

# ***Air Force Real Property Agency***

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*Integrity - Service - Excellence*

## **Air Force Real Property Agency Transformation Initiatives**



**May 2006**

**Ms. Kathryn Halvorson  
Director**

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# Overview

- AFRPA Mission
- AFRPA Scope & Roles
- New Business Strategies
- Summary





# AFRPA Mission

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## Mission Statement Air Force Real Property Agency

To *acquire, dispose, and manage* all Air Force-  
controlled **real property** worldwide

## Vision

To be the preeminent DoD  
real property manager



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# *Real Property Management*

## *Transforming from the Top*

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### ***President's Management Agenda***

*Performance over Process / Eliminate Statutory Impediments  
to Good Government / Impose Consequences for Failure*

### ***Executive Orders***

*Greening the Government Through Leadership in Environmental Management  
Facilitation of Cooperative Conservation / Federal Real Property Asset Management  
...promote the efficient and economical use of Federal real property  
resources in accordance with their value as national assets*

### ***Congressional Direction***

*NDA FY05, Report Language [Senate Report 108-260]*  
*...use of ecosystem valuation for effective decision making,  
... methods and models for appraising and valuing natural infrastructure  
...tools and concepts such as conservation banking, trading and credits,  
and capability modeling to quantify natural assets*

### ***Air Force Vision***

*"Maximize the military value of infrastructure assets  
while optimizing ecological, economic, and community value"*



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# **Federal Real Property Asset Management**

## **Executive Order 13327, 6 Feb 04**

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- ...promote the efficient and economical use of Federal **real property resources** in accordance with their value as national assets
- ...consider...the environmental costs associated with ownership of property, including the costs of environmental restoration and compliance activities.
- ...consider...the realization of equity value...



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# AFRPA Portfolio

## Legacy BRAC

- 87,364 acres - 76% done
- Dispose of property with/associated environmental programs



MAJCOM – Closure  
AFRPA – Disposal  
Community – Reuse

## BRAC 2005

- No major closures but many realignments and transactions
- New approach based on lessons-learned

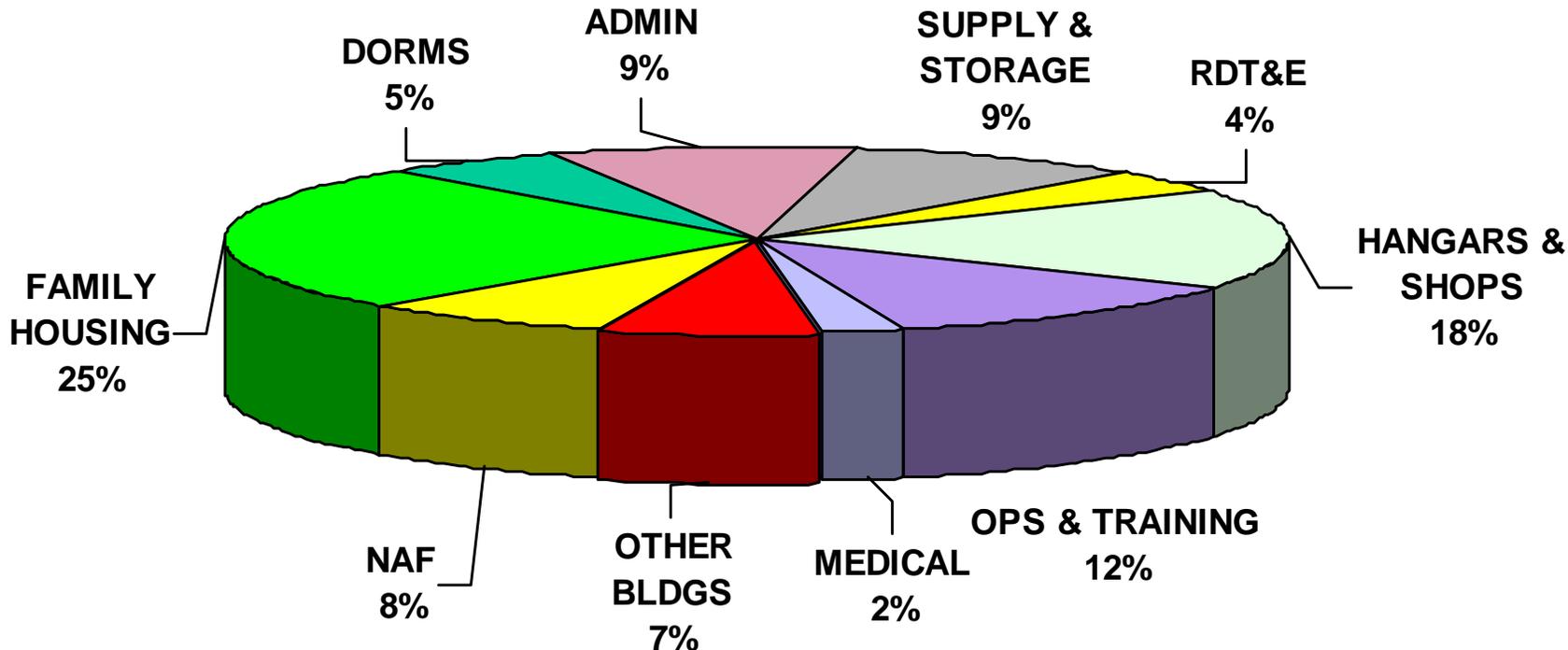
## Real Estate: Conducting real estate actions for the AF

- 166 active Air Force installations
  - 10 Million Acres ~ 2 Rhode Islands, Delaware + Mass
- Deeds, leases, easements and licenses
  - 827 actions past 12 months
- Enhanced Use Leasing



# Active Air Force Real Estate Scope

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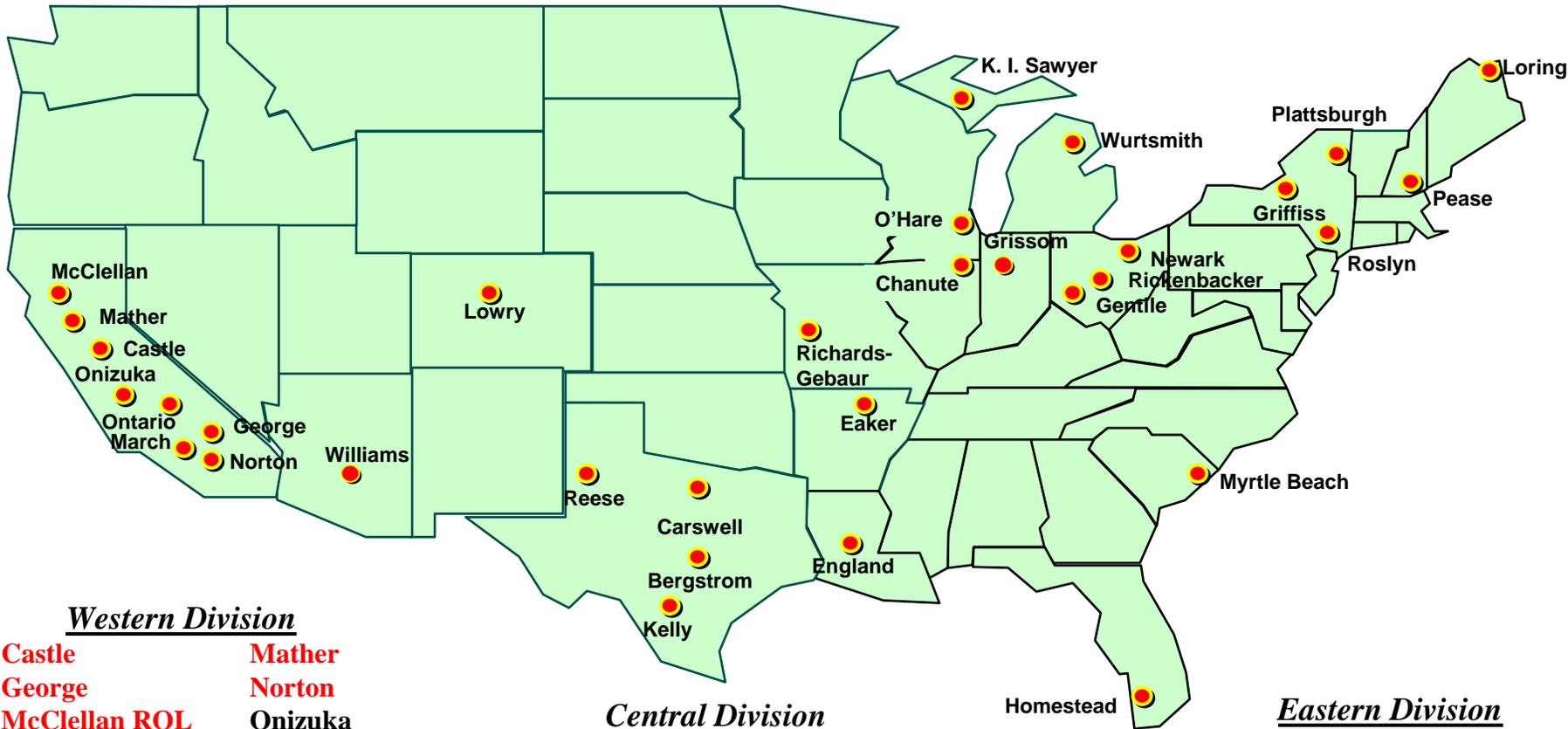


- Installations 166 total (84 major bases)
- Buildings 748,000,000 square feet (Equal to 164 Sears Towers)
- Housing 107,000 units (4 x more than Charleston, WV)
- Dormitory Rooms 59,000 rooms (Hilton has 148,000 worldwide)
- Replacement Value \$187 Billion
- Land 10,000,000 acres (Equal to 2 Rhode Islands, Delaware + Mass)
- Airfield Pavement 204,000,000 square yards (9 x as much as DFW Airport)



# Legacy BRAC Scope

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- Western Division**
- Castle
  - George
  - McClellan ROL
  - March
  - Williams
  - Mather
  - Norton
  - Onizuka
  - Ontario

- Central Division**
- Bergstrom
  - O'Hare
  - Lowry
  - Reese
  - Richards-Gebaur
  - Kelly ROL
  - Carswell
  - Chanute
  - Eaker
  - England

- Eastern Division**
- Gentile
  - Newark
  - Rickenbacker
  - Wurtsmith
  - Griffiss
  - Grissom
  - Loring
  - K.I Sawyer
  - Plattsburgh
  - Roslyn
  - Myrtle Beach
  - Pease
  - Homestead

12 Bases in Red are NPL



# Legacy BRAC Real Estate Scope

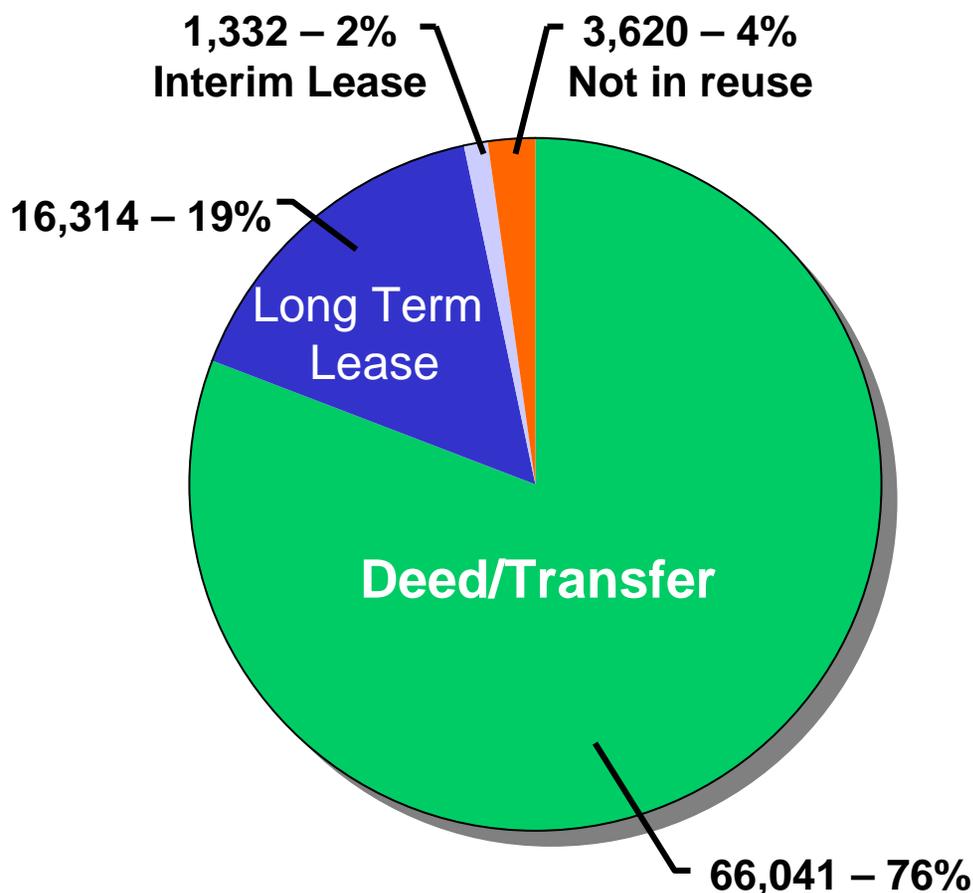
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## Disposal Methods

Public Benefit Conveyance	40%
Federal Transfer	13%
Economic Development Conveyance	31%
Negotiated Sale	2%
Public Sale	2%
Reversion	4%
Special Legislation	2%
Termination of Lease	6%
Conservation	New*

**76% Transferred**  
**54,385 jobs created**  
**\$72M in Revenue**

## 87,364 total acres





# 15 Years of Legacy BRAC Lessons Learned

## ■ Return on Value for the Air Force

- Reduce long-term environmental liability & cost
- Performance Based Contracting
- Privatization

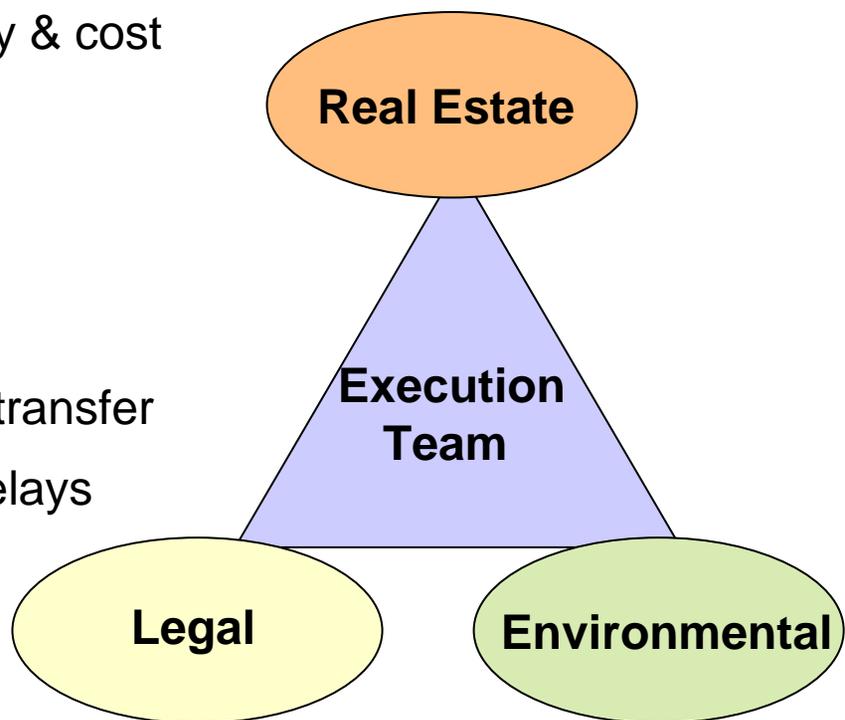
## ■ Need for Deeds

- Remove Environmental Roadblocks to transfer
- Enforce Schedule Discipline to avoid delays

## ■ Need for Speed

- Early Transfer Authority
- Streamline- work parallel vs sequential process

## ■ Property Disposal requires an Integrated Team





- **Legacy BRAC – Remaining real estate disposal challenging.**
  - Low Hanging Fruit Gone
- **New Business Strategies & Tools**
  - BRAC Master Plan
  - Enhanced Use Leasing
  - Value Based Transaction
- **Grow People and Capabilities**
  - Strengthen 1170 Career Field
  - Recruiting, Training/Education, and Certification

**AFRPA Transforming to meet these challenges**



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# ***New Business Strategy***

## ***BRAC Master Plan***

- **AF Goal:** Dispose of all BRAC property & transfer environmental liability by 2010!
- **Master Plan Objective:** Develop a comprehensive, integrated disposal strategy for Air Force BRAC property
  - Patterned after SECAF/CSAF approved AF MFH Master Plan
  - Will detail actions and costs to achieve complete property disposal and transfer of environmental responsibility
- **Phased development:**
  - **Phase I (Ongoing): 8 bases**
    - ✓ **Oct-Nov 05:** Base visits; analyses provided to Air Force as available
    - ✓ **19 Dec 05:** 8 Individual Installation Plans Integrated into an Interim Master Plan
  - **Phase II (May 06): Final Agency Wide Plan**

**Assumes Adequate Funding**



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# ***New Business Strategy Enhanced Use Leasing (EUL)***

*A lease of underutilized land, natural infrastructure, equipment and/or buildings for consideration equal to the assets' fair market value*

## ***Unlocking & Returning the Value***

- Consideration may be cash or in-kind
- In-kind consideration may be allocated corporately
- A minimum of 50% of cash consideration must be allocated to installation providing the asset



**EUL Handbook published April, 2006**  
[http://www.afarpa.hq.af.mil/intranet/shared\\_documents/eul\\_handbook.pdf](http://www.afarpa.hq.af.mil/intranet/shared_documents/eul_handbook.pdf)



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# ***EUL - Benefits***

**Enhanced Use Leasing allows the Air Force to enhance its mission performance through cooperative efforts with public or private partners. Additional benefits include:**

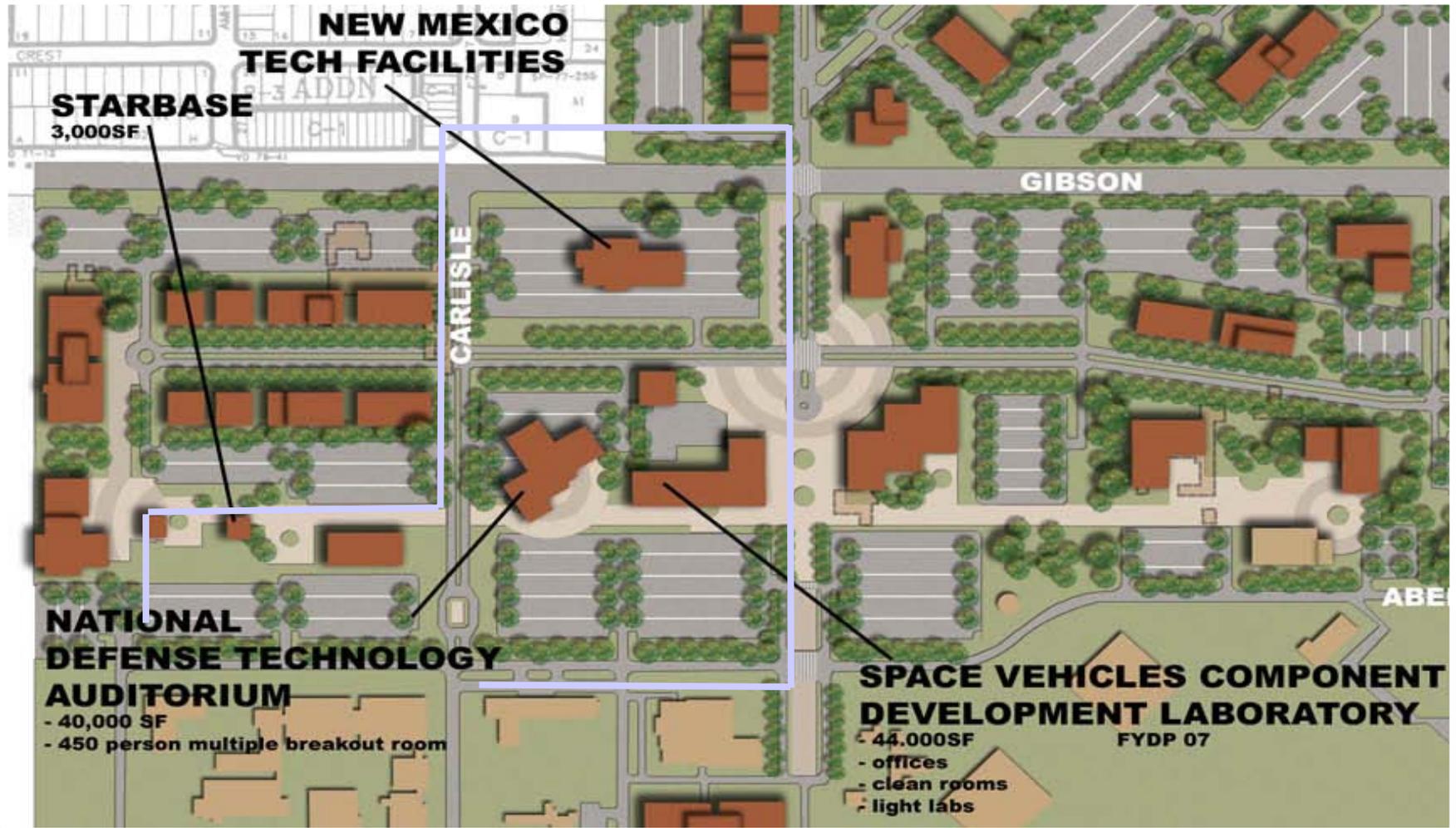
- Private sector - Corporate attitude
- Reorganizing the real estate footprint
- Shrinking bases create EUL opportunities
  - Demolition
- Growing bases create EUL opportunities
  - Construction
- Natural infrastructure and Energy management EULs
- Leveraging our assets to maximize returns
- Supporting the mission with quality facilities
- Saves money - Makes money



# EUL Case Study: Kirtland AFB

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## Technology Park – Kirtland AFB, NM





# ***EUL Case Study: Kirtland AFB***

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- The EUL allows the New Mexico Institute of Mining and Technology to construct a 20,000 sq ft commercial office building lab research facility and secondary educational facility for its use on a vacant 8.33-acre parcel on Kirtland AFB, NM.
- The campus-style educational complex will provide the base and NMT with a modern science and technology academic and laboratory environment.
- The Air Force receives cash or in-kind consideration for allowing NMT to build on its land.





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# ***New Business Strategy Value Based Transactions***

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- **Competitive sale process results in greater range of risk management tools**
  - **Insurance, corporate guarantees, bonds**
- **Market forces establish the value and best use of the property**
- **Sale price will reflect buyer accepting environmental restrictions**
  - **Liability management responsibility (possibly negative)**
- **Multiple purchase proposals allow AF to select a “best value” deal**



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# Value Based Transaction Case Study: NIMA

## NIMA – St. Louis, MO





# *Value Based Transaction Case Study: NIMA*

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**Allowing underused public property to be acquired for private development is a strategy that creates value from the Air Force real property portfolio, supports the warfighter, and saves taxpayer dollars.**

- **The NIMA site had not been in use since it received heavy flood damage in 1993 and was formally vacated in 1999.**
- **In consulting with the GSA, the Air Force determined that a negotiated sale/lease and transfer agreement represented the best opportunity to return value from the property while encouraging positive local development.**
- **The resulting transaction brought needed development to an economically depressed area; increased tax revenue for the local government; created jobs; and returned value to the Air Force.**



# ***NIMA: Transaction Benefits***

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- **Environmental Regulators: EPA and Missouri Dept. of Natural Resources agree to treat the property under the Brownfields/Voluntary Clean-up Program**
- **St. Louis Count Port Authority: Acquiring the property allows redevelopment plans to proceed**
- **Local Community: Economically depressed community receives est. 3,000 new jobs, additional 25\$ million in additional tax and rental revenues**
- **Air Force: Value from transaction enables optimal funding practices for wartime expenditure**



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## ***NIMA: Innovations***

- **AF maximized value of contaminated property**
- **GSA worked with AF “outside the box”**
- **Third party to provide response actions**
- **Regulators stepped away from federal facility approach**



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# ***NIMA: Results***

- **Resources redirected to support war fighter**
- **Property remediation expedited**
- **Property returned to productive use quicker and at less expense to taxpayer**

**Bottom line: a “win win” for all parties**



## ■ Focus on transformational Initiatives

- Manage all assets
- Apply Value Based Transaction strategies
- Maximize equity value

*Air Force Vision: “Maximize the military value of infrastructure assets*

*while optimizing ecological, economic, and community value”*

## ■ All in support of the mission!



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# 1959



**General Thomas D. White**  
**Air Force Chief of Staff**  
**1957 - 1961**

**“The mission of the Department of Defense is more than aircraft, guns and missiles. Part of the defense job is protecting the land, waters, timber, and wildlife – the priceless natural resources that make this great nation of ours worth defending.”**



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# Questions??



**Working Together - - -  
Meets the challenges!**

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