

Yuma Proving Ground, AZ -- Army Enhanced Use Leasing Program and Case Study

The Army's Enhanced Use Leasing (EUL) Program is conducted under the authority provided in the National Defense Authorization Act for Fiscal Year 2001, which was enacted into law as Pub. L. No. 106-398. An EUL is an opportunity for the Army to capitalize on non-excess real property assets by leasing these assets to private entities. EUL is an innovative business practice the Army is implementing to return value to its Soldiers and the American taxpayer. Military installations benefit from EUL by avoiding infrastructure costs, accepting a variety of facilities and services as in-kind consideration, and collecting cash rent to fund other Army real property requirements.



Under the forward-thinking and indefatigable Army EUL Team, the Army's EUL program has blossomed. About sixty EUL projects across the country have been initiated. Four EUL leases were signed last year. It is anticipated that the Army will receive through just the five currently executed EUL leases consideration, valued presently, in excess of \$215,000,000 for leasing property appraised at a total of \$46,000,000. Eleven other EUL projects have developers selected and are currently negotiating Leasing and Management Plans. Over thirty projects are currently in the project identification and concept development phase. EUL projects are diverse, ranging from typical mixed-use development to co-generation utility plants to laboratory and industrial buildings. They can be critical to the Global War on Terrorism.

The growth of the program is enabled by the team's innovative, efficient and economical procedures and practices. Essential requirements for the success of the program were determined to be communications management and community involvement. The lease development process was transformed. Developers are selected based on their qualifications and then contribute their expertise to development of the project. The developer is responsible to pay a transaction fee at the closing of a lease that reimburses the EUL team's and its consulting contractor's costs. Review of complex leases is conducted concurrently and limited to thirty days. Escrow accounts are established by the developer to improve the flexibility and management of in-kind services.

An exciting example of an Army EUL project is situated at Yuma Proving Grounds (YPG). YPG is the DOD Reliance Lead for Hot Weather testing of vehicles. YPG has a critical capability shortfall. Only one paved test course, constructed in the 1950s and badly deteriorated, exists. The Army has entered into an EUL lease with General Motors Corporation (GM) that will create a world class "Hot Weather Test Complex" at YPG. Construction of this complex will provide a full spectrum of Hot Weather testing capabilities for all the Army's current vehicles, as well as those anticipated for the future. The Army will have access to the courses that will be constructed by GM. The value of this use is estimated to be \$26.8 million to the Government. GM's in-kind consideration of \$10.6 million, deposited in an Escrow Account, could fund construction of a new Army high-speed, dual-lane paved Oval Test Track, 4+ Miles in length, which will accommodate the Army's tracked and heaviest wheeled vehicles.

Contact

Robert (Bob) Penn, Army EUL Program Director
Asst. Chief, Real Estate Division and Chief, Special Projects Support Branch,
Baltimore District, USACE
bob.penn@usace.army.mil