 - (i) at least part of the use of the property under the lease will be to provide appropriate space for an activity contributing to the mission of the Department;
 - (ii) the lease will not be inconsistent with and will not adversely affect the mission of the Department; and
 - (iii) the lease will enhance the use of the property; or
 - (B) the Secretary determines that the implementation of a business plan proposed by the Under Secretary for Health for applying the consideration under such a lease to the provision of medical care and services would result in a demonstrable improvement of services to eligible veterans in the geographic service-delivery area within which the property is located.
- (3) The provisions of sections 3141-3144, 3146, and 3147 of title 40 shall not, by reason of this section, become inapplicable to property that is leased to another party under an enhanced-use lease.
- (4) A property that is leased to another party under an enhanced-use lease may not be considered to be unutilized or underutilized for purposes of section 501 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411).
- (b) (1) (A) If the Secretary has determined that a property should be leased to another party through an enhanced-use lease, the Secretary shall select the party with whom the lease will be entered into using selection procedures determined by the Secretary that ensure the integrity of the selection process.

(B) In the case of a property that the Secretary determines is appropriate for use as a facility to furnish services to homeless veterans under chapter 20 of this title, the Secretary may enter into an enhanced-use lease with a provider of homeless services without regard to the selection procedures required under subparagraph (A).
- (2) The term of an enhanced-use lease may not exceed 75 years.
- (3) (A) Each enhanced-use lease shall be for fair consideration, as determined by the Secretary. Consideration under such a lease may be provided in whole or in part through consideration in-kind.

(B) Consideration in-kind may include provision of goods or services of benefit to the Department, including construction, repair, remodeling, or

other physical improvements of Department facilities, maintenance of Department facilities, or the provision of office, storage, or other usable space.

- (4) The terms of an enhanced-use lease may provide for the Secretary to –
 - (A) obtain facilities, space, or services on the leased property; and
 - (B) use minor construction funds for capital contribution payments.
- (c) (1) Subject to paragraph (2), the entering into an enhanced-use lease covering any land or improvement described in section 421(b)(2) of the Veterans' Benefits and Services Act of 1988 (Public Law 100-322; 102 Stat. 553) shall be considered to be prohibited by that section unless specifically authorized by law.
- (2) The entering into an enhanced-use lease by the Secretary covering any land or improvement described in such section 421(b)(2) shall not be considered to be prohibited under that section if under the lease –
 - (A) the designated property is to be used only for child-care services;
 - (B) those services are to be provided only for the benefit of –
 - (i) employees of the Department;
 - (ii) individuals employed on the premises of such property; and
 - (iii) employees of a health-personnel educational institution that is affiliated with a Department facility;
 - (C) over one-half of the employees benefited by the child-care services provided are required to be employees of the Department; and
 - (D) over one-half of the children to whom child-care services are provided are required to be children of employees of the Department.

Sec. 8163. Hearing and notice requirements regarding proposed leases

- (a) If the Secretary proposes to enter into an enhanced-use lease with respect to certain property, the Secretary shall conduct a public hearing before entering into the lease. The hearing shall be conducted in the community in which the property is located. At the hearing, the Secretary shall receive the views of veterans service organizations and other interested parties regarding the proposed lease of the property and the possible effects of the uses to be made of the property under a lease of the general character then contemplated. The possible effects to be addressed at the hearing shall include effects on—
 - (1) local commerce and other aspects of the local community;
 - (2) programs administered by the Department; and
 - (3) services to veterans in the community.
- (b) Before conducting such a hearing, the Secretary shall provide reasonable notice to the congressional veterans' affairs committees and to the public of the proposed lease and of the hearing. The notice shall include the following:
 - (1) The time and place of the hearing.
 - (2) Identification of the property proposed to be leased.
 - (3) A description of the proposed uses of the property under the lease.
 - (4) A description of how the uses to be made of the property under a lease of the general character then contemplated –
 - (A) would –
 - (i) contribute in a cost-effective manner to the mission of the Department;
 - (ii) not be inconsistent with the mission of the Department;
 - (iii) not adversely affect the mission of the Department; and
 - (iv) affect services to veterans; or
 - (B) would result in a demonstrable improvement of services to eligible veterans in the geographic service-delivery area within which the property is located.
 - (5) A description of how those uses would affect services to veterans.
- (c) (1) If after a hearing under subsection (a) the Secretary intends to enter into an enhanced-use lease of the property involved, the Secretary shall notify the congressional veterans' affairs committees of the Secretary's intention to enter into such lease and shall publish a notice of such intention in the Federal Register.
- (2) The Secretary may not enter into an enhanced use lease until the end of the 45-day period beginning on the date of the submission of notice under

paragraph (1).

- (3) Each notice under paragraph (1) shall include the following:
- (A) An identification of the property involved.
 - (B) An explanation of the background of, rationale for, and economic factors in support of, the proposed lease.
 - (C) A summary of the views expressed by interested parties at the public hearing conducted in connection with the proposed designation, together with a summary of the Secretary's evaluation of those views.
 - (D) A description of the provisions of the proposed lease.
 - (E) A description of how the proposed lease –
 - (i) would –
 - (I) contribute in a cost-effective manner to the mission of the Department;
 - (II) not be inconsistent with the mission of the Department;
 - (III) not adversely affect the mission of the Department; and
 - (IV) affect services to veterans; or
 - (ii) would result in a demonstrable improvement of services to eligible veterans in the geographic service-delivery area within which the property is located.
 - (F) A description of how the proposed lease would affect services to veterans.
 - (G) A summary of a cost-benefit analysis of the proposed lease.

Sec. 8164. Authority for disposition of leased property

- (a) If, during the term of an enhanced-use lease or within 30 days after the end of the term of the lease, the Secretary determines that the leased property is no longer needed by the Department, the Secretary may initiate action for the transfer to the lessee of all right, title, and interest of the United States in the property. A disposition of property may not be made under this section unless the Secretary determines that the disposition under this section rather than under section 8118 or 8122 of this title is in the best interests of the Department.
- (b) A disposition under this section may be made for such consideration as the Secretary determines is in the best interest of the United States and upon such other terms and conditions as the Secretary considers appropriate.
- (c) Not less than 45 days before a disposition of property is made under this section, the Secretary shall notify the congressional veterans' affairs committees of the Secretary's intent to dispose of the property and shall publish notice of the proposed disposition in the Federal Register. The notice shall describe the background of, rationale for, and economic factors in support of, the proposed disposition (including a cost-benefit analysis summary) and the method, terms, and conditions of the proposed disposition.

Sec. 8165. Use of proceeds

- (a)(1) Funds received by the Department under an enhanced-use lease and remaining after any deduction from those funds under subsection
 - (b) shall be deposited in the Department of Veterans Affairs Medical Care Collections Fund established under section 1729A of this title.
- (2) Funds received by the Department from a disposal of leased property under section 8164 of this title shall be deposited in the Department of Veterans Affairs Capital Asset Fund established under section 8118 of this title.
- (b) An amount sufficient to pay for any expenses incurred by the Secretary in any fiscal year in connection with an enhanced-use lease shall be deducted from the proceeds of the lease for that fiscal year and may be used by the Secretary to reimburse the account from which the funds were used to pay such expenses. The Secretary may use the proceeds from any enhanced-use lease to reimburse applicable appropriations of the Department for any expenses incurred in the development of additional enhanced-use leases.

Sec. 8166. Construction standards

- (a) Unless the Secretary provides otherwise, the construction, alteration, repair, remodeling, or improvement of the property that is the subject of the lease shall be carried out so as to comply with all standards applicable to construction of Federal buildings. Any such construction, alteration, repair, remodeling, or improvement shall not be subject to any State or local law relating to land use, building codes, permits, or inspections unless the Secretary provides otherwise.

- (b) Unless the Secretary has provided that Federal construction standards are not applicable to a property, the Secretary shall conduct periodic inspections of any such construction, alteration, repair, remodeling, or improvement for the purpose of ensuring that the standards are met.

Sec. 8167. Exemption from State and local taxes

The interest of the United States in any property subject to an enhanced-use lease and any use by the United States of such property during such lease shall not be subject, directly or indirectly, to any State or local law relative to taxation, fees, assessments, or special assessments, except sales taxes charged in connection with any construction, alteration, repair, remodeling, or improvement project carried out under the lease.

[Sec. 8168. Repealed. Pub. L. 105-114, title II, Sec. 205(b)(1), Nov. 21, 1997, 111 Stat. 2288]

Sec. 8169. Expiration

The authority of the Secretary to enter into enhanced-use leases under this subchapter expires on December 31, 2011.

Appendix C — Military Service EUL Contacts

Army

Bob Penn
Army Corps of Engineers
Phone: 410/962-3000
E-mail: bob.penn@nab02.usace.army.mil
URL: <http://eul.army.mil>

Air Force

Paul MacPherson
Air Force Real Property Agency EUL Office
Phone: 703/696-5246
E-mail: afropa.eul@afropa.pentagon.af.mil
URL: <http://www.afropa.hq.af.mil>

Navy

Alan Zusman
Naval Facilities Engineering Command Headquarters
Phone: 202/685-9181
E-mail: alan.zusman@navy.mil
URL: www.navfac.navy.mil

Endnotes

¹ 40 USC 102(3).

² 40 USC 102(10).

³ Act of August 29, 1916.

⁴ Act of June 30, 1932.

⁵ Joint letter from the Secretaries of War and the Navy to the Speaker of the House, dated April 28, 1947, found in U.S. Code Congressional and Administrative News, 82nd Congress, First Session, 1947, p. 1594-1599.

⁶ Public Law 84-1028.

⁷ Section 2812, Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398), enacted October 30, 2000.

⁸ Section 2831, John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364), enacted October 17, 2006.

⁹ "Section 2667 of Title 10, United States Code: Enhanced-Use Leasing," policy memorandum from Deputy Under Secretary (Installations) Randall A. Yim, dated May 10, 2001.

¹⁰ Section 662, John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364), enacted October 17, 2006.

¹¹ "Exchange Authority Survives House-Senate Conference," *Defense Communities* 360, October 6, 2006, page 1.

¹² Title 38, Sections 8161-8169, United States Code.

¹³ "VA Enhanced-Use Lease Delegation Training," presentation by Department of Veterans Affairs Office of General Counsel, Professional Staff Group-I, November 17, 2004.

¹⁴ "A Review of Enhanced-Use Leasing in the Department of Veterans Affairs," by Michael Simmons and Tony Kushnir, Chapter 9 of *Profiles in Privatization & Facility Cost Reduction*, John Lynch, editor, Association of Defense Communities, January 2005.

¹⁵ In February 2003, Congress authorized NASA to carry out EUL projects at up to two locations. Section 418 of the fiscal 2003 Consolidated Appropriations Resolution (Public Law 108-7) amended the 1958 Space Act by adding Section 315, "Enhanced-Use Lease of Real Property Demonstration."

¹⁶ "Enhanced Use Leasing Guide," Ernst & Young, July 2004.

¹⁷ "City seeks to annex part of arsenal," by Shelby Spires, *The Huntsville Times*, October 18, 2006.

¹⁸ "University of Missouri Technology Park at Fort Leonard Wood," executive summary, Missouri Research Park, www.um-mrp.org/flwbrpexecsum.pdf.

¹⁹ "Federal R&D by State, Fiscal Year 2003," compiled by American Association for the Advancement of Science in May 2006 from data from U.S. Census Bureau and National Science Foundation.

²⁰ "New Mexico Tech to build on Kirtland AFB," Air Force Materiel Command News Service, January 6, 2006.

²¹ "Developer for Camp Navajo Announced," press release, Arizona Department of Emergency & Military Affairs, May 16, 2006.

²² "Incentives and Programs," Greater Flagstaff Economic Council Web site, www.gfec.org.

²³ "Army Approves Office Park for Aberdeen," by Chris Kirkham, *The Washington Post*, October 22, 2006; and "G.A.T.E. Project in Maryland Moves One Step Closer to Groundbreaking," by Elena Gontar, *Commercial Property News*, October 12, 2006; and "Developer to build business park near Aberdeen Proving Ground," by Daniel Sernovitz, *Baltimore Business Journal*, October 16, 2006.

²⁴ "Wastewater Agreement Finalized," *EmeraldCoast.com*, October 4, 2006.

²⁵ "Fitch Rates Okaloosa County, Florida's \$63.5MM Water & Sewer Revs 'A+'," *Business Wire*, October 20, 2006.

²⁶ Interview with Kathryn Halvorson, executive director, Air Force Real Property Agency, October 26, 2006.

²⁷ "Cleaner utility plant in works," by Alison Walker-Baird, Frederick News-Post, August 9, 2006.

²⁸ "Texas developer named for Fort Meade office park," by Joshua Stewart, The Capital, November 3, 2006.

²⁹ "Redevelopment of Historic Hospital Facilities – Fort Sam Houston, San Antonio, TX," Weston Solutions Inc., www.westonsolutins.com/projects/project_ftsamhouston_eul.htm and "Enhanced-Use Leasing Authority Preserves Fort Sam Houston's Historic Landmarks," by Tom Chandler and David Knisely, Chapter 16 of Profiles in Privatization & Facility Cost Reduction, John Lynch, editor, Association of Defense Communities, January 2005.

³⁰ "NAVFAC Pacific's Moanalua Shopping Center lease named 'Base Practice'," press release, NAVFAC Pacific Public Affairs Office, October 4, 2005.

³¹ Real Property Polycysite – Best Practices Special Edition 2005, U.S. General Services Administration Office of Governmentwide Policy, October 10, 2005.

³² "Developer, Navy sign lease on complex," by Mike Freeman, San Diego Union-Tribune, December 1, 2006.

³³ Naval Facilities Engineering Command Solicitation No. N62473-06-RP-06X01, issued October 4, 2005.



the voice of **america's**
defense communities