



Naval Air Station Oceana Future Base Design: Making the Most of Options and Opportunities



Recommendations by the CRE Consulting Corps

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Executive Summary

The Counselors of Real Estate Consulting Corps team has completed its inspection and analysis of Naval Air Station Oceana and Future Base Design. The team was onsite Aug. 2-7, 2020 and presented its briefing Aug. 7. The team's findings follow.

- The Consulting Corps believes the Future Base Design (FBD) initiative has merit and should advance.
- Advancing FBD will require a coalition of participants, and our interviews suggest all stakeholders are willing and eager to support the Navy's goals.
- A critical member of the coalition will be the City of Virginia Beach.
- Local demographics suggest the economy has historically been prosperous with demographics supporting a wide variety of marketable skills.
- The real estate market for acceptable land uses is relatively healthy.
- The non-core facilities suffer from varying levels of physical and functional depreciation and obsolescence that will result in an increasing Base Operations Support (BOS) burden.
- There are 13 non-core activities that just break even or lose money, and 82% of patrons use only 4 of them.
- Closer investigation of these activities suggests the Navy could use its buying power to obtain those services at the same or lower cost, avoiding the BOS burden without compromising morale.
- The Navy should proceed with the Dominion Energy Enhanced Use Lease (EUL), recognizing the lease should be negotiated for

a premium (+\$2.5 Million per year), as this lease will remove the Navy's most market-ready site from its inventory.

- The remaining parcels have been ranked as Tier 1, 2, & 3 with respect to their marketability; the Navy should be prepared for a protracted absorption period.
- A City-Base transaction would result in more rapid benefits and require coordinated effort to obtain authority to transact, but all stakeholders interviewed appear to support any initiative the Navy wishes to pursue.
- We recommend the Navy work with the City to establish a taskforce and jointly evaluate its options.
- We recommend the Navy explore no more than 5 options with Status Quo (do nothing) as one of them and follow the process outlined in this report.
- Other Options might include a Shared Services Agreement, EULs, Master EUL, City-Base, Cantonment, or Others under the Navy's authorities.
- In the case of Shared Services Agreements, Master EUL, and City-Base, we advise that these options are not mutually exclusive and can be combined (Hybrid Approach) to allow Future Base Design to progress and adapt simultaneously.

Future Base Design is an initiative that now has traction and attention that is creating momentum. In our experience, defining an initiative and putting structure around it creates momentum that will carry bold ideas to fruition.

Project Overview

The mission of Naval Air Station (NAS) Oceana is as a Shore-Based Readiness Integrator, providing facilities, equipment and personnel to support shored-based readiness, total force readiness and maintain operational access or Oceana-based forces.

The Navy has an interest in exploring alternative options to facilities and land uses in and around NAS Oceana (aka Future Base Design). NAS Oceana management currently encompasses facilities management for core and non-core activities. The Navy is considering turning the management of non-core facilities and functions over to private non-government and non-military operators. NAS Oceana management desires to focus on the core mission and explore alternatives that will add value to the installation as well as to the uniform service members' quality of life.

NAS Oceana and NAVFAC MIDLANT approached the Counselors of Real Estate (CRE) for expertise to analyze non-core activities, land and buildings to provide options for privatization where practicable. The Counselors is a community of expertise, talent, and professionalism among practitioners recognized as leaders in the real estate industry. The international membership of approximately 1,000 CREs share a commonality of integrity, competence, community, trust and service.

To assist the Navy, the Counselors assembled a team via the Consulting Corps. The Consulting Corps, a public service program of The Counselors of Real Estate, provides real estate analysis and action plans for municipalities, not-

for-profit organizations, government entities, educational institutions, and other owners of real property.

CRE® Consulting Corps teams provide objective analysis and strategic counsel on how to best leverage real estate assets. Each Consulting Corps assignment is conducted by a team of well-qualified volunteer members of the Counselors of Real Estate with expertise specific to the needs of the client. The team delivers unbiased, market-driven action steps to address a real estate challenge, often enhancing the performance of a property or portfolio and improving the financial well-being of the client.



Members of the CRE® Consulting Corps team onsite at NAS Oceana

NAS Oceana specifically requested the CRE® Consulting Corps team develop a detailed Strategic Plan that includes strengths, opportunities and constraints for the implementation of redevelopment and site renewal opportunities using private, nongovernment operators. The project was divided into five tasks.

- Task 1: Data Collection/ Assessment/ Interviews
- Task 2: Analysis of the data collection
- Task 3: Present potential ownership/ lease/risk structure for development

- Task 4: Recommend strategies to ensure quality of life at a reasonable cost
- Task 5: Create Strategic Plan Report for short and long-term actions

The CRE® Consulting Corps team collected data on all the land and facilities under consideration. The team was given the opportunity to tour the site and several structures. Members of NAS Oceana's management team were interviewed to afford the team a greater understanding of their operational practices and perspectives on the current situation at the installation.

Community stakeholders were interviewed by the team to understand how they view the Navy's Future Base Design initiative at NAS Oceana. Real estate professionals were interviewed to allow the team to better understand the market drivers for the land uses allowed on the sites under consideration. Businesses with an interest in development, leasing and construction were

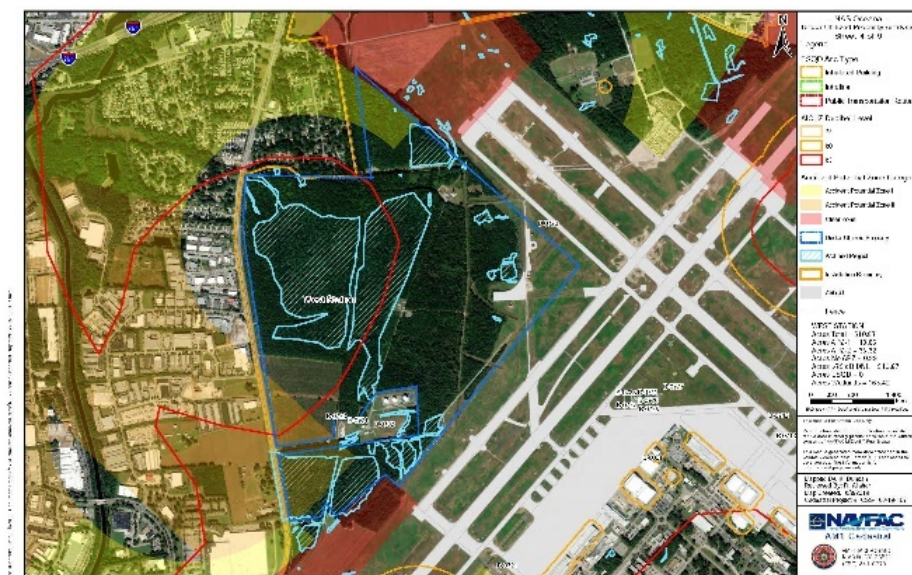
interviewed to understand if there was demand from end users to purchase, occupy or construct facilities for their use. Finally, Local, State and Federal elected officials were interviewed to obtain an understanding of the political climate and the willingness of those in authority to support the Navy's exploration of alternative options for existing facilities and land uses in and around NAS Oceana.

This report provides a description of the CRE® Consulting Corps team's observations, analysis, findings and recommendations.



CRE® Consulting Corps site visit exit briefing.

NAS Oceana Accident Potential Zones (APZ) overlay map



Findings

The CRE® Consulting Corps team obtained and analyzed information from a wide variety of sources ranging from installation property reports and operational cost data, to local and regional market studies, to personal discussions with a wide variety of sources. The following analysis groups these data sources and analyzes each to develop conclusions according to the assigned task.

Participants and Contributors

The participants providing the information used by the CRE® Consulting Corps fall into distinct groups. These groups include Navy personnel (servicemembers and civilians), community stakeholders (interest groups, City staff, consultants, etc.), real estate professionals (brokers, consultants, appraisers, etc.), Businesses (developers, construction companies, potential tenants, etc.), and elected officials. These participants and contributors are listed below.

Navy Participants

RADM Charles Rock, CAPT John Hewitt, CAPT Robert Holmes, CDR Lakeeva Gunderson, CIV John Lauterbach, CIV Paul Moomaw, CIV Rich Riker, LT Burrell, CIV Bobby Worley, LCDR David Sare, CIV Brian Payne, CIV Michael Wright, CIV Terra Fisher, CIV Blake Waller, CIV Bobby Whirley, CIV Brent Brown, CIV Mark Outman, CIV Ken Snyder, CIV Andrew Porter, CIV Ed Garner, CIV Brent Brow, CIV Bob Crane, CIV Noel Manalo, CIV Hector Gortaire, CIV David Yaw, CIV Scott George, CIV Jamee Martocci, CIV Elizabeth Dietzmann, CIV Debbie Vanbuskirk, CIV Alex Plascencia, CIV Dean

Williams, CIV Sarah Ringo, CIV Kenny Steen, CIV Norm Aurland, CIV Rick Butler

Comments from Navy participants and contributors:

- *"If the Navy flies \$90M planes off \$3B Ships, something's got to give..."*
- *"We are in breakdown maintenance mode; critical maintenance only."*
- *"There is a lot of opportunity to consolidate."*
- *"We would have capacity for 1,911 beds but can only quarter about 800 now."*
- *"If the fence moves, all we need is a clear understanding of security jurisdiction."*
- *"The City may not have a Federal Nexus or be subject to the same level of scrutiny."*
- *"Relief from MWR could reduce Base Ops Cost by 10%."*
- *"To make Oceana whole would take more than \$100M for deferred maintenance."*
- *"Bowling is losing money."*
- *"In-kind services would be determined using Navy costs, not private sector costs..."*

"We are in breakdown maintenance mode; critical maintenance only."

City of Virginia Beach Participants

Mayor Bobby Dyer, Councilman Guy Tower, Councilman Aaron Rouse, Bob Matthias, Brian Solis, Taylor Adams, Ray White

Comments from City participants:

- *"The City views this as a once in a lifetime opportunity to work with the Navy..."*

- *“I like the idea of being able to use land to create jobs of any kind...”*
- *“I am open to any option and will help Council see the bigger picture...”*
- *“We have 6 municipal golf courses, and we want to get out of that business...”*

State and Federal Representative Participants

Charlotte Hurd – Military Liaison for U.S. Sen. Mark Warner, Janet Lomax and Diane Kaufman

for U.S. Sen. Tim Kaine, State Senator Bill DeSteph, State Representative Barry Knight

Comments from State and Federal Representative participants:

- *“The State will support anything the Navy and the City want to do...”*
- *“Dillon Rules¹ do not apply to an EUL...”*
- *“There will be no problem getting support at the State level...”*
- *“I am concerned about businesses leaving the State of Virginia...”*

Current NAS Oceana fence line configuration.



¹ *Municipal corporations owe their origin to, and derive their powers and rights wholly from, the legislature. It breathes into them the breath of life, without which they cannot exist.*

As it creates, so may it destroy. If it may destroy, it may abridge and control.” Clinton v Cedar Rapids and the Missouri River Railroad, (24 Iowa 455; 1868).

Possible NAS Oceana fence line configuration.



Real Estate and End User Participants

Ben Davenport - GTS, Craig Cope - Harvey Lindsay Commercial Real Estate, Justin Ballard – S.B. Ballard Construction, Worth Remick – Colliers International, Kathy Owens – Beach Development Group, Susan Gaston – Gaston Group, Gaylene Watson & Ricky Elder – Dominion Energy, Robert Kerr – Kerr Environmental Services, Greg Belliveau – Apple Moving & Storage, Jeff Hodgson and Skyler Thomas – Freedom Shooting Center, Nicole Campbell – Divaris Real Estate, Steve Brennan – Boeing, Terrie Suit – Virginia REALTORS® Association, Rob Sult - Harvey Lindsay, David Phillips - Apple Moving & Storage

Comments from real estate and end user participants:

- *“We would have interest in the stables and golf course for development purposes...”*
 - *“We prefer to work with the Navy on contracts but the EDA on real estate...”*
 - *“To move to Oceana would require incentives that the Navy doesn’t control...”*
 - *“We thought FBD was great, but it will take forever to implement...”*
 - *“Too much work for a developer before the site is ready, and developers don’t want to spend money unless they have a tenant...”*
 - *“I wasn’t sure how to reach out to the others participating in the [June 2019] meeting...”*
 - *“I would love to lease buildings on the campus; there’s no office space in that area...”*
 - *“We can get tax-exempt financing for public projects...”*
 - *“It’s hard to mitigate over 2 acres of wetlands, and forested areas require a 2:1 ratio...”*
 - *“Location near the freeway doesn’t matter (to us) as long as we have base access...”*
- *“After the June 2019 meeting, we couldn’t determine how an EUL would offset costs in a meaningful way...”*

- *“I’m disappointed the Skeet Range didn’t advance; we’re booked when 2 carriers are in...”*
- *“There needs to be a feasibility study completed for FBD...”*
- *“Hmm. Ten years to get a deal done with the Navy or one year with the EDA. I’ll take the EDA...”*
- *“The Navy is always averse to looking at all options...”*
- *“We need 140 acres in the spring of next year...”*

*“We thought FBD was great, but
it will take forever to
implement...”*

Other Community Stakeholder Participants

Dr. Jeff Tanner – 757 Recovery, RADM (Ret) Craig Quigley - Hampton Roads Military and Federal Facilities Alliance, Tammie Mullins-Rice - Seatack Civic Organization, Bryan Stephens – Hampton Roads Chamber, Steve Romine – Hampton Roads Chamber, Chris Gullickson-Port of Virginia, Amy Parkhurst - Hampton Roads Alliance, Nicole Ryf - Hampton Roads Alliance, Jim Spore - Reinvent Hampton Roads, Tom Frantz - Williams Mullen

Comments from other community stakeholder participants:

- *“Our primary concern is traffic and what they plan to do with the Owls Creek parcel...”*
- *“The Navy and City need a strong communication plan...”*
- *“There needs to be a deliberate and detailed communication plan from sailors to big Navy...”*

- *“We are ready to help. What can we do...?”*
- *“The Dillon rule precludes collaboration between the cities. They don’t work together...”*
- *“Five years ago, Norfolk wanted to build a mall, but Virginia Beach wouldn’t give them access to the freeway...”*
- *“Many professionals won’t move to Virginia Beach because there are no lateral career options...”*
- *“In 2019 the General Assembly passed a law encouraging cities to work together to achieve financial and economic goals...”*

Observations

These comments (and others) assist us in understanding the perspective of all involved in, or influenced by, Future Base Design. Each participating group offers a different perspective.

*The CRE® Consulting Corps
rarely sees the level of
municipal enthusiasm exhibited
by the City for Future Base
Design. We believe this is a
surprisingly positive sign and
bodes well for the success of
this initiative.*

NAVY PARTICIPANTS

Referencing the comments and conversations, we saw two clear facts. The Navy installation management team at NAS Oceana receives Base Operations Support (BOS) funding far below the level required to sustain a nearly 70-year-old installation. NAS Oceana is prepared to take steps to make measurable changes to its current

operations, site boundaries and ownership structure in order to balance its BOS deficits, and maintain mission readiness. Thus, the CRE® Consulting Corps team believes NAS Oceana is prepared for bold changes to fulfill their Future Base Design initiative objectives.

CITY OF VIRGINIA BEACH PARTICIPANTS

The participants from Virginia Beach included City staff and elected officials. The influence and impact of the 2005 BRAC is still evident in the comments and discussions with them.

Overwhelmingly, Virginia Beach supports the Navy and its goals to maintain mission readiness, whatever they may be. However, the City appears to be playing defense versus offense. The City responds to any request of them by NAS Oceana but are hesitant to propose any cutting-edge concepts or ideas and risk damaging their relationship.

The City clearly understands the impact Future Base Design could have on its economy and its future, not to mention its relationship with the Navy. To that end the City is prepared to work with NAS Oceana in any way the Navy desires. However, Virginia Beach (or any City) has no experience with, nor is it prepared for, an initiative of this magnitude. Regardless, the City seems to be a willing, capable, eager and trusted partner, prepared to team with NAS Oceana.

The CRE® Consulting Corps rarely sees the level of municipal enthusiasm exhibited by the City for Future Base Design. We believe this is a surprisingly positive sign and bodes well for the success of this initiative.

STATE AND FEDERAL REPRESENTATIVE PARTICIPANTS

Recognizing that NAS Oceana comprises a significant portion of the Virginia Beach economy and Virginia is a commonwealth, subject to the Dillon Rule, the CRE® Consulting Corps believe State and Federal support may be necessary for the success of Future Base Design. The interviews of elected State officials and the liaisons for Federal officials make clear that each is prepared to support this initiative, once it is clearly defined.

The CRE® Consulting Corps team believes the level of State and Federal Representative support is equal to that shown by the City of Virginia Beach, and necessary for Future Base Design.

REAL ESTATE AND END USER PARTICIPANTS

These participants represent an eclectic collection of individuals and companies that offered diverse views of Future Base Design. Most attended the June 2019 Industry forum and were candid about their perspectives. The overriding theme was a collage of support, willingness to listen, doubt anything tangible will result, and desire to share ideas for success.

Beginning with the brokerage community, brokers make money only when a transaction (sale or lease) occurs. For that reason, they do not like to waste time if they do not sense a “deal” is imminent. This group appeared to be the most skeptical of those interviewed. After the June 2019 meeting, we believe it is safe to say the brokers did not see a clear path to executing a transaction in the foreseeable future. However, they almost universally agreed they would rather work a deal with the Economic Development

Authority (EDA) than the Navy, citing too many differences in communication (language) and business practices.

Most [private sector stakeholders] did not have a clear picture of how to transact with the Navy and universally felt more comfortable working with the EDA on real estate transactions.

Developers fall into two categories, land developers (subdivisions, business parks, etc.) and vertical developers (those who build on developed land). Land developers make money when they sell finished sites to vertical developers. They have a longer-term view of business, but they look for land they can purchase (or lease) cheaply and can sell quickly. Vertical developers usually will not purchase land for construction until they have an end-user (buyer or tenant). Surprisingly, this group was optimistic, and some knew of prospective end users they could entice (or desired) to locate on developed sites on the Station. A few from this group suggested they were vertically integrated and could assume both roles. However, most did not have a clear picture of how to transact with the Navy, and universally felt more comfortable working with the EDA on real estate transactions.

The “End Users” (companies that would occupy the buildings on sites and pay rent long term, aka tenants) each had unique perspectives. One company representative was doubtful his

company would expand their presence on the installation without “incentives” (usually tax breaks), while a vertical developer indicated a different part of the same company would be eager to establish a new footprint on Station. Another company desperately wanted the most development ready site and appeared anxious to obtain it. Yet another wanted the same site but would also be interested in a portion of the golf course for their project. Three things were clear from this group: they were very interested in building on leased land, they were concerned about Navy strings if they did, and they all preferred to work with the EDA over the Navy for real estate transactions.

The CRE® Consulting Corps team believes the real estate and end user communities are prepared to embrace Future Base Design at NAS Oceana when it begins to take on the appearance of a real estate “deal” they are familiar with. That means when their investors and lenders can easily identify the industry checks and balances that allows them to apply standard risk and return criteria to deal. Specifically, it needs to look more like what they are accustomed to in the marketplace.



Members of the CRE® Consulting Corps team review NAS Oceana maps.

OTHER COMMUNITY STAKEHOLDER PARTICIPANTS

This group is also very eclectic and encompasses organizations with an interest and influence in Future Base Design at NAS Oceana. Their perspectives ranged from the parochial to strategic and offered good insight into external challenges and opportunities moving forward. During our discourse we learned that no single group opposed Future Base Design at NAS Oceana, and generally supported the concept. However, the greatest concern was the lack of communication about the plan moving forward. They believe communication will be the key to success.

The CRE® Consulting Corps team believes a clear communication plan will be essential to the success of Future Base Design. The plan should include the goals of the program, the process it will follow, milestones, how the community can help, and periodic updates. Community stakeholders can be the best advocates or the greatest roadblock for bold initiatives like these. NAS Oceana should make a concerted effort toward continuous outreach to these organizations to avoid execution pitfalls.

NAS Oceana should make a concerted effort toward continuous outreach to [community] organizations to avoid execution pitfalls.

Conclusions

The CRE® Consulting Corps conducted over forty (40) interviews in person, online, or by video/ conference call to understand not only the challenges facing Future Base Design but to determine why those challenges exist. We discovered surprising levels of support among all the groups we spoke with and very little resistance to the concept. The greatest concerns described to us were the ability of NAS Oceana to execute a transaction and the amount of communication needed with all groups represented.

When asked, real estate developers and end users preferred working with the EDA over the Navy. Fears ranged from the time it would take to execute the transaction to the possibility the transaction could be annulled after they had made meaningful financial investments.

At the installation level, all of the Public Works departments seemed resigned to the fact that the current funding status would not sustain operational requirements indefinitely, the deficit is building, and financial relief is nowhere on the horizon. There appears to be no resistance to Future Base Design as a solution to the Navy's current situation. This consistent acquiescence bodes well for NAS Oceana's ability to execute a transaction.

In our experience, any Future Base Design initiative – whether involving Privatization, EUL, Shared Services, and/or City-Base – requires three critical factors for success.

1. Strong, capable and competent support at the installation level;

2. Enthusiastic Community and State support; and
3. Active engagement from Federal representation.

Our interviews with the participants made clear all three requirements are in place for NAS Oceana to obtain permission and support to execute a transaction. However, the skills necessary to execute a transaction directly with the private sector may be lacking to allay their fears. To that end, we see the EDA as a possible conduit to achieve the desired objectives for Future Base Design.

The EDA has several distinct advantages over other tenants. They are a non-profit and have no investors pressing them for returns. They have experience leasing, owning and developing real estate. They can secure essential services from the City of Virginia Beach for the installation. Their goal is economic growth, and they have bonding (financing) capability. Specifically, they have the ability to obtain financing for projects (infrastructure or buildings) by selling bonds in a fraction of the time it would take NAS Oceana to secure MILCON for the same project. Finally, they have a vested interest in seeing NAS Oceana's Future Base Design initiative succeed.

There appears to be no resistance to Future Base Design as a solution to the Navy's current situation.

If the EDA were to assume the position of Master Tenant, it is important the Navy view them as a

conduit through which it will receive greater benefits supporting Future Base Design. With the EDA as an intermediary the Navy gains expertise for master planning, shared services analysis, land development expertise and a host of other support the Navy may be challenged to obtain on its own.

The CRE® Consulting Corps team recommends NAS Oceana pursue a strategic partnership with the City of Virginia Beach Economic Development Authority through an EUL or City-Base transaction.



CRE Consulting Corps tour of Jolly Rogers Squadron facility at NAS Oceana.

Economic and Demographic Data Analysis

NAS Oceana is located near the center of the City of Virginia Beach (350 square miles), which has a population of 453,000± residing in 182,000± residences within the City. Virginia Beach is located in Hampton Roads in the Chesapeake Watershed, abutting the Atlantic Ocean. The population within 30 miles was 1,294,700 in 2019 and is projected to grow to 1,325,000 in 2024 (+2.3%).

The Hampton Roads region is part of the Atlantic Sun Belt and also at the southern end of the Boston-Washington megalopolis. The region has a very strong military presence, especially with the Navy. It has a strong veteran and retiree population. The median age in the region is 36.1 versus the U.S. average of 38.5. Currently, the median household income is \$64,950 (compared to \$60,500 for all U.S. households). Thus, Hampton Roads is a thriving region, benefiting from its proximity to the nation's capital and location at the northern edge of the Sun Belt.

Virginia Beach benefits from its relationship with the military (11,000± soldiers and sailors separate from military service in this area each year), providing a growing workforce, most with technical skills and education. Even so, the region does not have a strong manufacturing base. We were told that it is challenging to recruit senior managers as the local market is thin (if a senior level employee were displaced, there are few alternatives in the immediate region).

The key advantage that the region has is the affordability in a region on the Atlantic Coast. It is the most northerly of Sun Belt markets, which portends for continued competitiveness and growth in the coming years.

The current pandemic has exposed the potential weakness of the large hospitality and vacation component to the region's economy. This provides an impetus to grow the manufacturing and technology sectors to create more balance and stability. Most former service members fit into this strategy given their technical training and skills. The quality of life in the region ensures that

many want to stay in the region if they can find employment.

Conclusion

NAS Oceana's Future Base Design initiative does not conflict with the economic trends and labor force strengths in the Virginia Beach and broader Hampton Roads region. The CRE® Consulting Corps team believes the authorized land uses within the Station's Accident Potential Zones (APZ) would be well received and support the burgeoning demand for warehouse and distribution space in the region.

*The pandemic...provides an
impetus to grow the
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and stability.*

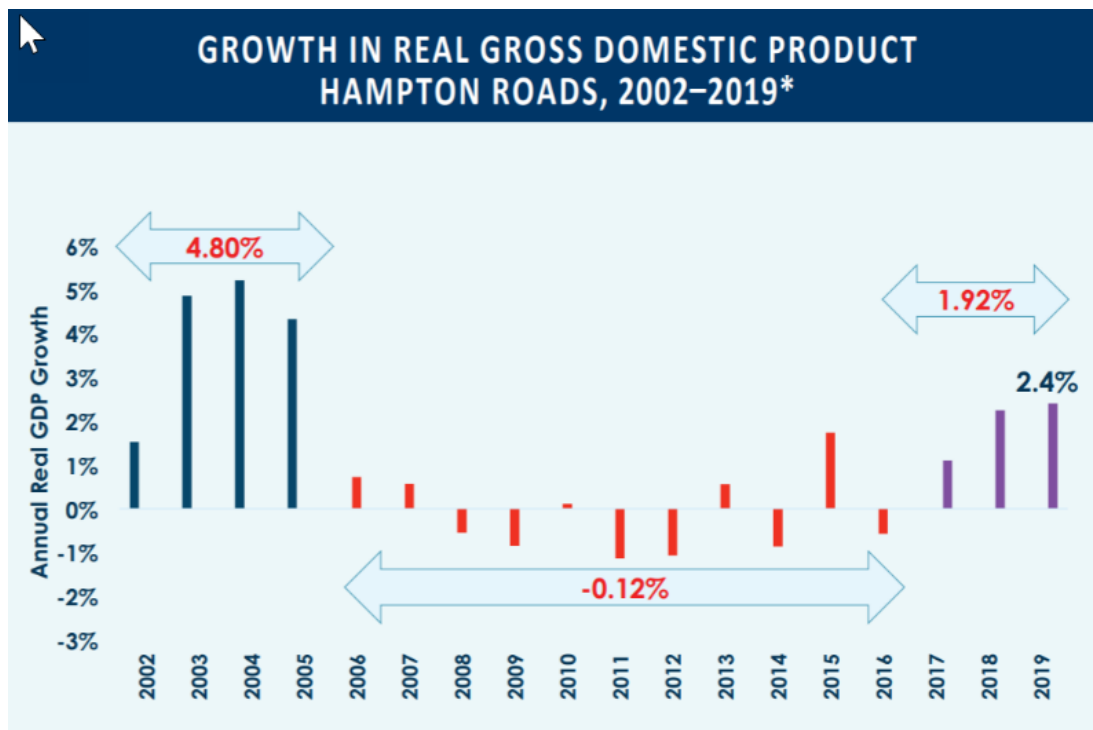
Market Analysis

Overview of the Virginia Beach Commercial Real Estate Market

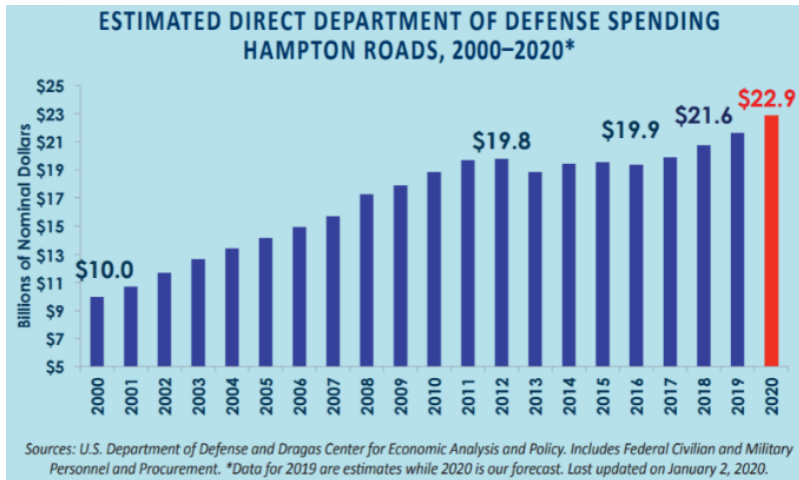
The City of Virginia Beach is the most populous city within the Commonwealth of Virginia with a population of approximately 450,000. The northern part of the City is urban while the southern sections are more rural. It is home to three military installations, Virginia Wesleyan University, Regent University, and miles of beaches with hundreds of hotels and resorts. The City became a vacation destination due to its location on the ocean and because it is south of the average storm track of storms originating in higher latitudes and north of the usual track of

hurricanes and tropical storms. Defense, real estate and tourism are the primary industries within the City’s economy. The population is relatively stable, growing 3% over the past decade. Virginia Beach is located within the Hampton Roads Metropolitan Statistical Area (MSA), along with the cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk and other smaller cities. The MSA population is approximately 1.7M. While the City of Virginia Beach is the largest city within the MSA. Norfolk is the central business district with Virginia Beach functioning as a suburb.

According to the 2020 Hampton Roads Real Estate Market Review and Forecast published by Old Dominion University’s E. V. Williams Center for Real Estate, Real Gross Domestic Product (RGDP) within the MSA grew about 4.8% annually from 2002 to 2005 and then fell about 0.12% from 2005 to 2016 (vs. growth of 1.56% annually in the US). In addition to the Great Recession, RGDP in the MSA performed poorly due to the deceleration and then stagnant Department of Defense (DoD) spending and lack of job growth in the private sector. This trend improved starting in 2017.



Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2019. *Data for 2018 are the advance estimates and for 2019 data represent our estimate. CAGR GDP growth in horizontal bars.



The Hampton Roads MSA continues to be dependent on DoD spending. The Bipartisan Budget Agreement of 2019 increased military spending for FY2020 and 2021, with the E.V. Williams Center for Real Estate estimating that the 2020 direct DoD spending in Hampton Roads will be 15% higher than 2017.

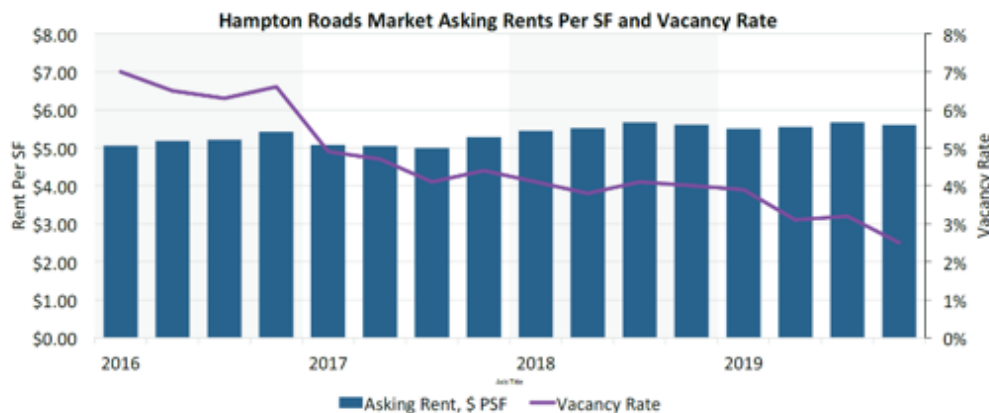
Office Real Estate Market

The Hampton Roads office market includes a total of approximately 53M square feet and had a 2019 year-end vacancy rate of 7.8%. Vacancy has trended downward from a high of over 13% in 2011, indicating a strengthening market pre-COVID-19. Due to limited private sector job growth, new development has been limited and therefore new development has also been limited but included new space for Ferguson Enterprises and space in mixed-use developments. Pre-COVID-19 speculative development typically required about 25% pre-leasing, but now would likely require a substantially or fully leased building or build-to-suit until the pandemic has ended and the market re-stabilizes. Office development on Oceana would likely be a build-to-suit or full pre-leasing to a larger defense

contractor with a use or need that outweighed noise and Air Installations Compatible Use Zones (AICUZ) concerns.

Retail Real Estate Market

The national retail market saw significant store closings in 2019, and successful retailers were changing their formats and marketing with links to entertainment, celebrities, the environment/sustainability and experiential shopping. With the growth of e-commerce, which has accelerated due to the pandemic, retail has focused on providing entertainment and an experience for consumers. The largest retail leases in 2019 in Hampton Roads reflected this trend, with the top three leases to Apex Entertainment, Surge Adventure Park and Rosie's Gaming Emporium. New development in the Oceana area would likely reflect that specialty/entertainment trend or be related to the Navy. Considering overall changes occurring with retail, opportunities on Oceana are expected to be limited and therefore would not likely be a focus. It was, however, noticed that there are limited options for lunch dining around Oceana and a restaurant or two near the entrances to Oceana might be successful.



Multi-family Housing Real Estate Market

The Hampton Roads multi-family (apartment) market included over 122,000 units at the end of 2019 with just over 5% vacancy rate indicating a relatively strong market with demand for more apartments outpacing the new supply of 199 units added in the past 12 months. Virginia Beach is the largest submarket within Hampton Roads with over 31,000 units and a similar (5.2%) vacancy rate. With limited new supply being added within the market and a healthy market vacancy rate, new multi-family housing near or on Oceana catering to those employed at Oceana could be successful if noise and AICUZ issues can be addressed.

Industrial Real Estate Market

The Hampton Roads industrial market includes over 100M square feet of distribution and warehouse space indicating it is a smaller-sized industrial market and generally has less activity and large investor interest than a large market like Dallas/Ft. Worth or Chicago. This size market is also typically characterized by having primarily smaller warehouse buildings ranging in size from

25,000 square feet to 75,000 square feet. Hampton Roads had a 2019 year-end vacancy rate of just 2.5%. Generally, 2% - 3% of any market is functionally obsolete meaning there is limited interest from companies in leasing obsolete structures. When the market vacancy is this low, it usually indicates there is not enough supply of vacant space to meet the demand in the market, resulting in an opportunity to develop new buildings. Currently, the average market rent rates are not at a level that justifies new development, but new development would be leased at levels significantly above the averages. The chart above illustrates the historical vacancy and average lease rates over the past several years.

The Lynwood submarket (which includes the area surrounding Oceana) includes 8.3M SF and a vacancy rate of 3.2%. Companies that lease larger industrial buildings that distribute their products to retailers or other companies often import their products from other countries reaching the US through shipping ports like the Port of Virginia/Hampton Roads, which is the fifth largest port in the country. Locations for these distribution

facilities are preferred to be on an interstate highway near the port connecting to other cities in the region or country. Sites on Oceana would not likely be considered for regional or national distribution facilities, but local distributors would likely be interested in locating on the northern portion of Oceana due to the relatively convenient access to Interstate 264. This is illustrated by the location of the industrial/business park located across London Bridge Road from Oceana. New industrial development on Oceana could be viewed as an expansion to that existing park which has already been established and recognized by the local business community.

Conclusions

Spanning the market spectrum (all property types), the available land in the northern portions of Oceana are perceived to have the greatest potential for industrial development considering its locational attributes and AICUZ and noise constraints, provided wetlands limitations can be addressed.

Local distributors would likely be interested in locating on the northern portion of Oceana due to the relatively convenient access to Interstate 264.

Subject to the number of employees needed, there may also be opportunities for data center development on Oceana to support the two new undersea fiber optics cables, MAREA and BRUSA. Office development may be permitted within the Central Campus outside the APZ but would likely

be generated internally by the Navy with defense contractors. Opportunities for new retail structures are limited primarily due to overall economic uncertainty due to increasing internet shopping trends. Oceana is a significant employer in the region, suggesting new housing would be well received by Oceana employees if AICUZ and noise constraints can be addressed. Furthermore, currently only about half of the housing for sailors (barracks) can be supported by the existing facilities on Oceana outside the APZ. There is an opportunity to provide barracks through the private sector at a lower cost to the Navy via an EUL or City-Base. While not specifically addressed in the data presented, a hotel on Oceana would be well received to accommodate visitors or barracks overflow.

The CRE® Consulting Corps team believes market demand for a variety of property types would support the Navy's objectives for Future Base Design. The land use offering the least conflict with AICUZ restrictions appears to be warehouse and distribution. However, other land uses within the Central Campus and outside the APZ present unique opportunities for NAS Oceana. We recommend the Navy use the master planning process to explore all options that the market and Future Base Design present.

Non-Core Function Data Analysis

The non-core functions at NAS Oceana are most closely aligned with Morale Welfare and Recreational (MWR) activities. These functions are funded and operated differently; however, they all share one common characteristic: They all are financially supported by Base Operations Support (BOS) at some level. This analysis

explores the non-core activities and their viability for the future.

Navy Gateway Inn & Suites

The Navy Gateway Inn & Suites (NGIS) is a 24 hour a day / 7 day a week lodging operation operating similarly to a civilian hotel. The clients are active and retired military members, as well as Department of Defense civilians who enjoy the extra security of being behind the fence line of the installation. Additional cost for security may be required if it were placed outside the fence line to ensure the safety of the guests. Additionally, this facility reportedly has the laundry operation for the entire Hampton Roads NGIS operations. Therefore, at the request of the client, it was excluded from this analysis.

The List of Non-Core Functions

The list of non-core functions for NAS Oceana was compiled from a workbook provided by the client with 2019 data for each of the 17 MWR activities. The individual worksheets were summarized in the table below and data added regarding their individual Uniform Funding Management (UFM) category, whether or not they were considered to be a required function, and whether or not they were a childcare function. Each of these added items helped us to understand their source of funding and whether their funding was likely to be cut in the future.

The following table summarizes the definitions used in determining into which category of funding each of the 17 MWR activities fell.

Uniform Funding Management (UFM) Definitions Used		
Category	Definition	Description
A	Mission Sustaining	These programs are considered essential in meeting organizational objectives of the Military Services. They promote the physical and mental well-being of the military members and will be supported almost entirely with UFM.
B	Community Support	These programs are closely related to those in Category A supporting the military mission but are generally focused on the physiological and psychological needs of Service members and their families. These support programs should receive substantial amounts of UFM support but differ from those in Category A in part because of their ability to generate NAF (Non-appropriated Funds) revenues.
C	Business Activities	These programs provide recreational activities and contribute to building a sense of community on the base. Activities in this group have a business capability of generating enough income to cover most of their operating expenses but lack the ability to sustain themselves based purely upon their business activity. Consequently, these activities receive limited appropriated fund (APF) support.

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The information referenced as to whether a particular service is required or not was provided by the client in an Excel spreadsheet of N9 Services.

Childcare was broken out as a separate category. We recognize that NAS Oceana facility is a 24 hour a day/ 7 day a week operation, and as a result childcare for Naval personnel must be available on a similar basis. This type of childcare is not typically found in civilian counterparts, and therefore we felt that there was an even higher priority on being certain that this operation is funded even over other required functions.



Childcare is a required non-core function.

Totals provide insight into possible constituency for each activity, relative self-sufficiency, sources of excess revenue and cash drains, possible future cash flow shortfalls (UFM funding cuts), unused or under-utilized facilities.

These categories provide insights into the likely size of the constituency for each activity, as well as their relative self-sufficiency. In addition, it allowed us to consider which activities might be sources of excess revenue or future cash drains.

The patron count provides a total of the individual uses of each MWR activity throughout the entire year. We considered this to be a good indicator of the number of active users and used it as an indicator of the likely strength of support for continuation of that activity on the base. Revenue reflects all income generated by that activity. NAF expenses refer to non-appropriated fund expenses; the difference between revenue and expenses is net revenue (or losses)

Summary of MWR Activities - January 1 2019 through December 31 2019										
Original Order	MWR Activity - NAS Oceana	UFM Category	Required Function?	Function	Patron Count	Revenue	NAF Expenses	Net Revenue	UFM Support	Net Revenue After Support
1	OC O'CLUB	C	No	Non-Childcare	2,709	\$17,750	\$29,185	(\$11,435)	\$0	(\$11,435)
2	OC CPO CLUB	C	No	Non-Childcare	2,729	\$16,995	\$27,817	(\$10,822)	\$0	(\$10,822)
3	OC COMMUNITY RECREATION	A	Yes	Non-Childcare	153,063	\$579,884	\$917,869	(\$337,985)	\$797,381	\$459,396
4	OC VEHICLE STORAGE	C	No	Non-Childcare	350	\$101,382	\$8,706	\$92,676	\$0	\$92,676
5	OC AUTO HOBBY	B	No	Non-Childcare	7,127	\$135,878	\$227,660	(\$91,782)	\$279,998	\$188,216
6	OC CAR WASH	C	No	Non-Childcare	1,571	\$8,532	\$4,714	\$3,818	\$0	\$3,818
7	OC THEATER	C	No	Non-Childcare	17,457	\$95,608	\$56,097	\$39,511	\$0	\$39,511
8	OC FITNESS & SPORTS	A	Yes	Non-Childcare	269,777	\$105,185	\$721,253	(\$616,068)	\$602,775	(\$13,293)
9	FEET WET POOL	B	No	Non-Childcare	14,238	\$4,447	\$29,497	(\$25,050)	\$29,304	\$4,254
10	OC WATERPARK	B	No	Non-Childcare	12,249	\$83,382	\$124,061	(\$40,679)	\$116,762	\$76,083
11	OC SKEET RANGE	C	No	Non-Childcare	24,587	\$210,948	\$239,502	(\$28,554)	\$0	(\$28,554)
12	OC BOWLING	C	No	Non-Childcare	145,139	\$488,428	\$499,406	(\$10,978)	\$0	(\$10,978)
13	OC GOLF	C	No	Non-Childcare	81,893	\$1,297,238	\$1,252,146	\$45,092	\$0	\$45,092
14	OC RV PARK	C	No	Non-Childcare	61,845	\$620,989	\$291,878	\$329,111	\$0	\$329,111
15	OC Child Dvlpmt Ctr	B	Yes	Childcare	69,680	\$1,646,000	\$3,960,615	(\$2,314,615)	\$2,314,616	\$1
16	MIDWAY MANOR SAC (YOUTH CTR)	B	Yes	Childcare	23,400	\$296,663	\$836,477	(\$539,814)	\$693,403	\$153,589
17	OCEANA & MIDWAY YOUTH/ TEENS/SPORTS/OH	B	Yes	Childcare	29,976	\$42,671	\$1,071,102	(\$1,028,431)	\$45,312	(\$983,119)
Totals					917,790	\$5,751,980	\$10,297,985	(\$4,546,005)	\$4,879,551	\$333,546
Totals - Non-Childcare MWR					794,734	\$3,766,646	\$4,429,791	(\$663,145)	\$1,826,220	\$1,163,075
Totals - Childcare					123,056	\$1,985,334	\$5,868,194	(\$3,882,860)	\$3,053,331	(\$829,529)



Fitness is a required non-core function.

UFM Support refers to funding available from the Uniform Funding Management program based on how the activity is categorized. Some activities have all their shortfalls covered, some activities have only a portion of their shortfalls covered, and nearly half of the activities have no UFM support at all.

The Net Revenue After Support column reflects the relative year-end income position for each of the activities, with a total for all activities reflected

at the and the totals for the group separated into non-childcare MWR activities and childcare related MWR activities. Overall, the MWR activities were in the black, but the childcare related MWR activities were nearly \$830,000 in the red. While this analysis is accurate within the confines of the Navy's financial system it is not an accurate comparison to private sector business practices that would include a proportionate share of BOS costs. Rather, the Navy's financial system is an excellent tool for tracking money that was spent; however, it is a poor measure of how much things actually cost.

MWR Activity Analysis by Required Function Status

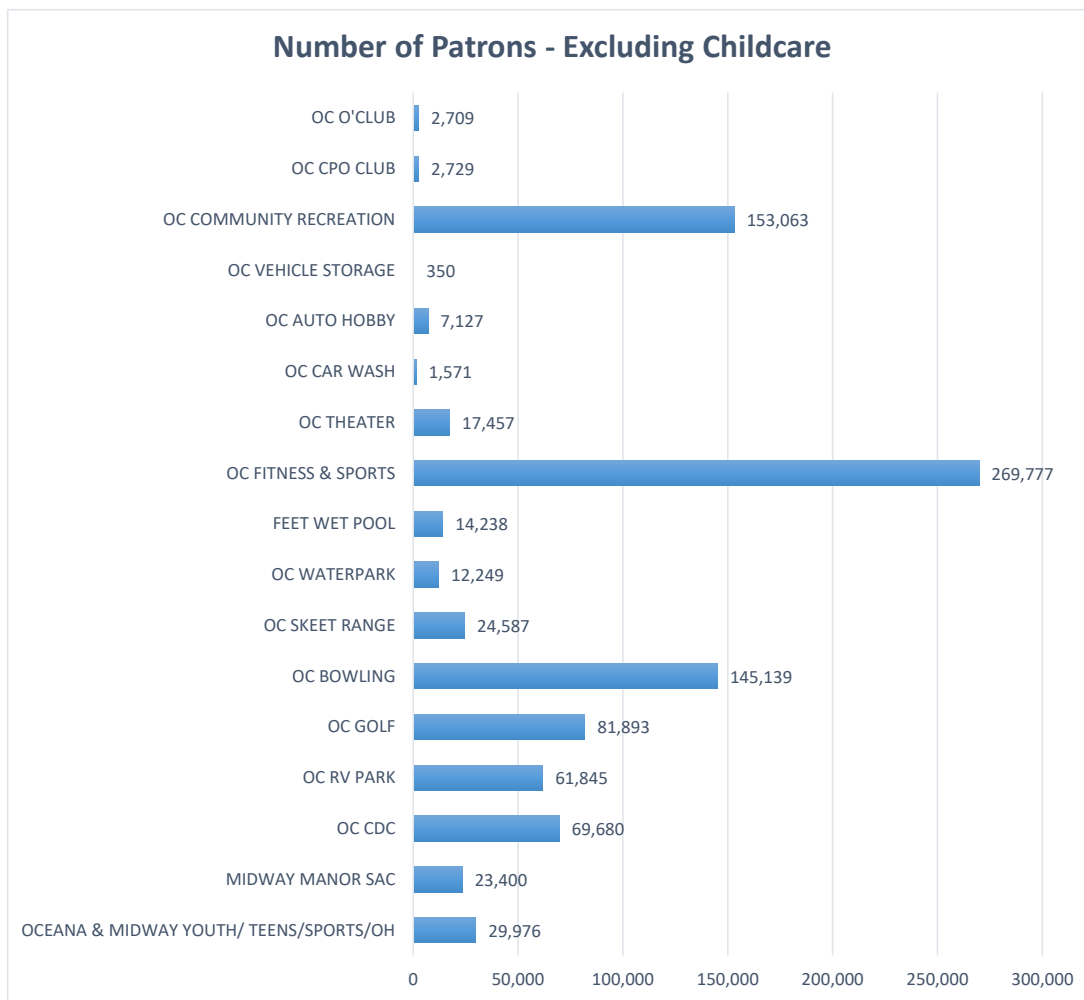
The following table represents the MWR activities sorted by their status as a required function.

Summary of MWR Activities by Required Function								
Original Order	MWR Activity - NAS Oceana	Required Function?	Patron Count	Revenue	NAF Expenses	Net Revenue	UFM Support	Net Revenue After Support
1	OC COMMUNITY RECREATION	Yes	153,063	\$579,884	\$917,869	(\$337,985)	\$797,381	\$459,396
2	OC FITNESS & SPORTS	Yes	269,777	\$105,185	\$721,253	(\$616,068)	\$602,775	(\$13,293)
3	OC Child Dvlpmt Ctr	Yes	69,680	\$1,646,000	\$3,960,615	(\$2,314,615)	\$2,314,616	\$1
4	MIDWAY MANOR SAC (YOUTH CTR)	Yes	23,400	\$296,663	\$836,477	(\$539,814)	\$693,403	\$153,589
5	OCEANA & MIDWAY YOUTH/ TEENS/SPORTS/OH	Yes	29,976	\$42,671	\$1,071,102	(\$1,028,431)	\$45,312	(\$983,119)
6	OC O'CLUB	No	2,709	\$17,750	\$29,185	(\$11,435)	\$0	(\$11,435)
7	OC CPO CLUB	No	2,729	\$16,995	\$27,817	(\$10,822)	\$0	(\$10,822)
8	OC VEHICLE STORAGE	No	350	\$101,382	\$8,706	\$92,676	\$0	\$92,676
9	OC AUTO HOBBY	No	7,127	\$135,878	\$227,660	(\$91,782)	\$279,998	\$188,216
10	OC CAR WASH	No	1,571	\$8,532	\$4,714	\$3,818	\$0	\$3,818
11	OC THEATER	No	17,457	\$95,608	\$56,097	\$39,511	\$0	\$39,511
12	FEET WET POOL	No	14,238	\$4,447	\$29,497	(\$25,050)	\$29,304	\$4,254
13	OC WATERPARK	No	12,249	\$83,382	\$124,061	(\$40,679)	\$116,762	\$76,083
14	OC SKEET RANGE	No	24,587	\$210,948	\$239,502	(\$28,554)	\$0	(\$28,554)
15	OC BOWLING	No	145,139	\$488,428	\$499,406	(\$10,978)	\$0	(\$10,978)
16	OC GOLF	No	81,893	\$1,297,238	\$1,252,146	\$45,092	\$0	\$45,092
17	OC RV PARK	No	61,845	\$620,989	\$291,878	\$329,111	\$0	\$329,111
Totals			917,790	\$5,751,980	\$10,297,985	(\$4,546,005)	\$4,879,551	\$333,546
Totals - Non-Required Functions			371,894	\$3,081,577	\$2,790,669	\$290,908	\$426,064	\$716,972
Totals - Required Functions			545,896	\$2,670,403	\$7,507,316	(\$4,836,913)	\$4,453,487	(\$383,426)

Key takeaways:

- Only 5 of the 17 MWR activities are considered a required function.
 - When considering the number of patrons, the 5 required functions are 59% of the patronage, while the other 12 MWR activities constitute 41% of the patronage.
 - From a gross revenue perspective, the 5 required MWR activities generate 46% of the gross revenue and the 12 nonrequired generate 54%.
 - The required MWR activities generate a full 73% of all reported expenses, and the nonrequired activities generate 27%.
- As a result, 91% of all UFM support goes to the required activities and only 9% is available to the nonrequired activities.

The Navy's financial system is an excellent tool for tracking money that was spent; however, it is a poor measure of how much things actually cost.



Analysis Relative to the Number of Patrons

As a further analysis of the data, we considered the number of patrons per activity excluding childcare. From this information we hope to discern which activities might be most difficult to change or outsource to the private sector based on the number of active users. We excluded childcare because we felt that considering changes to this portion of the MWR program would impose an undue burden on a significant portion of the base community.

Of the roughly 795,000 total patrons for the 14 non-childcare MWR activities, 82% are involved in 4 activities and the other 13 MWR activities only account for 18% of the total patron count. As can be seen in the graphic above, the 4 most

utilized MWR activities are fitness and sports, community recreation activities, bowling, and golf. If the RV Park patrons are added to these 4 activities, fully 90% of all the MWR patrons are involved with only 5 of the MWR activities.



Golf courses are not a required function.

MWR Activity Sorted by UFM Category									
Original Order	MWR Activity - Oceana NAS	Category	Patron Count	Revenue	NAF (Nonappropriated Funds) Expenses	Net Revenue	UFM Support	Net Revenue After Support	
3	OC COMMUNITY RECREATION	A	153,063	\$579,884	\$917,869	(\$337,985)	\$797,381	\$459,396	
8	OC FITNESS & SPORTS	A	269,777	\$105,185	\$721,253	(\$616,068)	\$602,775	(\$13,293)	
15	OC Child Dvlpmnt Ctr	B	69,680	\$1,646,000	\$3,960,615	(\$2,314,615)	\$2,314,616	\$1	
16	MIDWAY MANOR SAC (YOUTH CTR)	B	23,400	\$296,663	\$836,477	(\$539,814)	\$693,403	\$153,589	
17	OCEANA & MIDWAY YOUTH/ TEENS/SPORTS/OH	B	29,976	\$42,671	\$1,071,102	(\$1,028,431)	\$45,312	(\$983,119)	
9	FEET WET POOL	B	14,238	\$4,447	\$29,497	(\$25,050)	\$29,304	\$4,254	
10	OC WATERPARK	B	12,249	\$83,382	\$124,061	(\$40,679)	\$116,762	\$76,083	
5	OC AUTO HOBBY	B	7,127	\$135,878	\$227,660	(\$91,782)	\$279,998	\$188,216	
1	OC O'CLUB	C	2,709	\$17,750	\$29,185	(\$11,435)	\$0	(\$11,435)	
2	OC CPO CLUB	C	2,729	\$16,995	\$27,817	(\$10,822)	\$0	(\$10,822)	
4	OC VEHICLE STORAGE	C	350	\$101,382	\$8,706	\$92,676	\$0	\$92,676	
6	OC CAR WASH	C	1,571	\$8,532	\$4,714	\$3,818	\$0	\$3,818	
7	OC THEATER	C	17,457	\$95,608	\$56,097	\$39,511	\$0	\$39,511	
11	OC SKEET RANGE	C	24,587	\$210,948	\$239,502	(\$28,554)	\$0	(\$28,554)	
12	OC BOWLING	C	145,139	\$488,428	\$499,406	(\$10,978)	\$0	(\$10,978)	
13	OC GOLF	C	81,893	\$1,297,238	\$1,252,146	\$45,092	\$0	\$45,092	
14	OC RV PARK	C	61,845	\$620,989	\$291,878	\$329,111	\$0	\$329,111	
Totals			917,790	\$5,751,980	\$10,297,985	(\$4,546,005)	\$4,879,551	\$333,546	
Totals - Category A			422,840	\$685,069	\$1,639,122	(\$954,053)	\$1,400,156	\$446,103	
Totals - Category B			156,670	\$2,209,041	\$6,249,412	(\$4,040,371)	\$3,479,395	(\$560,976)	
Totals - Category C			338,280	\$2,857,870	\$2,409,451	\$448,419	\$0	\$448,419	

MWR Activity by UFM Category

The above table is sorted by the UFM Categories A, B and C as discussed at the beginning of this section. Category A activities are essential to the proper operation of the base and receive full UFM financial support to cover any revenue shortfalls. Category B activities are also eligible for UFM support, but not to the full extent of Category A activities.

The Category A and B activities had a cumulative net revenue shortfall in 2019 of \$4,994,124 before UFM Support. After receiving a reported \$4,879,551 in UFM support, there was still a year-end shortfall of \$114,873.

Category C activities are intended to be operated as businesses, with the goal of at least covering their own expenses from their revenues. The overall net revenue for Category C activities totals \$448,419. However, not all the activities are as financially successful as the others, with 4 of the activities having a cumulative loss of \$61,789 and the other 5 MWR activities generating surplus funds totaling \$510,208. Of that total surplus, Vehicle Storage contributed \$92,676 in net revenues and the RV Park contributed \$329,111.

Summary and Conclusions

- At the request of the client, the Navy Gateway Inn and Suites was not included in this analysis.
- There is a total of 17 non-core MWR functions at NAS Oceana.
- Of the 17 total functions, 3 relate directly to childcare for military families; due to their uniqueness and relatively high priority they were not considered part of this restructuring analysis.
- Childcare-related MWR activities ended 2019 almost \$830,000 in the red, even after UFM Support.
- Only 5 of the 17 MWR functions are what is referred to as required functions.
- The 5 required functions have 59% of the total annual patrons. They generated 46% of all gross revenues and 73% of all reported expenses.
- The 5 required MWR functions received 91% of all UFM Support.
- Out of the 14 non-childcare MWR functions, 82% of the 2019 patrons were involved in 4 of the functions, and the remaining 18% of patrons were spread over the other 13 activities.
- Category A and B MWR functions are the only MWR activities eligible for UFM Support. These activities had a year-end shortfall of \$114,783, even after receiving almost \$4.9 million in UFM Support.
- Category C activities generated an overall positive cash flow of \$448,419. Of these activities, five generated \$510,208 in positive cash flow, and the other four activities had cumulative net losses of \$61,789. Furthermore, none the costs listed include any portion of BOS Costs allocated to each activity. If a cost baseline analysis of each activity were indexed to private sector equivalent businesses, municipal services like first responder, roads and grounds maintenance, utility system maintenance, etc., all of these costs would be borne by businesses proportionately.

Non-Core Facility Functional Assessment

In the previous section, the MWR functions themselves were addressed in terms of the number of patrons from the base population for each activity, as well as the revenue, expenses and the net cash flow after additional UFM funding, where available.

The following table presents an inventory of all the facilities used by the required base functions,

including MWR functions. The base housing is part of this inventory but will be addressed separately. Since the MWR functions in the previous section were grouped and analyzed by UFM category, the corresponding facilities were grouped by UFM category, as well.

The inventory data was incomplete in some cases, but not enough to materially impact the analysis of the facilities and the resulting conclusions.

REQUIRED MWR-RELATED FACILITIES BY UFM CATEGORY										
ACTIVITY	REQUIRED FUNCTION?	UFM Category	BLDG	BUILDING AREA (SF)	BUILDING AGE (YEARS)	BUILDING REPLACEMENT VALUE	\$ PSF OF BUILDING	CONDITION RATING	FACILITY CONDITION INDEX	SHORE TASK
Galley	Yes	A	520	42,826	66	\$ 26,948,022	\$ 629	63	84	FOOD SERVICES
Fitness Center (Small)	Yes	A	529	31,557	63	\$ 9,902,074	\$ 314	67	79	MWR
Fitness Center (Big)	Yes	A	545	40,630	19	\$ 12,167,526	\$ 299	90	83	MWR
Softball Fields	Yes	A	621							MWR
Softball Fields	Yes	A	623		56	\$ 1,382,709				MWR
Running Track	Yes	A	624	4,230	11	\$ 227,076	\$ 54			MWR
Softball Fields	Yes	A	631		44	\$ 1,382,709				MWR
Tennis Courts	Yes	A	632		61	\$ 988,284				MWR
Total - Category A				119,243	46	\$ 52,010,116				
Total - Category A MWR Activities				76,417		\$ 26,050,378				

Child & Youth Programs	Yes	B	526	17,725	5	\$ 3,879,852	\$ 219	96	87	YOUTH CENTER
Child & Youth Programs; Fleet & Family Service Center; Aero Theater	Yes	B	531	108,709	64	\$ 25,150,723	\$ 231	71	71	YOUTH CENTER
Child Development Center	Yes	B	450							YOUTH CENTER
Aeropines Water Park	No	B	582	7,087	64	\$ 2,392,915	\$ 338	99		MWR
Auto Hobby Shop	No	B	543	11,851	44	\$ 899,784	\$ 76	67	25	MWR
MWR Equipment Rental	No	B	299							MWR
MWR Maintenance Facility	No	B	527	6,938	61	\$ 660,958	\$ 95	65	21	MWR
Recreational Pool	Yes	B	481							MWR
Total - Category B				152,310	48	\$ 32,984,232				

Indoor Handball Court	No	C	630	2,647	53	\$ 579,406	\$ 219	63	82	YOUTH CENTER
Bowling Alley	No	C	540	23,242	49	\$ 4,101,503	\$ 176	64	77	MWR
Golf - Aeropines Golf Clubhouse	No	C	581	12,667	31	\$ 2,281,717	\$ 180	75	84	MWR
Golf - Driving Range	No	C	583							MWR
Golf Course (18H) - Hornet	No	C								MWR
Golf Course (18H) - Tomcat	No	C								MWR
Great Escape Enlisted Club	No	C	430	27,879	65	\$ 6,292,636	\$ 226	60	71	MWR
Officers' Club	No	C	480							MWR
RV & Boat Storage Yard	No	C								MWR
Skeet Range	No	C								MWR
Total - Category C				66,435	50	\$ 13,255,262				

Totals - All Categories				337,988	47	\$ 98,249,610	\$ 291			
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Bowling is a non-core function that does not break even without a BOS burden.

The expenses accounted for in the operational review of the MWR programs are all direct costs of operation, including cost of goods sold and labor. In a private sector environment, there would be a charge for rent which would compensate the owner of the structure housing the facilities for repair and replacement expenditures, as well as provide for return on investment and depreciation expense. After review of the total net cash flow available from operations for the MWR functions, it became clear that there is little excess cash available from operations to help pay for maintenance and repairs to the buildings housing those functions. As a result, many facilities show signs of deferred maintenance and likely reflect increased operating costs as compared to newer, better maintained buildings.

According to the previous summary table, the buildings and related improvements range from 5 to 68 years of age, with an overall average age of 47 years. We have assumed that several of the buildings have been remodeled and/or repaired, but even so there are only 3 facilities that are 20 years old or less. Of the remaining facilities, 8 are more than 50 years old.

Many facilities show signs of deferred maintenance and likely reflect increased operating costs as compared to newer, better maintained buildings.

Special-purpose facilities such as the bowling alley and the indoor handball court depreciate more quickly than general-purpose buildings. Typically, they are more expensive both to build and to maintain, and they also tend to suffer from functional obsolescence due to their specific design and the likelihood of changes in user preference or market behavior over time.

Generally, structures older than 40 years of age are considered fully depreciated both from a functional and physical perspective. As a result, their continued use will result in significantly higher operations and maintenance costs as well as decreased efficiencies. Depending upon the uniqueness of the building and its overall condition, the only way to address these age-related issues at this point are either a full renovation or replacement.



Grounds Maintenance Shed

The Facility Condition Index reflects a recent inspection of the buildings, with a score of 100 indicating good condition and a lower score indicating problems with the building's overall condition and functional utility. Of the buildings in this group, two had scores that indicated significant issues with their condition. These were the MWR Equipment Rental facility (which had a score of 21) and the Auto Hobby garage (which had an overall score of 25), indicating that both will need to be fully remodeled or replaced in the near future if they are to continue operations.



Foliage growing inside the Officers Club

Non-Core Functional Assessment Conclusions

- Operating expenses do not reflect the full cost of occupancy.
- Therefore, maintenance and upkeep tend to be deferred.
- Building upgrades are typically not done due to lack of funding availability.
- Base structures are generally near the end of their effective life of 40 to 50 years.

- Structures which are still in relatively good condition can have their effective lives extended by repair and remodeling.
- Older buildings with significant deferred maintenance will likely need to be replaced.
- Special-purpose buildings typically have shorter useful lives than do general-purpose buildings. Any decision to remodel or replace such buildings should consider the option of using alternative providers for that MWR function.
- The MWR Equipment Rental Facility and the Auto Hobby garage are apparently in relatively poor condition and may need repairs soon.

*Without renovation and
sustained capital infusion to
keep a structure operable, time,
trends and technology
eventually render them
obsolete.*

In many ways our observations illustrate the dichotomy between the required funding for BOS compared to the actual funding of this requirement. As buildings age they require more maintenance, repairs and upgrades to ensure their continued operations. Without renovation and sustained capital infusion to keep a structure operable, time, trends and technology eventually render them obsolete.

EXISTING BASE HOUSING INVENTORY								
ACTIVITY	BLDG	BUILDING AREA (SF)	BUILDING AGE (YEARS)	BUILDING REPLACEMENT VALUE	\$ PSF OF BUILDING	CONDITION RATING	FACILITY CONDITION INDEX	SHORE TASK
Unaccompanied Housing	530	63,268	62	\$ 23,500,107	\$ 371	46	-8	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	431	97,890	53	\$ 36,360,016	\$ 371	35	35	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	419	87,449	38	\$ 33,657,167	\$ 385	38	68	UNACCOMPANIED HOUSING - STUDENT DORM
Unaccompanied Housing	444	32,688	21	\$ 12,141,549	\$ 371	78	88	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	441	32,667	21	\$ 12,133,749	\$ 371	86	89	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	442	33,227	21	\$ 12,341,754	\$ 371	87	89	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	536	123,199	37	\$ 45,760,728	\$ 371	79	90	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	443	33,654	21	\$ 12,500,357	\$ 371	82	91	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	445	31,930	21	\$ 11,859,999	\$ 371	82	91	UNACCOMPANIED HOUSING - PERMANENT PARTY
Unaccompanied Housing	423	61,801	49	\$ 22,955,209	\$ 371	83	96	UNACCOMPANIED HOUSING - PERMANENT PARTY
Totals		597,773	34.4	\$ 223,210,635	\$ 373			

It seems a common trend within the armed services is to design buildings to theoretically last forever. However, even the most innovative design (i.e. The Pentagon) is not immune to the ravages of time, trends and technology. Within 10 years (or less), a new building's mechanical components begin to wear and require replacement. Private sector property owners and their lenders reserve funds for continued maintenance and upgrades from the day the structure is completed. Still, no structure can avoid functional obsolescence because market preferences change, and it is rare to see a thirty-year old structure that has not been renovated, demolished, or repurposed. Recognizing obsolescence is unavoidable, those advancing FBD may wish to investigate the military's approach to designing structures to last 60 years when they may only be able to perform their mission for 30 years. Acknowledging obsolescence may reduce construction costs of some structures in the future.

Base Housing Assessment

Our team was provided data for 10 housing facilities. One report referred to Building 446 as base housing, but it was not listed in the facilities database and we could not find it on the base website. Therefore, we have assumed that it is not in use at this time.

There are approximately 1,800 barracks containing nearly 600,000 SF of Unaccompanied Housing provided on the base, distributed over 10 buildings. Of the 10 buildings, 5 are 21 years old. The other 5 buildings range between 37 years of age and 62 years of age, with an average overall age of 34 years. However, the 5 buildings built 21 years ago are all approximately 32,000 SF in size and therefore represent just over 164,000 SF or 27% of the 600,000 SF of housing present on the base. This means that most of the remaining buildings, or 73% of the base housing, is 40 years old or more.

NAVAL AIR STATION OCEANA FUTURE BASE DESIGN: MAKING THE MOST OF OPTIONS AND OPPORTUNITIES
RECOMMENDATIONS BY THE CRE® CONSULTING CORPS | NAS OCEANA

Three Story Walk-Up Replacement Cost Comparisons

Project	Year Built	Units	GBA	GBA/Unit	Acres	Site*	Bldg	Soft Costs	Financing	Profit	Total
Comp 1	2014	208	279,291	1,343	15.790	\$ 4,207,466	\$ 15,176,570	\$ 4,617,111	\$ 2,420,518	\$ 2,642,167	\$ 29,063,832
Comp 2	2018	282	305,950	1,085	16.120	\$ 3,750,000	\$ 24,875,000	\$ 2,268,700	\$ 3,086,349	\$ 2,884,514	\$ 36,864,563
Comp 3	2020	120	169,284	1,411	5.999	\$ 2,256,910	\$ 12,656,940	\$ 2,083,119	\$ 1,598,382	\$ 1,853,725	\$ 20,449,076
Comp 4	2020	204	276,132	1,354	16.508	\$ 5,649,000	\$ 24,063,000	\$ 3,233,631	\$ 2,719,287	\$ 3,566,492	\$ 39,231,410
Comp 5	2015	134	205,487	1,533	2.475	\$ 1,539,036	\$ 12,229,902	\$ 1,549,789	\$ 1,868,758	\$ 1,718,748	\$ 18,906,233
Comp 6	2019	120	148,518	1,238	8.313	\$ 2,126,215	\$ 10,308,400	\$ 1,077,792	\$ 1,193,451	\$ 1,470,586	\$ 16,176,444
Comp 7	2020	200	261,898	1,309	13.240	\$ 4,853,500	\$ 25,910,500	\$ 4,133,583	\$ 2,614,441	\$ 3,751,202	\$ 41,263,226

\$ Per Unit								
\$	20,228.20	\$	72,964.28	\$	22,197.65	\$ 11,637.11	\$ 12,702.73	\$ 139,729.96
\$	13,297.87	\$	88,209.22	\$	8,045.04	\$ 10,944.50	\$ 10,228.77	\$ 130,725.40
\$	18,807.58	\$	105,474.50	\$	17,359.33	\$ 13,319.85	\$ 15,447.71	\$ 170,408.97
\$	27,691.18	\$	117,955.88	\$	15,851.13	\$ 13,329.84	\$ 17,482.80	\$ 192,310.83
\$	11,485.34	\$	91,267.93	\$	11,565.59	\$ 13,945.96	\$ 12,826.48	\$ 141,091.29
\$	17,718.46	\$	85,903.33	\$	8,981.60	\$ 9,945.43	\$ 12,254.88	\$ 134,803.70
\$	24,267.50	\$	129,552.50	\$	20,667.92	\$ 13,072.21	\$ 18,756.01	\$ 206,316.13

Comparable Averages											
Project	Year Built	Units	GBA	GBA/Unit	Acres	Site*	Bldg	Soft Costs	Financing	Profit	Total
7	2018	181	235,223	1,325	11.2	\$ 19,070.88	\$ 98,761.09	\$ 14,952.61	\$ 12,313.55	\$ 14,242.77	\$ 159,340.90
As a % of Total						12.0%	62.0%	9.4%	7.7%	8.9%	100.0%

*Site Development Costs Excluding Land Value or Acquisition Cost

\$ Per SF of GBA								
\$	15.06	\$	54.34	\$	16.53	\$ 8.67	\$ 9.46	\$ 104.06
\$	12.26	\$	81.30	\$	7.42	\$ 10.09	\$ 9.43	\$ 120.49
\$	13.33	\$	74.77	\$	12.31	\$ 9.44	\$ 10.95	\$ 120.80
\$	20.46	\$	87.14	\$	11.71	\$ 9.85	\$ 12.92	\$ 142.07
\$	7.49	\$	59.52	\$	7.54	\$ 9.09	\$ 8.36	\$ 92.01
\$	14.32	\$	69.41	\$	7.26	\$ 8.04	\$ 9.90	\$ 108.92
\$	18.53	\$	98.93	\$	15.78	\$ 9.98	\$ 14.32	\$ 157.55

Comparable Averages											
Project	Year Built	Units	GBA	GBA/Unit	Acres	Site*	Bldg	Soft Costs	Financing	Profit	Total
7	2018	181	235,223	1,325	11.2	\$ 14.49	\$ 75.06	\$ 11.22	\$ 9.31	\$ 10.76	\$ 120.84
As a % of Total						12.0%	62.1%	9.3%	7.7%	8.9%	100.0%

*Site Development Costs Excluding Land Value or Acquisition Cost

Replacement/Renovation Needs

Of the 5 older buildings, 3 have low Condition and/or Facility Condition Ratings. This would mean that they are likely candidates for full remodeling or replacement. These are Buildings 419, 431 and 530. They range in age from 38 to 62 years old, contain a total of 248,607 SF of building area and have a combined estimated building replacement value of \$93,517,290.

We were informed during our base tour that the Navy has current plans to renovate several of the barracks buildings. The estimated cost to perform this work are as follows:

- 132 rooms at a cost of \$33 million, or \$250,000 per room
- 168 rooms at a cost of \$46 million, or \$273,000 per room

Since these structures are on Base, there is no separate line item for land cost. We did not have the plans for these buildings, so we were not able to estimate the cost per square foot as proposed. However, a cost of \$250,000-\$273,000 per room, for only vertical construction costs, is quite high compared to private sector metrics. Even if there are legitimate reasons for this expense, we felt it prudent to compare these budgets to some recently built apartments from the area.



Multi-family housing in the Virginia Beach area.



Unit interior - kitchen

To accomplish this, we obtained comparable construction cost from members of The Counselors of Real Estate. In response to the request for information, we received 9 to 10 immediate replies; one referred us to Peter S. Eckert, CRE®, of Eckert and Company Inc. Mr. Eckert is a specialist in multifamily feasibility analysis and valuations, and not only lives in Virginia but used to live in Virginia Beach. In response to our request, he provided the data summarized in the following table. The examples are from the area near Virginia Beach and represent three-story walk-up buildings and do not include any amenity or land costs, so they are

roughly equivalent to the proposed base housing estimates.



Average unit size over 1,000 SF



Construction costs include lounges, pools and fitness centers.

A total of 7 comparable projects recently built in the Virginia Beach area were included in this evaluation. We did not have the plans and specifications for the proposed barracks, so it was difficult to compare them to these construction projects. However, these projects are targeted to a middle- and upper-income clientele and are in neighborhoods that demand modern designs and finishes. Even so, their final cost per unit is roughly one-half that of the Navy's cost only to renovate two barracks, and the average gross

building area for the apartments shown previously is approximately four times the size of the average barracks. This fact led us to conclude that the savings which could be realized by private construction of unaccompanied housing (barracks) was significant enough to justify researching alternate strategies.

Their [private housing] final cost per unit is roughly one-half that of the Navy's cost.

Base Housing Conclusions

After visiting the Base and reviewing the information provided, we concluded that a significant percentage of the base facilities need to be upgraded or replaced. In addition, funding must be made available to provide an ongoing maintenance program so that the useful lives of the existing facilities can be extended.

The budget issues described previously are inextricably linked to the building conditions being addressed in this facilities section of the report. None of the MWR activities have any expenses reflecting repairs or depreciation expenses for the facilities being used during their operations. As a result, even the MWR activities reflecting positive cash flow have overstated their ability to be self-funding.

In addition, similar operations in the private sector charge property taxes against their operations as a normal and reasonable expense. None of the base activities incur a similar expense, and therefore none of what we refer to as the “normal cost of civilization” are being accounted

for in these operations. Granted, many of these activities have limited abilities to generate revenue; however, if the true costs of operation are reported, reflecting repair and depreciation expenses, as well as the shared cost of base operations, they can at least be accounted for and plans made to address the issues.



Unaccompanied housing requires significant repair and renovation.

Considering the current cost of new construction and facilities maintenance, it makes sense to consolidate base functions in as few buildings as possible to minimize repair issues and free up room in the annual budget for preventive maintenance and remodeling. This would be an added benefit to reviewing current MWR activities and moving as many as possible to the private sector.

It makes sense to consolidate base functions in as few buildings as possible.

Regarding base housing, we see 2 primary issues. First, the newest of the base housing is 21 years old at this point, and over 70% of the remaining

base housing is at least 40 years old. Of the buildings 40 years old or more, 3 are in poor enough condition that they will soon need significant remodeling or replacement. The second issue is that even with the older existing base housing renovated and operational, there is significant need for additional base housing so that as much of the base population who want or need to live on base can do so. However, cost of new construction for the Navy is nearly double the cost for the private sector so implementing a process to utilize the private sector for construction and operation of Navy base housing would be more cost-effective.

Goals and Recommendations

Our recommendations are intended to accomplish the following 4 goals:

1. Remove redundant MWR services from the Base budget.
2. Provide more and better Base housing.
3. Minimize maintenance expenses for Base facilities.
4. Where possible, repurpose Base land and facilities to generate income and/or reduce cost.

We recommend the following actions:

- Review MWR Functions:
 - Establish clear, objective criteria for reviewing the net cost (reflecting direct and indirect facilities costs) and effectiveness of MWR functions.
 - Consider the likelihood of reductions in UFM expense sharing.
 - Review all MWR functions using these criteria.
 - Determine which MWR functions can and should be outsourced.

- Consider available options for MWR functions:
 - Should this function be maintained or eliminated?
 - If it should be maintained, consider the available private sector options.
 - How close should the activities for the function be to the base?
 - Consider drivetime versus distance.
 - The optimum proximity should vary by activity. For instance, people will drive further to go play golf than they will to wash their car.
 - Are the private sector service providers open to the idea of a “Navy Special” for their pricing?
 - If so, is the cost to the service member and their family competitive with the cost of the MWR function it is replacing? This should consider both out-of-pocket cost and relative value.
 - The buying power of the Base should provide significant value to any (business savvy) private vendor, and this should result in a significant discount for the Base community.
 - Ideally the relationship should be nonexclusive, allowing the competitive vendors to provide for the service members’ business.
 - If there are no acceptable private vendor alternatives, the choice is to:
 - eliminate the function entirely, or
 - keep the function but
 - make changes to the business model which increase the net revenue before subsidy or
 - make changes which minimize the hidden cost of facilities.
 - If the MWR function is moved to the private sector and the facility is closed, the facility which previously housed the

function must be either repurposed or eliminated entirely. If the building is sitting empty, it is continuing to accrue expenses in terms of deferred maintenance, security, and opportunity cost.

- Base Housing Options:
 - Both housing goals involve construction of new housing or extensive renovation of

existing housing. Therefore, the first task is to answer the question: Who will be responsible for building and maintaining the housing?

- We determined in the previous section that new housing built by the private sector tends to be substantially less expensive than housing built by the Navy.

Sample MWR Activities & Alternatives					
MWR Activity	MWR Cost	Alternative	Alternative Cost	Delta	Recommendation
Bowling Alley	\$ 3.50	Pinboys at the Beach	\$ 6.95	\$ (3.45)	These bowling alleys are more expensive than the MWR facilities, but both were advertising 30% or more discounts for groups so a service member discount should be easy to negotiate.
		AMF Lynnhaven	\$ 6.00	\$ (2.50)	
Car Wash	\$ 6.00	Autobell Carwash	\$ 6.00	\$ -	These private facilities are near to the base and offer excellent wash services.
		Grand Slam Carwash	\$ 6.00	\$ -	
Movie Theater	\$ -	AMC Lynnhaven 18	\$ 10.50	\$ (10.50)	The Base theater is closed so we couldn't get current charges. All 3 private theaters offered lower matinee prices, and a service member discount should be available as well.
		Regal Strawbridge Marketplace	\$ 10.50	\$ (10.50)	
		Regal Columbus	\$ 10.50	\$ (10.50)	
Golf	\$ 30.00	Bow Creek Municipal Golf Course	\$ 20.00	\$ 10.00	There were more courses available than we could include here, but these were most comparable to Aeropines Course. Considering current conditions in the golf course market, a service members discount should be achievable.
		Red Wing Lake Golf Course	\$ 35.00	\$ (5.00)	
		Kempsville Greens Golf Course	\$ 21.00	\$ 9.00	

- There are known issues involved in private sector construction of new Base housing. These issues need to be addressed in such a way that the solution is agreeable to the Navy and still attractive to the private sector.
- If these issues can be resolved, the same budget can build twice as many housing units via the private sector. With the right structure, more funding might be available to address this Base housing need through some sort of Public Private Partnership.

MWR Alternatives Analysis

When NAS Oceana was commissioned in the 1940s, the surrounding community was agriculturally oriented, with very few services or recreational activities available for service members to use. As a result, on-base recreation and services were necessary. Things have changed in the decades since, and the area around the base has grown in population and recreational resources. In addition, the on-base services have not been able to keep up with the newer, more modern options in the surrounding community. Therefore, we believe it is in the long-term best interest of the Navy (service members and retirees) to outsource as many of the MWR functions as possible to the private sector.

As an example of our proposed strategies for reducing MWR activity expenses, we selected 4 of the more popular activities and then researched the availability of competitive services provided by the private sector.



Movie theaters are non-core facilities being displaced by the internet.

We wanted to be certain that the service providers were easily accessible to all members of the base

community. Therefore, the proximity of the service providers to the base was an important consideration. The bowling alleys and carwashes are located within a 5-mile radius of the base, and the movie theaters and public golf courses are located within a 10-mile radius of the base.

We believe it is in the long-term best interest of the Navy (service members and retirees) to outsource as many of the MWR functions as possible to the private sector.

All of these provide services at least equal to those provided on base, and in some cases just as conveniently. Considering the significant unaccounted for expenses involved in providing each of these functions and the fact that there are very attractive options available to the base community, we recommend that as many of the MWR functions as possible be outsourced to the local business community.

MWR Outsourcing Strategies

Should the Navy elect to outsource MWR activities, we recommend it secure agreements with local and national providers collectively. For example, in exchange for closing the golf course and directing all the patrons to play elsewhere, the Navy should obtain a fixed rate agreement from all the golf courses within a 20-mile radius to discount their rates by 20% for Range, Greens and Cart fees for all active duty, reserve or retired service members. The other courses are likely to welcome the opportunity in exchange for

assurances the Navy will close its courses at NAS Oceana. The quality of life for service members is enhanced as they will have more options to play on more courses at prices at or below the price paid at NAS Oceana. The community benefits through the reduction in competition and increased patronage, making regional golf courses healthier. The Navy benefits by no longer needing to maintain the golf course and allowing the property to be developed with compatible uses.

The same strategy can be applied with every MWR activity by offering patronage buying power to obtain discounted rates in exchange for assurances the Navy will no longer provide those services. Some agreements like Waterparks, Golf and Bowling could be negotiated with local providers, while others like movie tickets may entail a national strategy with national chains. To avoid a missed opportunity, we recommend the Navy use its purchasing power leverage to secure equal or greater benefits for its service members rather than simply eliminating a MWR activity.



Golf is a non-core activity in an area saturated with competition.

Strategies for Future Development

EUL Parcels

NAS Oceana has a number of vacant or underutilized land parcels that potentially have value to monetize. The benefits are new/ additional funds to help pay for infrastructure, facilities and base activities. There is untapped potential for infill locations in a market with growing commercial demand and demand for developable land.

Following this path, base leadership, working with NAVFAC MIDLANT, identified a number of parcels (See Maps: Parcel Overview and Analysis on pages 37 and 39). The implementation of commercial leasing and development on these parcels is not a simple task. It is well known that forested acreage in Virginia Beach is generally deemed to be wetlands (otherwise, previous generations of farmers would have cut them down and planted the ground). In fact, there are numerous challenges to executing an EUL program:

- Wetland issues
- Access (fence line), with related security issues
- Legal risk (AICUZ, APZ, zoning, etc.)
- No current master plan, land use vision or development strategy
- Distance from the Port and close Interstate access
- Aging infrastructure
- Market perception of the difficulty of dealing with the Navy

Given these constraints, with one or two exceptions such as Dominion Energy, these parcels are not readily marketable until/unless

they have been fully vetted in terms of their development potential. “Due diligence” is complex, time consuming and expensive. Individual developers are unlikely to undertake the expense and risk on their own and for individual parcels with no development planning in place. Furthermore, the Navy does not have the funds to undertake a detailed development planning process to unlock the development potential for these parcels. For the undeveloped parcels, the market value of the land is worth less than it would be if analysis and planning were completed for development purposes. Once it is vetted through thorough due diligence and value enhancement processes (environmental, legal, zoning, infrastructures, costs to build/develop), the value increases. When pre-development occurs, creating “pad ready”

sites (with roads, utilities, storm water drainage, visibility, etc.), the value of the land increases significantly.

The most important consideration is risk, as some of these sites may have little or marginal developable acreage. So, while there are more than 1,400 acres identified as potentially developable, in fact, the “net” acreage may be only 300 - 400 acres. Following the traditional or standard site analysis process, each parcel would be vetted for a certain number of square feet of buildings. Depending on the building type, a market rent for the entire structure can be determined, and within that rent is a return on the market value of the land itself.

Many portions of the installation could be EUL candidates.



For the dozen or so parcels totaling 1,400± acres, the due diligence, land use vision and master planning process may cost in excess of \$1.0 Million. However, planning is the first step to unlock the monetary values of these parcels. If the Navy is not able to undertake this effort and expense, a development partner who can is critical.

Planning is the first step to unlock the monetary values of these parcels.

WHAT'S IN IT FOR NAS OCEANA?

Ultimately, these parcels deemed excess to the central mission of NAS Oceana can be “monetized” in some fashion to offset declining funding. At this point, we foresee annual rent “value” (value as it may not be market rent, but an in-kind equivalent) of \$1.00 - \$2.00/SF of developed space. For instance, a 50,000 SF building built by the EDA or similar intermediary could yield \$50,000 - \$100,000 of annual “value” to the Navy at Oceana. The actual amounts will vary depending on the difficulty of permitting and building on each site, as well as what ultimately gets built (see below highest and best use summary).

The Consulting Corps team’s initial estimates, presented at our briefing on August 7, 2020, suggest a market rent of \$1 - \$2/SF per building square foot, with perhaps 3.4 million SF of potential development. Thus, potential ground lease value of \$3.4M to \$6.9M in 15 to 20 years. While more developable sites may command

rents above, and more challenging sites below, that range, it is reasonable to assume this would be the anticipated rental range before market inflation.

A possible scenario suggests the City’s EDA assume the role of Master Lessee.

However, in order to achieve this monetization of the vacant and underutilized parcels, a Master Plan is needed which addresses all environmental, legal, wetlands, zoning, etc. issues and is vetted by all the stakeholders including, but not limited to, NAS Oceana, NAVFAC MIDLANT, CNIC, City of Virginia Beach, Hampton Roads, State of Virginia and others, such as neighbors, civic groups, etc.

If the Navy prefers to pursue an Enhanced Use Lease, the Consulting Corps team recommends it take the role of a “silent/limited partner.” In that role, the Navy continues to own the sites but would lease them initially short-term (not to exceed 5 years) to an entity that would complete the planning and permitting and ultimately enter into long term EUL(s) once the potential value is identified and agreed to. Thus, the development risk is passed to the Master Tenant/Developer who has the expertise and resources to develop the sites for compatible uses.

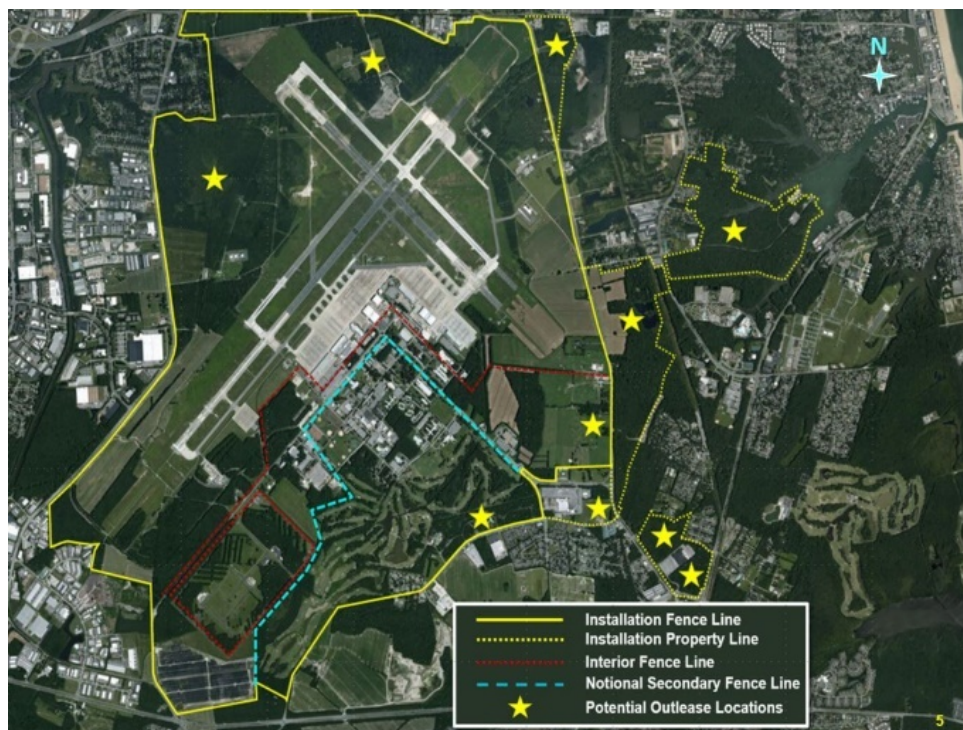
The Consulting Corps team recommends the lease(s) have escalation clauses which could increase the payments periodically to reflect inflation over time. A possible scenario suggests the City’s EDA assume the role of Master Lessee;

then, the EDA would oversee and provide the master planning and essential services equivalent to market value. Furthermore, it could align tax exempt project and infrastructure financing with in-kind payments such as “moving the fence,” installation support services such as paving, water and sewer pipe maintenance, recreation maintenance and management, etc. Lastly, the EDA could ultimately execute a City-Base transaction if that is deemed to be in the best interest of all parties.

INVENTORY OF EXCESS AND UNDERUTILIZED PARCELS AT OCEANA

In June 2019, NAS Oceana and NAVFAC MIDLANT hosted “P-4 Industry Day” outlining the future base design concept and identifying specific parcels for potential out-leasing. Subsequently, other parcels have been added as “potentials” yielding 13±. At this point, these are all subject to thorough due diligence². Some portions of each site will be deemed undevelopable, without sufficient buildable areas, while others are much more desirable.

Stars indicate parcels for which EULs have been offered to the public via RFI



² The additional interior fence line depicted here is entirely notional and is only intended to illustrate the concept of increased public access to portions of NAS Oceana. The areas marked by yellow stars are those portions of NAS Oceana presently identified as

underutilized federal property, which may be made available for commercial or other development meeting US Navy airfield compatibility criteria, and installation security requirements.

A preliminary ranking might be:

Tier 1

- The Former Stables (open, flat, mostly dry)
- Commissary East (high visibility with infrastructure)
- Commissary West
- Skeet Range (street access, remote, some development and infrastructure)
- Harpers Road Ag

Tier 2

- Golf Course - all or partial (at the fence, visible, mostly high and dry)
- Oceana Blvd Ag fields
- London Bridge Ag
- Harper's Road former housing

Tier 3

- West Station (wetlands, environmental concerns, perhaps 3 buildable areas)
- Owl's Creek
- N.W. side of Runway

While each of these parcels is marketable and has varying levels of desirability in the marketplace, the Consulting Corps team believes the most marketable of these sites is the former stables parcel.

The Former Stables Parcel

This 140± acre site, of the dozen potential EUL parcels identified, may be the best parcel for development as it is flat, mostly dry, and has visibility and access from Oceana Boulevard. Its main development constraint is its location within the AICUZ and APZ. These restrictions limit the

height, structure type, and occupancy (density of workers). In our initial analysis we believe up to 1,000,000 SF (100± buildable acres at 10,000 SF of building per acre) is available at this site. This would need to be special purpose, low occupancy development. However, it should command the highest rent.

During our onsite base visit in early August, we learned that Dominion Energy had expressed interest in this site for a large scale electric and battery storage site. There is some urgency with this prospect as an application must be filed with PJM (the regional ISO - Interstate Electric Grid Manager) in March 2021.



NAS Oceana leadership and Consulting Corps team confer after Exit Briefing.

Dominion Energy described the need for 100 acres (net) to house shipping container sized structures which house the rechargeable lithium ion batteries. Like a solar field, the units are networked together in series. While a 100± acre site might accommodate up to a 1,600 Mega Watt (MW) system, current thinking is for a 1,000 – 1,200 MW facility, allowing for future growth or reconfiguration as technology changes.

A significant source of electricity will be the offshore wind project (2.6 Giga Watts) and various solar sites in the region. The offshore wind energy will come ashore at Dam Neck Annex and be fed to a sub-station to be located west of Dam Neck Annex but east of Oceana Boulevard. Both these projects fall under the Virginia Clean Economy Act which is current law. PJM (the ISO) is suggesting the first phase could be up and running by 2025. In order for this site to be fully considered, Dominion Energy must have 3 things: exclusivity (control); sufficient term (40 years minimum); and conveyance (an EUL or similar binding legal construct for them to control the development and use of this site for at least 40 years and longer with options to renew).

The CRE® Consulting Corps Team strongly feels this is a prime opportunity to kick off the Future Base Design Program with an “immediate” user...Dominion Energy.

The CRE® Consulting Corps Team strongly feels this is a prime opportunity to kick off the Future Base Design Program with an “immediate” user. However, given that the former Stables Site is a prime developable parcel, Dominion Energy and PJM need to pay fair market rent (preferably with

³ In the commercial development market, assuming 10,000 buildable SF/acre x 100 buildable acres = 1M SF of buildings with ground rent of a \$2.50/SF/yr which equates to \$25,000/acre/yr. Applying a 10% capitalization rate generates a market value of \$250,000

in-kind services vs. cash) which we believe is in the \$2.0M to \$2.5M per year range³. Thus, a strong option or preferably an EUL initially for 5 years (granted by the Base Commander), but guaranteed to be extended for not less than 40 years, should be negotiated immediately (no later than 12/30/20) in order to meet the proposal deadline.

City-Base/Efficient Facilities Initiative Type Transaction

A more aggressive solution, both in complexity and results, would be a transaction similar to the Brooks City-Base transaction completed between the Air Force and the Brooks Development Authority (a non-profit development entity established by the City of San Antonio) in 2002. Brooks Air Force Base was originally on the 1995 Base Realignment and Closure (BRAC) list but then removed. The local Air Force leadership and the community began an ambitious planning process to reduce base operating costs for the installation resulting in the transfer of title to the base real estate to the Brooks Development Authority (BDA) and the subsequent lease back of most of the facilities by the Air Force. When the City-Base transaction was agreed to in principle, both parties acknowledged this milestone through the signing of a Non-Binding Agreement (NBA). The NBA documented the goals of the project and established a general outline of the transaction and the expected path and timeline to completion.

per buildable acre, which ties back to several of the conversations we had with regional commercial brokers and developers. Given the relative ease of development for the specific site, the market value may be \$2.50/SF/year or \$25,000 per acre.

The NBA is probably the best summary for understanding the Brooks City-Base transaction at a high level.

Through a contract with a private property management firm, the BDA maintained the facilities for the Air Force as is typical for office or warehouse buildings in the private sector. The Air Force estimated the building and grounds maintenance services costs, provided by the BDA, to be \$36M of their \$52M in annual base operating costs. However, instead of charging the Air Force \$36M, the BDA was able to provide these same services for \$18M per year, a 50% savings to the Air Force. While these numbers are somewhat subjective, they illustrate of the magnitude of the savings achieved.

AF Base Operating Costs (before City-Base conveyance)	Dollars
Building & Grounds maintenance completed by BDA & reimbursed by AF through the lease	\$36M
Other Base Operating Costs	\$16M
Total AF Costs after City-Base Conveyance	\$52M
AF Base Operating Costs (after City-Base conveyance)	
Building & Grounds maintenance completed by BDA & reimbursed by AF through the lease	\$18M
Other Base Operating Costs	\$16M
Total AF Costs after City-Base Conveyance	\$34M

The cost savings to the Air Force actually began in February 2002 which was before the property conveyance in July 2002. This savings was established through a Cooperative Agreement between the Air Force and the BDA. However, it

was not until after the conveyance of the real estate in July that the BDA was able to leverage the buildings and land the Air Force no longer had a current, or future, use for to generate revenue. Then, the BDA could use that revenue for new infrastructure and amenities to the Base, benefitting the Air Force and the neighboring community.

The BDA was able to lease buildings...in exchange for in-kind services like street repair and cleaning.

The BDA was a redevelopment authority under the Texas Local Government Code, which means it was a local government entity as a political subdivision of the State. This had advantages in the negotiations and the subsequent relationship as the BDA was not viewed suspiciously as a “private company” trying to profit off the Air Force. This helped in obtaining financial support from the City and favorable status from other public entities including utility companies. The BDA was able to lease buildings not needed by the Air Force to City departments in exchange for in-kind services like street repair and cleaning. The BDA also leased a small office space to the County Sheriff’s department to be a satellite office for in-kind services including regular sheriff’s deputy patrols through the base, increasing the law enforcement presence as a crime deterrent. The BDA, created and supported by the City, was able to establish a Tax Increment Reinvestment

Zone⁴ in which the City and County pledged new property tax revenue from the Brooks City-Base project as a revenue stream to sell bonds with the City's credit rating, used to fund infrastructure on and to the Base. This infrastructure was critical for facilitating development of the vacant land on Brooks. The Air Force organizations at Brooks believed the quality of facility maintenance was superior to what they had received prior to the transaction. Additionally, the Air Force elected to spend retained BOS funds at Brooks for facility upgrades and obtained the improvements at half the cost and quicker than MILCON.

The City and County pledged new property tax revenue from the Brooks City-Base project as a revenue stream to sell bonds with the City's credit rating, used to fund infrastructure on and to the Base.

As a redevelopment authority supported by the City, the BDA looked at Brooks holistically as a part of the community and engaged consultants to develop a master plan with the Air Force to establish desired complementary land uses for different portions of the property. This allowed infrastructure planning and a strategy for new roads, utility construction, and ultimately leasing. The master plan was critical for Tax Increment

⁴ Tax increment financing (TIF) is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects.

Reinvestment Zone approval. Buildings were not leased for uses that were incompatible with the master plan. This master plan provided a system and framework for making joint decisions for continued development and improvement of Brooks City-Base. The master plan also provided a level of confidence to prospective tenants because they could see the plan for the future and understand how they fit into it. It was a living document adjusted as circumstances, needs and visions changed but always provided a guide and method for future goals and decisions.

Considerations for a master plan at Oceana might include the following:

- Consider adopting a declaration of covenants, conditions and restrictions⁵ (CC&Rs) to regulate and guide future development with the master plan as the central illustration for the vision of the future
- Include AICUZ, noise and stand-off distance for sensitive Navy missions in the master plan and restrictions
- Include design guidelines in the CC&Rs for future buildings, landscaping and signs
- CC&Rs can be used to protect the interests of the Navy through regulation and an approval process of future development and prohibiting incompatible uses

⁵ A Declaration of Covenants, Conditions, and Restrictions, commonly known as the CC&Rs, is a legal document made a part of the official real estate records that run with the land that is part of the community.

- Allow for flexibility (options and a modification process) and future modification as the vision changes
- Establish public spaces (parks, etc.) with landscape guidelines with focus on visible and strategic areas
- Efficient Facilities Legislation (Public Law 106-246)
- Texas legislation for local government for defense base development authorities
- Air Force Environmental Impact Statement for Brooks City-Base

The Brooks City-Base transaction was groundbreaking, required creative thinking, open dialogue, and patient perseverance. The idea was formulated in 1997, soon after the 1995 BRAC, but the transaction did not occur until 2002. The transaction required Congressional approval (US 106-246) and support from all levels of the Air Force and Department of Defense, as well the City of San Antonio and State of Texas. Since this type of transaction has been completed before, it can serve as a guide for the Navy, making another City-Base type transaction easier and quicker than it was for the Air Force and the City of San Antonio. Documentation from the Brooks City-Base project provides guidance, should the Navy elect to pursue a City-Base type transaction. We recommend the Navy review the following documents:

- Non-Binding Agreement between the BDA and Air Force
- Cooperative Agreement between BDA and Air Force
- Joint Strategic Plan – foundational document for establishing the goals and outlining the project plans
- Comprehensive Economic Development Plan for South Central San Antonio with an emphasis on the Brooks City-Base Project – foundational document for the City understanding of how to incorporate Brooks City-Base into the community and as a focus for economic development

Conclusions

The Navy has several creative options that can be used to generate revenue at NAS Oceana or leveraged to improve the maintenance and condition of the infrastructure and facilities at Oceana. These options are not mutually exclusive; EULs can be executed while a more comprehensive City-Base type transaction is being explored and negotiated. Finally, developing a master plan is strongly recommended as a tool to jointly establish and communicate the Navy's future plans for NAS Oceana.

These options are not mutually exclusive; EULs can be executed while a more comprehensive... transaction is being explored.

Options for Public Private Partnership: What Public-Private Partnership Options are Available to Oceana?

The term “Public-Private Partnership” (also “P3” or “PPP”) is used to describe a broad variety of legal relationships between private parties and public entities relating to the use and development of land, usually long term (min. 20 years). It may also be used to describe relationships between 2 or more public entities. Long term leasing of government land for private development (often with related restrictions on use and government incentives supporting the development) is one common type of PPP. Of course, there are much more complex structures, but the lease vehicle is in frequent PPP use.

In the context of publicly owned land, the use of a PPP is usually considered to attract specialized real estate knowledge from the private sector to facilitate highest and best use of the land. Often, public entities consider their land assets as burdens rather than assets, plus lack “bench strength” in real estate development education and experience. In particular, real estate is not a core function nor competency. With financial challenges at all levels of government, different public entities are looking to PPPs to lighten their financial loads, particularly when the entity has non-essential real estate assets.

The public entity engaging in a PPP must first confirm its authority. In the public sector, there are often limits on the “delegation of authority” from the public entity to a private citizen/entity.

The Navy is limited in its current authority to transact, so its first step is to evaluate its options.

First Steps

As with any transaction, the first step in the process is for NAS Oceana be certain of its objectives and options before moving forward. As we will explore further, a cost baseline analysis is critical to understanding how the Navy’s costs align with private sector costs. However, the most important step is to establish a Taskforce comprised of representatives of the City of Virginia Beach and the Navy. This “Oceana Future Base Design Taskforce” should have specific attributes.

Establish a Taskforce comprised of representatives of the City of Virginia Beach and the Navy.

Oceana Future Base Design Taskforce Attributes

- The members should be limited in number; the fewer the better.
- Members should have a clear understanding of FBD, the 2005 BRAC experience, City-Base Transactions, and this report.
- Members should be “authorized” to represent their parties’ interests.
- Members should be prepared to support interests of both parties.
- Members must be prepared to communicate progress and milestones with their constituents jointly.
- Members should be supported by a facilitator experienced with this process.

The first action for the Taskforce is to establish fundamental objectives through a non-binding letter of intent and to secure a facilitator whose sole responsibility is to help both parties achieve their objectives. The next step, and first duty of the Taskforce, is to jointly develop an options matrix to examine all options and determine which course of action will offer the Navy and City the best opportunity to achieve their desired results. While Oceana’s options may be endless, the CRE® Consulting Corps team recommends the Taskforce select no more than five (5), and one

option should always be Status Quo. Options might include:

1. Status Quo (no changes of any kind)
2. Cantonment (keep what you wish and dispose of the rest)
3. EUL (Navy negotiates directly with multiple private sector tenants)
4. EUL to City (Navy executes a single lease to City who subleases to multiple tenants)
5. Transfer & Leaseback (Navy transfers title & leases back from City)

Sample Options Matrix⁶

Considerations	Option 1	Option 2	Option 3	Option 4	Option 5
Who owns the assets (real property)?	Navy	Navy	Navy	Navy	City
Who pays Base Operations Support (BOS)?	Navy	Navy or Future Owner	Navy & Developer Share Costs	Navy & City Share Costs	City & Navy Pays Some Costs
Does City provide municipal services?	Not at this Time	Not in Cantonment Areas	Some Possibly	Yes	Yes
Who controls disposal of utilities?	Navy	Navy & GSA	Navy	Navy	Navy or City
Who determines use of property?	Navy	Navy & GSA	Navy	City w/ Navy Approval	City w/ Navy Approval
Do we need partners?	No	No/Maybe	Yes	Yes	Yes

⁶ This sample Options Matrix is notional, and some of responses to these considerations may differ in this instance.

Considerations	Option 1	Option 2	Option 3	Option 4	Option 5
How complex would this be?	Easy	Complex	Complex	Complex	Complex
Other Considerations	TBD	TBD	TBD	TBD	TBD

Additional considerations might include:

- What is the basis for authority?
- Jurisdictional Status?
- Who determines the zoned land use?
- What legal authorities control the implementation of the option?
- What is the lease cost?
- Can the property be taxed?
- What are the business case analysis criteria?
- How will revenues accrue to the Navy?
- Who will fund infrastructure expansion to accommodate development?
- Who pays Base Ops?
- What is the return on investment made by the Navy to facilitate development?
- While additional options and considerations may also apply, developing an options matrix is one of the first tasks in the process.

While additional options and considerations may also apply, developing an options matrix should be the first task in the process.

Status Quo Analysis

Status Quo suggests NAS Oceana does nothing and hopes the Navy funds its BOS requirement fully, forever, and provides additional funding to bring its facilities up to its current standards. Under different circumstances it might be acceptable to assume this scenario is possible, though not probable. However, trading BOS funds for longer deployments or additional

capabilities is a pattern that is not unique to the Navy. It seems unlikely NAS Oceana will ever be funded at its full BOS requirement or provided the additional funding required to bring existing facilities back to their original condition, let alone a modern equivalent.

Based on the Navy's pattern of funding BOS at NAS Oceana it seems clear the status quo is not an option.

The private sector contrasts with the Navy's model funding deferred maintenance issues only when they become chronic. Rather, in the private sector every property owner works to ensure their product meets the needs of the tenant in order to achieve their investment objectives. Based on the Navy's pattern of funding BOS at NAS Oceana it seems clear the status quo is not an option for consideration.

Shared Services Agreement Analysis

A Shared Services Agreement allows the Navy to "purchase" services from a local government entity. This authority is commonly used to relieve the installation of BOS activities and reduce their associated costs. The Shared Services Agreement is technically called an "Intergovernmental Support

Agreement” and is authorized by 10 USC 2679. The Navy may contract with a local government to provide *services being provided by that local government to others*, for up to 10 years. Normal procurement procedures are avoided. The local government need pay only the normal wages, not Davis-Bacon wages. The local government may provide the services using its own employees or may contract for the services. The terms of the agreement are such as approved by the Secretary of the Navy. This PPP has been reviewed by the General Accounting Office (GAO)⁷. Per the GAO report, as of 2018, there were 4 similar PPPs involving Navy installations and 4 more for Marine installations.

The number and type of services is left up to each installation but could include the following:

- Emergency Medical
- Street Maintenance
- Traffic & Signal Markings
- Streetlights
- Parks & Recreation (grounds Maintenance)
- Animal Control
- Code Compliance
- Building Inspections
- Planning
- Police
- Fire
- Other

These services and more are routinely provided by Cities to their residents and businesses. The Navy benefits through reduced labor and materials costs by tapping into the City’s much larger and more efficient resources. The City also

benefits, by expanding its service areas and increasing its own economies of scale. This additional efficiency results in better pricing for the Navy and local taxpayers alike. NAS Oceana may enter into a Shared Services Agreement with any City, but realistically, the logical candidate is the City of Virginia Beach, which indicated its interest in investigating any appropriate PPP with the Navy in support of Oceana.

A Shared Services Agreement allows the Navy to “purchase” services from a local government entity. This authority is commonly used to relieve the installation of BOS activities and reduce their associated costs.

We note that the same services which may be provided via a shared services agreement, may also be provided as in-kind services as part of the compensation for an EUL (discussed below).

Critical Elements for Success

Like any business agreement, there must be mutual benefit. The City of Virginia Beach has adopted as part of its governmental goals to support the success of Oceana. As stated in the City of Virginia Beach Comprehensive Plan Sec. 1.6, “The City supports a continued strong military presence, both now and in the years to

⁷ See <https://www.gao.gov/products/GAO-19-4>

come.” The Navy must reduce its base ops budget. The mutual benefit is clear.

The critical elements for success for a Shared Services Agreement between the City of Virginia Beach and the Navy are the following:

- Defining the Service
 - The Navy must clearly define the type of service, the standards and the timeliness/frequency.
 - The City must determine it has the capability to deliver the service.
 - The standards must be clearly stated.
 - A quality assurance process should be included.
 - An appropriate problem resolution process should be agreed upon to reduce disputes.
- Financial Value
 - The Navy must correctly calculate its true cost for the services to be out-sourced—direct and indirect, capital and maintenance, personnel and management (and education/training), time commitment (Cost Baseline Analysis).
 - The City must also outline its costs for the Navy.
 - The City should receive full compensation for its expenses.
 - There must be sufficient delta for the Navy to out-source the service.
- Contract Period
 - Max. 10 years, but an appropriate initial term would be 2-5 years. One year would be too short, as time should be given for appropriate transition.
 - The Navy should retain a termination for cause or necessity without cost and a termination for convenience with a reasonable fee.
- Lessons Learned

- The Navy should communicate with Navy/ Marine installations with current Shared Services Agreements for lessons learned and best practices.
- The Navy should follow the recommendations in the GAO report.

The benefits of a Shared Services Agreement are two-fold: the Navy receives municipal services from a larger and more efficient organization, and the City is able to support a primary employer and increase its own operational efficiency.

The benefits of a Shared Services Agreement are two-fold: the Navy receives municipal services from a larger and more efficient organization, and the City is able to support a primary employer and increase its own operational efficiency. Both attributes must be present for the benefits of this agreement to achieve maximum potential for the Navy. This agreement is not the only option available, and elements can be used as in-kind consideration in combination with an EUL or City-Base transaction. It can be executed preemptively and then be incorporated into other agreements later. Overall, it is a flexible tool for the Navy to reduce BOS costs.

Enhanced Use Lease Analysis

An EUL is a lease of land, or land and buildings, that are excess to the needs of the government but not surplus prompting federal screening or a sale of the property. The EUL, or *Enhanced Use Lease*, is authorized by 10 USC 2667. If this option is

selected, it would not preclude other transaction options described in this report.

The Navy uses the term Out Lease, but due to general use of the term EUL by other Armed Services, this report uses the term EUL. Use of EULs by the Armed Forces has been reviewed by the GAO. While relatively few EULs have been used by the Navy, the Air Force promulgated an Enhanced Use Lease Playbook, with a detailed process chart and example EUL form. (See Appendix VIII: Resources)

Like any lease, there is a wide variety of possible business provisions. The following are some material provisions:

- Terms:
 - 5 yrs, but longer if the Sec. of the Navy determines it is in the public interest. (Note: a 5-year term is not capable of supporting a functional PPP, so all EULs will have lease terms of at least 20-30 years, generally with renewal terms of 5-10 years). Other services have settled on 50 yr base term with a single 25 yr renewal term for a total possible period of 75 yrs as the longest lease term.
 - A 1st right to buy the land may be granted (effective if the lease is revoked by the Navy to permit sale under other legal authority).
 - Rent may be:
 - Cash, which must be deposited in a special account with the Treasury.
 - Min. 50% likely available to Oceana for facilities.

- Remainder is available to the Sec. of Navy for other bases.
- In-kind services to Oceana (See, Sec. III(b) below).
- If for MWR services, restrictions may prohibit competition with MWR facilities or require such services (or compensation) if MWR facilities are eliminated, and if waived, notice to Congressional Defense Committees of the waiver and the reason is required.
- Must state "...if and to the extent that the leased property is later made taxable by State or local governments under an Act of the Congress, the lease shall be renegotiated." See 10 USC 2667 (f)

- Leaseback by the Navy is permitted, limited to \$500,000 annual rent.
- In-kind services (see following discussion).

In-kind Compensation for EULs

The law requires that fair market value or rent must be paid for use of government land. For a Navy EUL, that rent may be paid in money or "in-kind services." In-kind services are services provided to the Navy (usually the installation where the land is leased).

Examples:

- Services listed under a Shared Services Agreement (above)
- Repair or restoration of improvements
- Construction of new improvements

- Maintenance of improvements
- Providing facilities with services (such as MWR)
- Utilities
- Planning
- Other services relating to Navy activities approved by the Sec. of the Navy

NAS Oceana may be able to collect in-kind services by having the tenant pay all or a portion of specific external costs or vendor bills.

In-kind services may be performed at Oceana or other Navy facilities. If rent is paid in cash, then half must be paid to headquarters for the benefit of the Navy, and the Navy may (but is not required to) split 50% with the local installation to be used for facilities and maintenance. The use of in-kind services permits Oceana to retain 100% of the benefit of the EUL. In-kind services may also include relief from certain expenditures (utility bills, grounds maintenance, contract services, etc.). NAS Oceana may be able to collect in-kind services by having the tenant pay all or a portion of specific external costs or vendor bills.

Possible EUL Partners

Possible EUL partners could come from either the public or private sector. The type of partner depends on the type of EUL:

SITE SPECIFIC EUL

The partner is almost certainly a user of the land, such as a public utility, a manufacturer, an

industrial company, and the like. A possible partner could include a commercial landlord, like a developer/operator of a business or industrial park, which would build structures intended for lease (in this case, sublease). Nationally recognized developers include Hines, Trammel Crow, Duke, and ProLogis. Certainly, there are local qualified developers. An appropriate partner for a site specific EUL must have the economic capacity to perform the requirements specified in the lease (paying rent/providing in-kind services/ complying with contractual covenants).

MASTER EUL (WITH SUB-TENANTS)

If the Navy were to lease all or a substantial portion of its underutilized land in a “master” EUL, with the expectation that the tenant would sublease portions to other parties for use or development, they should seek a different type of partner for a PPP. In the private sector, those partners could be large scale, experienced and well-funded developers able to commit to a long-term relationship. There are many such developers in major real estate markets, but it is unlikely the Navy will find this type of developer in the Hampton Roads area. In the public sector, an Economic Development Authority (EDA) is a logical option.

EDAs are experienced and focused on bringing new business to the area and promoting retention and expansion of existing businesses. Site selection is a major issue for business, and EDAs understand the local real estate market, what sites are available (and “shovel ready” for development), and the local real estate players who can support businesses. Furthermore, the

Virginia Beach EDA has the ability to provide public financing for infrastructure and development projects.

Virginia Beach EDA has the ability to provide public financing for infrastructure and development projects.

Successful EUL Examples

GRAND FORKS AFB (DRONE RESEARCH PARK) – MASTER EUL

In 2015, the Air Force leased 217 acres to a private development entity for 50 years with a 25-year renewal. The developer then sources private sector users focused on drone development, and subleases smaller sites to users. The developer brings expertise in industrial development. The military need not deal with the end user (and vice versa). Certain limitations and protections for the military are incorporated into the EUL and the subleases. This lease is well negotiated on both sides and is an excellent example for a Master EUL.

SAN DIEGO NAVAL STATION EUL

A 2020 Navy EUL is a 30 yr base term (plus 36-year renewal option) lease at San Diego, California to Marine Group Boat Works, a local marine services firm (Contract No. S-20-RP-00108 Naval Base San Diego N00245).

More detailed information about EULs, their use by the Navy, their review at GAO, their varied uses and a detailed process analysis and form, are all included in Appendix VIII: Resources.

Proposed Master EUL for NAS Oceana

Oceana's real estate assets are varied in their adaptability and desirability for private sector development and hinge upon a number of conditions:

- Environmental conditions and cost to remediate/mitigate
 - Wetlands
 - Archeological
 - Contamination
- Location
 - Distance to I-264 and the Port
 - Adjacent road system and capacity
 - Adjacent uses
- Site Readiness
 - Former Ag. Land
 - Natural woodlands
- APZ/Noise zones and related use limitations
- Shape and size

Prior to entering into transactions for Oceana's real estate, significant advance planning is recommended, including the development of a Master Plan. Doing so will permit the Navy to maximize its return from Oceana's real estate and to insure the best neighbors for Oceana. In effect, the Navy is creating a new, large scale master-planned real estate project. This project will be the single most significant real estate project for the Hampton Roads Region and the City of Virginia Beach in years. Advanced planning is typical in both the private and public sectors for large land areas proposed to be re-purposed. Such planning will take months, the dedication of capable professionals and public outreach. As part of the Master EUL, the tenant would coordinate with the many public, non-profit and private organizations to develop a master plan,

which would be the result of a joint land use study of the tenant and the Navy. There may be funding available for planning from the Dept. of Defense's Office of Economic Adjustment (OEA), the State, or other organizations and foundations.

A master EUL could facilitate subleases on readily developable sites to "prime the pump" and give other potential sublease tenants confidence in the Future Base Design.

Master Planning is recommended to enable the Navy to maximize its return on NAS Oceana's real estate.



We propose that the Navy issue an RFP for a PPP partner to enter into a Master EUL which may include the following terms:

- Land
 - All 7 sites included in the recent RFQs
 - Golf Course/Shooting Range/Bowling Alley/Movie Theater/Water Park
 - Any land included in a site specific EUL would be excluded.
- Term- 5 yrs (with right for tenant to *propose* extension to a new 50 yr. term with a single 25 yr. renewal at any time after Navy approval of an Oceana Real Estate Master Plan)
- Permitted Lease Actions
 - Sublease discrete sites to third parties for uses permitted under APZ
 - Investigation of development readiness, including testing (subject to Navy approval)
 - However, the lease should be flexible enough to allow for other land uses subject to approval.
- Rent: In-Kind Services
 - Planning Services
 - Master Planning Oceana real estate assets
 - Market analysis- demand for sites
 - Entitlement of sites – Federal, State and Local
 - Designation of specific development sites (particularly taking into consideration environmental impacts and related costs)
 - Shared Services
 - Mowing/Landscaping
 - Maintenance
 - Road
 - Utilities
 - Water
 - Sewer
 - Drainage
 - Fence
 - Sign
 - Buildings
- Installation of a new interior perimeter fence (type and location selected by the Navy)
- MWR
 - Outsource operation of Core MWR facilities on-site
 - Use of non-military off-site recreation facilities. Examples- golf course, bowling alley, movie theater, shooting range, fitness facility, etc.
- Swap of land (comparable leasehold terms or fee) outside, but near Oceana In-Kind services may be provided directly by the Tenant or by paying contractors to provide the services.
- Funding from Sub-leases- The subleases can provide for payments by the subtenants into an escrow held by the Tenant/Sub Landlord for the purpose of funding In-Kind Services.
- Lenders- Lenders to the Tenant or the subtenants may take an assignment of the leasehold interest but will not have a lien on the Navy's fee simple title. This means that the EUL is an "Unsubordinated Ground Lease."
- Retained Rights- The Navy will retain the right to cancel the EUL or sub-leases if necessary, in the interests of National Security, but with appropriate compensation to the tenant(s) in possession.

POSSIBLE SITE SPECIFIC EULS

The Navy sought suggestions for possible action to achieve prompt benefits relating to Oceana's real estate assets. The proposed PPP for a Master EUL referenced above contemplates a deliberative plan to maximize long term value and is

recommended since much of Oceana real estate is not “development ready.” However, certain tracts could be either included within the Master EUL or separately addressed to test if market forces are ready to respond to a separate long term EUL opportunity for each such tract. The tracts which could be considered are the following:

- MWR Land
 - Golf Course (all or 9 holes)
 - Officer’s Club
 - Bowling Alley
 - Fitness Centers
 - Movie Theater
 - Water Park
- Other Vacant Land
 - All former Ag. Sites (fewer wetlands issues)
 - Sites adjacent to Commissary
 - Golf Course (all or 18 holes)
 - Former Housing site (subject to wetlands mitigation area)
- Dominion Energy – As previously noted, we support a site specific EUL with Dominion Energy for the 140-acre former horse stables area. The format for this EUL could be similar to the Dominion Energy Solar Farm lease, but with such changes as are appropriate. As a regulated utility and current EUL tenant, Dominion Energy’s lease may not require extensive modifications, so the transaction could proceed expeditiously. We believe this site is among the most marketable and developable sites in Oceana, so we recommend the Navy carefully consider the market value of the site before finalizing an EUL. Specifically, we

recommend an independent, qualified appraiser provide an appraisal report and determine the current fair market value of the site.

Critical Elements for Success

1. Balance the use of an EUL (preferably a master tenant lease) with other options (such as a City-Base option) to confirm an EUL is the proper choice.
2. If an EUL is selected, negotiate a non-binding Letter of Intent with the tenant to define the critical terms.
3. Consider using the SAF/IEI Lessons Learned document.
4. Hire an independent facilitator(s) familiar with EULs, Commercial Real Estate practices, City Government (if a master EUL), and Installation BOS Operations, tasked to guide both parties through the critical path.

City-Base/EFI Analysis

A City-Base (aka Efficient Facilities Initiative or EFI) is simply a transfer-leaseback for all or portions of a military installation. It trades the responsibility of ownership for the benefits of tenancy. The Efficient Facilities Initiative was implemented successfully between the City of San Antonio (aka, Brooks Development Authority) and the Air Force Material Command (aka, Brooks AFB). The FY00 Defense Appropriations Bill, 24 Oct 99, Section 8158 gave the Secretary of the Air Force authority to carry out a demonstration project at Brooks Air Force Base. Specifically, it was authorized in the July 13, 2000

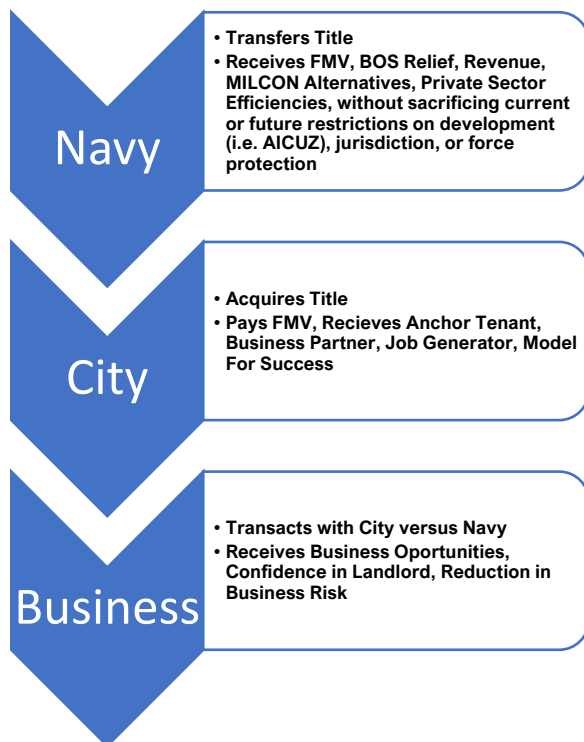
defense installation budget (Public Law 106–246, 114 STAT. 520), titled the “Brooks Air Force Base Development Demonstration Project,” and described as the “Base Efficiency Project” in the authorization. This initiative carried with it all the goals and objectives found in the Navy’s Future Base Design Initiative for Oceana.

Roles, Relationships and Responsibilities

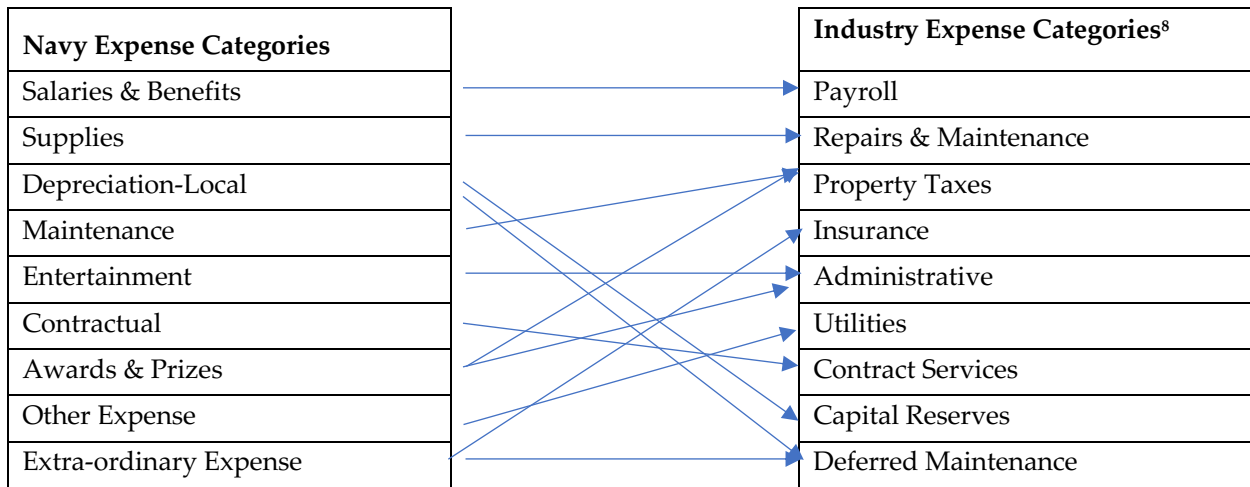
Any initiative that relies on external (public or private) participants needs to mutually benefit all parties. Working with public participants (government or non-profits) carries the added benefit that profit, in addition to cost, is not their overriding goal. Working directly with the private sector requires sensitivity to their return objectives, but they tend to operate with greater efficiency than the public sector. The key is to leverage the skills and objectives of all parties to achieve the Navy’s goals.

The Navy’s most pressing desire is a reduction in, or revenue against, Base Operating Support Costs. Through a transfer and leaseback, the Navy reduces costs in at least four (4) ways. First, the Navy would no longer be responsible for maintaining facilities through organic staff. It would have access to industry business practices through its landlord (City), requiring fewer employees. The City is not subject to the Federal Acquisition Regulation (FAR) and can obtain goods and services much quicker from a broad array of sources than the Navy. The City can use its scale and buying power to generate greater efficiencies locally than the Navy. Finally, if the Navy elects to release any portion of its footprint for lease or sale by the City, it receives the value of its contribution in cash or in-kind.

As the relationship develops, additional benefits will likely accrue as well. However, the first step in the process would be to develop a Cost Baseline Analysis. A Cost Baseline Analysis is a simple process of collecting all BOS costs at Oceana and arraying them in an industry format.



Cost Baseline Example



The Cost Baseline Analysis is a critical first step. It allows the Navy to compare its costs with industry costs to determine what its true costs are compared to industry. It also allows the Navy the ability to target and track results from Future Base Design efforts. In the previous example comparing an MWR activity to industry costs (reference Institute of Real Estate Management or IREM chart of accounts) some costs are not allocated to MWR as they would be for an owner or tenant off-station. These BOS costs are accounted for and tracked, but just not allocated to tenant organizations. For example, Property Taxes in the private sector pay for police, fire, roads and utility infrastructure. All of those are costs borne by the installation, but not billed to the tenant organization, making the true costs to the Navy much higher for this particular activity.

In addition, the CRE® Consulting Corps recommends the Navy conduct a cost baseline analysis for the entire installation. While a City-

Base/EFI transaction may not be practicable for the entire footprint, it is easier to reduce the footprint, and associated costs, than attempting to shave costs to isolate specific areas for cantonment.

A cost baseline analysis creates a starting point for the Navy to begin negotiating a City-Base/EFI transaction and/or an essential services agreement. Every installation's cost profile is different, but as described previously, the total BOS Cost for Brooks AFB was roughly \$52M. After completion of a Cost Baseline Analysis it was determined the true real estate costs were approximately \$38M. The difference was attributed to business or enterprise activities versus the costs allocated to purely industry or real estate activities. Rather, there were \$14M spent purely on businesses/enterprises (payroll, cost of goods sold, supplies, etc.) conducted inside Air Force buildings versus the real estate costs

⁸ We recommend indexing to the Institute of Real Estate Management (IREM) chart of accounts.

(maintenance & repair, payroll, utilities, etc.) associated with those buildings.

With \$38M as their starting point the Air Force compared Brooks AFB costs to the real estate costs for similar facilities in the private sector and realized the industry costs were closer to \$16M for the same activities in a commercial real estate development. When the City-Base/EFI transaction closed, a commercial property management company was hired by the Brooks Development Authority (BDA) and operating costs were reduced to \$18M. The baseline BOS costs associated with facilities at Brooks AFB decreased by 50%.

There is no guarantee Oceana would see a 50% reduction in BOS costs, but without a cost baseline for comparison, there is no way to determine what its costs will be. Regardless, a cost baseline analysis will be a critical first step for Oceana in any real estate privatization initiative.

A cost baseline analysis will be a critical first step for Oceana in any real estate privatization initiative.

The City will benefit from this effort as well. Some City and community stakeholders may view a City-Base/EFI as a way to “BRAC-Proof” Oceana, but that should not be the City’s focus or goal. The City will find it benefits in ways that cannot be anticipated. The City would certainly be interested in reducing the operating cost to the Navy, its largest employer. It would be extending

the size of the City’s developable area (subject to all Navy restrictions). The City would be able to generate tax revenue from private sector tenants that develop available land or locate in buildings on the installation. It would enhance its own economies of scale providing municipal services to the Navy and private sector occupants (a benefit to taxpayers). It would have the ability to market the installation to Navy approved tenants to expand the local economy. Finally, if the missions at Oceana were moved as a result of a future BRAC, the City would have a significant head start on redevelopment. The following table details the essential differences between BRAC and a City-Base/EFI.

BRAC	City-Base/EFI
Recommendations carry the force of law	Actions are voluntary
BRAC impacts only those installations included in approved recommendations	EFI can be applied to every installation to some degree
BRAC produces winners and losers	All communities and missions can be winners
Process is prescribed and driven by law	Process is flexible
Process may ignore workforce impacts	Workforce participation is desired
Savings derived mostly from manpower reductions	Savings derived from mission and function transition
Generates savings for DoD	Generates savings for DoD and revenues for communities and the Installation

Industry would also benefit as compatible businesses that may have located elsewhere could have a viable option to locate on Oceana, promoting economic expansion in the area.

Furthermore, businesses or contractors who eschew FAR restrictions required to provide BOS services at NAS Oceana, can provide those services through the City without the time delays and red tape. Hence, industry can provide BOS support more freely and cost effectively through the City, ultimately benefiting the Navy with more timely, lower cost, BOS support.

In summary, there are benefits to the Navy, City of Virginia Beach and Industry through a City-Base/EFI transaction. The financial benefits accrue more quickly than a protracted absorption period associated with EULs. The Navy is relieved of the burden of organically providing BOS services and/or learning to negotiate leases with the private sector. Rather, the Navy can focus on its mission rather than its duties as a landlord, and they can do so with a trusted partner, the City of Virginia Beach.



Reducing responsibility for non-core functions can enable the Navy to focus on its force readiness mission.

Common Questions and Concerns

Whenever the status quo is threatened there will always be questions, and rightfully so. The following address some of the frequently asked questions regarding a City-Base/EFI transaction.

Q – If a City-Base is so great why did they BRAC the Air Force Mission at Brooks City-Base?

A – The Air Force didn't want to BRAC the missions at Brooks City-Base. Brooks City-Base became the lowest cost, best maintained installation to locate an Air Force mission. The Medical Joint Cross Service Group made the BRAC recommendation because they wanted to consolidate medical research operations into centers of excellence to conduct biomedical research. The MJCSG decision won out over the Air Forces wishes in the 2005 BRAC.

Q - Wait, are you suggesting we turn control of NAS Oceana to the City?

A – How much control the Navy wishes to transfer is completely up to them. Rather, the only thing that would transfer is the title to the property, in exchange for FMV. The Navy can lease back the entire footprint in perpetuity if it wishes. NAS Oceana can continue to manage the property they lease the way they would if they still held title to the land. However, that would generate no savings or revenue. How much or how little control the Navy desires will be paramount to any agreement with the City.

Q – How is security handled?

A – Through transaction negotiations with the City. The Navy can provide security for the entire installation or just the portions they wish, through its leasehold interest. There are many examples of

military security on leased property (Crystal City Offices, Airport Hangers, Pier Support Facilities, Warehouses, etc.).

Q – What happens to our ability to restrict development on or around the Station?

A – Nothing, AICUZ (and all other) restrictions will remain in place and follow the chain of title by covenants, conditions and restrictions (CCRs).

Q – What if we need more space (structures) on the installation?

A – The Navy will have options. The Navy could use MILCON to construct the structures they require in 10 -15 years at 3 to 4 times the cost of the private sector... or the Navy could ask their landlord to build a modern structure within 2 – 3 years at 25% to 33% of the cost of MILCON.



A City-Base structure affords the Navy new options for current and future facilities construction.

Q – Who would maintain the infrastructure (roads, utilities, etc.)?

A – The City would. The proportionate cost could be reimbursed by the Navy, and/or the City could replace aging infrastructure with bond financing through a Tax Increment Finance District (TIF).

Q - What is a TIF?

A - Tax increment financing (TIF) is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects in many countries, including the United States. Virginia cities, counties, and towns can help fund new development by creating special tax districts. A portion of the revenue from property taxes in those districts can be allocated to finance construction of sports stadiums, rail and bus systems, convention centers, and other "improvements." If a TIF District encompasses Oceana, all taxes collected over a base level could be pledged to benefit Oceana and the Zone's ability to finance more projects would grow with each project's addition to the tax base.

Q – What authorities exist that allow the Navy to execute a transaction of this type?

A – While the modification to the BRAC process in 1997 (32 CFR 175.7(k)) allows for transfer and leaseback, the best option open to the Navy and the City is through special legislation. Fortunately, there is a precedent of a successful model and road map in Brooks City-Base making it more likely future congressional authority will be granted again. However, it will require broad support from a coalition of stakeholders including Navy, Community, State and Federal Leadership to achieve that objective.

There will be more questions if the Navy elects to proceed with a City-Base transaction, and many of them will no doubt be unique to Oceana. Regardless, the critical questions have all been asked and answered before. The important thing to remember is that the process is designed to address concerns and contingencies through collaboration. The transaction isn't so rigid that

the documents cannot anticipate future changes through covenants, codes and restrictions or CCRs that would also transfer with title to the property. The most important consideration is to make sure the right participants are part of the process.



Including the key participants sets the stage for action.

City-Base Transaction Critical Path

The following table outlines the critical path for a City-Base transaction.

City-Base Critical Path Processes and Activities					
Estimated Timing*	3 Months	3 Months	6 Months	3 Months	Ongoing
Processes	Initial Concept and Planning	Business Planning and Preparing to Negotiate	Negotiating / Signing the Deal	Build & Implementing / Transition	Growth, Development and Post-Transfer Operations
Community Planning	<ul style="list-style-type: none"> Gauge community interest Ensure the City has statutory authority to enter into a transaction with the Navy. Identify external funding sources (OEA, State, etc.) Jointly select a facilitator and Subject Matter Experts Formalize relationship between community and military Align leadership within and across community and military Craft a long-term joint strategic intent and vision 	<ul style="list-style-type: none"> Complete physical and financial due diligence Jointly develop program goals / metrics Set up property management organization structure Identify / acquire asset management information technology capability Refine cash flow / return on investment analysis Draft joint development plan 	<ul style="list-style-type: none"> Coordinate with state, local and military department as needed 	<ul style="list-style-type: none"> Conclude negotiations and sign the deal for transaction agreements, property transfers, utility sales and leases Implement property management system and organization Publicize consummation of Transaction Agreements Implement personal property controls Create and implement land uses controls Integrate Financial Analysis data into property management and accounting systems 	<ul style="list-style-type: none"> Measure success of financial management and property management initiatives Compile and publish lessons learned Restructure lease agreements, as needed Operate Property under new vision
Property Disposal	<ul style="list-style-type: none"> Develop BOS Cost Baseline Analysis Perform property disposal feasibility /economic analysis Quantify real property capacity requirements (footprint) and conditions (including joint appraisal) Establish legal requirements baseline 	<ul style="list-style-type: none"> Identify / organize resources to prepare appropriate conveyance documents Develop post transition real and personal property management policies and procedures 	<ul style="list-style-type: none"> Create draft transaction documents and target dates for consummation Prepare and review detailed information (environmental covenants, restrictions, property descriptions) in exhibits to transaction 	<ul style="list-style-type: none"> Evolve/migrate to new consolidated real property reporting requirements Transfer funds to support conveyance and other transition actions 	<ul style="list-style-type: none"> Manage leasehold footprint to support mission requirements, expand or reduce as needed

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			<p>agreement documents</p> <ul style="list-style-type: none"> • Finalize Facility Vacate Policy and Procedures (if required) • Change status of installation in military department records • Implement methods to transfer funds in accordance with terms of the deal 		
Environmental Impact Analysis	<ul style="list-style-type: none"> • Initiate Environmental Impact Analysis Process 	<ul style="list-style-type: none"> • Perform Environmental Impact Analysis Process 	<ul style="list-style-type: none"> • Finalize Environmental Impact Analysis Process Decision documents prior to consummating the deal 		
Environmental Transition	<ul style="list-style-type: none"> • Evaluate environmental conditions and cleanup requirements • Identify environmental compliance transition strategies and future requirements 	<ul style="list-style-type: none"> • Initiate environmental suitability for transfer findings processes 	<ul style="list-style-type: none"> • Finalize environmental suitability to transfer documentation • Continue environmental cleanup efforts in accordance with the terms of the deal • Include environmental compliance activities in negotiating sessions 	<ul style="list-style-type: none"> • Begin transitioning environmental compliance activities 	<ul style="list-style-type: none"> • Ensure environmental compliance activities are conducted in accordance with applicable laws, regulations and policies
Installation / Infrastructure Management Transition	<ul style="list-style-type: none"> • Perform stakeholder analysis • Develop communication plan • Identify resources for management of the project, over its life cycle, in all functional areas. • Establish project management approach • Develop implementable long-term facility management scenarios 	<ul style="list-style-type: none"> • Execute comprehensive communication plan • Develop installation management transition approach and services acquisition strategy • Develop detailed services requirements for tenants • Define military budget for identified requirements • Develop facility / infrastructure data management policy and framework for transition to community • Complete / coordinate "to be" organization planning for military department 	<ul style="list-style-type: none"> • Publish final approved Installation Management Transition Plan • Coordinate services requirements and establish funding requirements • Negotiate and finalize service agreement documents • Renegotiate Inter-service Support Agreements (ISAs) 	<ul style="list-style-type: none"> • Execute post deal communication plan • Implement transition and communication plan activities • Initiate auditing and reporting oversight for BOS reimbursements • Execute facility infrastructure upgrades for programmed projects 	<ul style="list-style-type: none"> • Support as defined in the Lease Agreement
Personnel Transition	<ul style="list-style-type: none"> • Evaluate government personnel transition constraints and procedures 	<ul style="list-style-type: none"> • Perform personnel / manpower change activities (plan RIF) 	<ul style="list-style-type: none"> • Process personnel actions (continue RIF process – set RIF effective date(s)) 	<ul style="list-style-type: none"> • Execute personnel processes to support transition 	<ul style="list-style-type: none"> •

*Estimated timing is subject to variables, see "SAF/IEI Lessons Learned and Recommendations for Process Improvement at Future Air Force Transfer and Leaseback Locations" report.

Critical Elements for Success

While having a process road map is important to track and sustain progress there are four critical elements for the success of a City-Base transaction.

1. Develop a clear options matrix with Navy leadership to determine the best course of action for the Navy to achieve Future Base Design objectives at NAS Oceana with the greatest probability for success.
2. If a City-Base Option is selected, establish a non-binding Letter of Intent with the City to define and establish the Option as a joint objective for the Navy and the City at NAS Oceana.
3. Study, question, and take appropriate actions in accordance with the SAF/IEI Lessons Learned document.
4. Finally, jointly hire an independent facilitator(s) familiar with the City-Base/EFI transaction, Commercial Real Estate practices, City Government, and Installation BOS Operations, tasked to guide both parties through the critical path.

These elements will clearly establish a path to codify the objectives of both parties, complete the transaction, and develop a smooth transition to achieve the desired results for the Navy's Future Base Design Initiative.

Hybrid Analysis

NAS Oceana desires to show immediate progress through Future Base Design. Furthermore, a looming opportunity with Dominion Energy will require a decision quickly. If selected, completing a Master Lease with the City will require at least 90 days to negotiate, and even longer for a City-Base Transaction. Assuming the Navy desires to proceed with a ground lease to Dominion Energy,

the only way to accommodate Dominion Energy's timeline is through an EUL. Executing an EUL with Dominion Energy does not preclude the Navy from entering into a Master Enhanced Use Lease with the City of Virginia Beach, nor does it preclude subsequently entering into a City-Base/EFI Transaction with the City.

If the Navy proceeds to execute EULs with both the City (up to 5 years) and Dominion Energy (+5 years) and elects to continue exploring a City-Base/EFI transaction with the City, a hybrid approach would be appropriate. The steps in a hybrid approach might be as follows.

1. Begin Negotiating the EUL transaction with Dominion Energy immediately.
2. Develop an RFP for a Master Tenant for the remaining portions of the Installation that can be leased (we recommend you include as much of the installation as possible).
3. If the City of Virginia Beach (or its assign) is selected, enter into negotiations for a lease not to exceed 5 years.
4. Make the development of a Master Plan for a City-Base/EFI Transaction, transaction facilitation support, and a shared services agreements (10 USC 2679) part of the compensation.
5. When the lease is executed, the first steps in the City-Base/EFI Planning process, described previously, begin.

The benefits of a Hybrid process include the following.

- The Navy's Future Base Design Initiative achieves immediate results on two fronts.
- The terms of the City's EUL may substitute for the non-binding letter of intent with the City, as the lease terms will be binding and address all the elements of the letter of intent.

- Lease compensation can include funding for not only the Master Plan but also many of the First Steps and the Initial Concept Stage of the Critical Path, plus the financial benefits of a shared services agreement.
- As part of the City-Base/EFI Transaction, the City would assume responsibility for the administering both of the Dominion Energy leases through an Estoppel (an agreement that both parties will honor the existing terms of the lease).
- With up to a 5-year term, the timeline would support any additional time needed to secure approvals and special legislation for a City-Base/EFI Transaction.
- The consideration under the lease could be credited to the FMV consideration for the City-Base/EFI Transaction.

Other benefits, not contemplated previously, will likely manifest under a hybrid approach.

Regardless, if the Navy desires both early success and the ability to execute a City-Base/EFI transaction, the CRE® Consulting Corps team recommends a Hybrid option.

*Immediately begin negotiating
an EUL with Dominion Energy*

Critical Elements for Success

The elements critical for success of a hybrid approach are very similar to those listed in a City-Base/EFI transaction with a few antecedents.

1. Immediately begin negotiating an EUL with Dominion Energy (consider including the EDA in your discussions as an advisor).
2. Develop a solicitation for a master developer with the attributes outlined in the CRE®

Consulting Corps Out-Briefing on 7 August, plus the recommendations in this report.

3. If selected, negotiate an EUL with the City of Virginia Beach for up to 5 years.
4. Ensure the terms of the lease compensation include a shared services agreement (10 USC 2679), plus the first steps, initial concepts and planning phases in the critical path table (detailed previously) as lease compensation under a City-Base/EFI transaction.
5. Study, question and take appropriate steps in accordance with the SAF/IEI Lessons Learned document.
6. Finally, jointly hire a facilitator(s) familiar with the City-Base/EFI transaction, Commercial Real Estate Metrics, City Government, and Installation BOS Operations, tasked to guide both parties through the critical path.

The CRE® Consulting Corps team believes these critical elements will afford the best options for success under a hybrid approach beginning with the Navy's existing authority under 10 USC 2667 and culminating with a City-Base/EFI transaction. The result of this approach would generate an initial win and ensure the long-term benefits the Navy desires under its Future Base Design Initiative.

Benefits & Difficulty Matrix

The CRE® Consulting Corps have explored several options that would relieve NAS Oceana of cost burdens and/or revenue offsets to Base Operating Support. Each option carries some measure of long-term benefit and difficulty that can be summarized the following way.

Options	Benefit	Difficulty	Rating
Shared Services Agreement	2.0	3.0	5.0
Enhanced Use Lease	2.0	2.5	4.5
City-Base/EFI Transaction	4.0	1.5	5.5
Hybrid Approach	4.5	2.0	6.5
Best Score (Highest Benefit/Lowest Difficult)	5.0	5.0	10.0

The scores attempt to capture the CRE® Consulting Corps impressions of each option. The benefit to NAS Oceana is a financial measure. While difficulty incorporates variables such as time, leadership capability and continuity, bureaucratic hurdles, transaction costs, and legal authorities.

Shared Services Agreement (10 USC 2679)

Shared services agreements offer the Navy the ability to negotiate directly with a municipal entity to transfer responsibility for some DPW activities (i.e., fire, police, emergency services, roads maintenance, etc.) to the local municipality.

The benefits of a shared services agreement are associated with the Navy’s ability to tap into municipal economies of scale to provide manpower and other resources at a lower cost. Furthermore, the City is not subject to Federal Acquisition Rules and can provide equipment and materials using their acquisition procedures. The primary difficulty is the time required to negotiate

agreements with municipal governments for various services, quantifying the true cost to the Navy for comparison purposes and bureaucratic resistance to change. Fortunately, there are examples of successful shared services agreements across the spectrum of military installations that suggests these agreements can be achieved.

Our rating suggests while a shared services agreement can be financially beneficial to NAS Oceana, the impact of such an agreement may not result in a substantial reduction of BOS costs over time.

While a shared services agreement can be financially beneficial to NAS Oceana, the impact of such an agreement may not result in a substantial reduction of BOS costs over time.

Enhanced Use Lease (10 USC 2667)



View of Central Campus, an area that could be redeveloped with help from the private sector.

Enhanced Use Leases afford NAS Oceana the ability to enter into a lease with a non-DoD entity in exchange for cash lease payments, or payments in-kind. In-kind payments can result in direct funding for services, projects, equipment or even paying BOS bills (utilities, grounds keeping, etc.), and are preferred over cash payments that must be shared equally with headquarters and may not be reinvested at the installation.

EULs have a positive impact in two ways: They generate revenue and relieve NAS Oceana of some portion of BOS responsibility (i.e. grounds maintenance). Over time as more land is leased, revenues and BOS relief can grow to a significant sum. The challenges associated with these revenue streams include the time required to lease portions of the installation. Furthermore, the land development work required of the tenant is significant. There are very few “development ready” sites. That suggests the tenant will incur significant development costs that could take years to accomplish before the site could be developed for profitable use. Hence, the tenant will require a significant discount to market value for leasing “raw,” or poorly located, land versus leasing “finished” parcels with zoning, utilities, roads, etc. in place.

The CRE® Consulting Corps team’s rating reflects the likelihood that the absorption of the sites under consideration for an EUL will require a significant absorption period (at least 10 to 20 years). Hence, financial benefits may accrue only slowly over time. While entering into a master lease may shorten the absorption period, and eliminate the need to interface with the private sector, the best parcel will already be spoken for (Dominion Energy) the remaining sites will

require significant planning and/or improvement to be marketable. We believe the most shovel-ready parcels with the greatest opportunity for broader market interest may be under existing structures within the installation’s Central Campus, and on either side of the Commissary.

The most shovel-ready parcels with the greatest opportunity for broader market interest may be under existing structures within the installation’s Central Campus and on either side of the Commissary.

City-Base/EFI Transaction

The City-Base/EFI Option has been proven to generate significant BOS relief almost immediately upon implementation. However, it will require special legislation to obtain the authority to execute. The transaction entails a transfer and leaseback of all or portions of the installation. While it takes time to execute, the results will accrue quicker than they might under a shared services agreement or an EUL.

Our rating accounts for the immediate benefit realized when the Navy is relieved of payroll burdens and the FAR to procure BOS services. Additional benefits accrue when compatible development spreads costs to private sector tenants. Also, if land is sold or leased, the proceeds are used in-kind to further reduce the cost to the Navy. The implementation rating reflects the need for strong, capable leadership, and support at all levels inside the Navy; plus,

similar leadership from stakeholders, municipal, state and federal representatives. Essentially, this will require an all hands effort to obtain the authority to execute. Normally something of this magnitude would be extremely challenging to achieve. Fortunately, there is a precedent and model to follow in the Brooks City-Base/EFI Case Study.

Hybrid Approach

The CRE® Consulting Corps team believes this approach affords NAS Oceana the best opportunity to achieve meaningful results without being forced to select a single direction. This approach would entail moving forward with an EUL with Dominion Energy and a Master Lease RFP. Should the City be awarded a Master Lease, Oceana should obtain from the City a shared services agreement, master planning services, a commitment to developing a City-Base/EFI transaction for NAS Oceana, and project funding assistance for the first steps, and initial concepts and planning stage.

*A Hybrid approach provides the
greatest flexibility to NAS
Oceana without delaying
progress.*

authority to enter into a City-Base/EFI transaction. A Hybrid approach provides the greatest flexibility to NAS Oceana without delaying progress.

Our rating reflects the belief a Hybrid approach would result in near-term financial success from the lease with Dominion Energy and negotiating a Shared Services Agreement. The difficulty rating is only slightly less than an EUL alone as it incorporates existing authorities and working jointly with stakeholders to obtain congressional

Recommendations

The CRE® Consulting Corps team recommends the Navy undertake the following at NAS Oceana:

- Future Base Design will require a coalition of participants and should be viewed as campaign versus a battle.
 - A critical partner will be the City of Virginia Beach.
 - NAS Oceana should align closely with the City of Virginia Beach throughout this process and develop a joint communication plan to stakeholders.
- NAS Oceana should execute an EUL for the former Horse Stables parcel with Dominion Energy.
- NAS Oceana develop an RFP for a master tenant for all or most of the installation (under 10 USC 2667) that can provide the following:
 - Master planning,
 - Tax-exempt project and infrastructure financing,
 - Installation-support services (2679),
 - Shared services, and
 - The capacity to execute a City-Base/EFI Transaction.
- If the City is selected, work with them to bring in an independent facilitator with subject matter experts familiar with EULs, shared services agreements, and City-Base/EFI transactions.
- The facilitator should be tasked to guide the parties through the process with the ultimate goal to execute an agreement that achieves the parties' objectives.
- Encourage the City/Community to explore funding options for an updated Joint Land Use Study that would aid master planning efforts and benefit a Future Base Design Project through the DOD Office of Economic Adjustment.

Critical Path & Timeline

The critical path for these recommendations is described previously for each option. If a hybrid approach is selected results could accrue immediately with a lease to Dominion Energy. However, if that approach is selected, more meaningful results could be achieved within 12 months of securing the authority to execute at City-Base/EFI transaction.



Future Base Design should incorporate industry best practices to ensure NAS Oceana remains the Navy's Master Jet Base.

Performance Criteria

The CRE® Consulting Corps team recommends NAS Oceana use the Cost Baseline study described previously as the benchmark to measure performance. The cost baseline allows the Navy to compare its true and total cost for installation management against the expense reimbursement lease payments to the Landlord under a City-Base/EFI Scenario. In addition, if any other option is selected, the financial benefits of cash or in-kind services can be evaluated against total cost for comparison.

Funding

Future Base Design, like most initiatives, requires analysis, coordination and resources. If the Navy elects to partner with the City of Virginia Beach Economic Development Authority in any fashion, neither party will escape the reality that federal and municipal budgets are under pressure. It may be difficult for any tenant, let alone the EDA, to directly fund rent payments, and asking local taxpayers to contribute to the cause will be equally daunting. However, the Office of Economic Adjustment or OEA is a likely funding source for various types of actions that could be counted as in-kind services, including:

- Compatible Use Studies
- Community Investment
- Military Installation Sustainability
- Industry Resilience

The OEA's website encourages defense communities to "complete a Compatible Use Study" if it has not been updated in the last five years. The Consulting Corps team encourages the Navy to work with the EDA to identify funding sources for services that would ultimately benefit both the EDA and the Navy.

Summary

The Counselors of Real Estate Consulting Corps greatly appreciates the opportunity to support and serve the U.S. Navy at NAS Oceana. After more than three months of analysis, research, physical inspection, and interviews with the Navy and key stakeholders, we believe the Navy has a rare opportunity to make a bold move that will benefit this and other Navy installations as well as the other services within the Department of Defense.

We believe the key components for success are present in this instance. NAS Oceana has strong leadership in place. The local community and State of Virginia stand ready to support any initiative the Navy wishes to propose, and requisite federal representatives are not opposed to working with their constituents to benefit the community. We found no roadblocks to any creative ideas the Navy wishes to advance. We

find this situation to be extremely rare as there is nearly always opposition to change within communities facing such significant amendments to the status quo.

For these reasons we believe it would be in the best interest of NAS Oceana to proceed with its plan for executing EULs with Dominion Energy and an entity that can provide a master planning services like the City of Virginia Beach. We also believe the Navy is in an excellent position to take advantage of its broad stakeholder support and simultaneously pursue shared services agreements and City-Base/EFI transaction authority following the steps outlined previously.

The CRE® Consulting Corps believes the Navy has nothing to lose and everything to gain by expanding the ambitious moves it started through its Future Base Design Initiative.

Appendix I - Summary of Material Provisions of Grand Forks AFB Master EUL

- Term - 50 years with one 25-year renewal option
- Rent - lump sum payment paid upon possession, subject to in-kind consideration agreed to in the interim. The site requires compliance with the National Environmental Policy Act (NEPA), which might require remediation. NEPA satisfaction is a Navy requirement and possession is delayed until complete.
- Permitted in-kind consideration:
 - Repair or alteration to existing facilities or improvements (including environmental remediation)
 - New facilities or improvements
 - Utility services
 - Maintenance
 - Other services (approved by Assistant Secretary of the Navy for Energy, Installations and Environment)

Services incidental to the tenant's use are excluded from in-kind consideration.

- If the tenant elects in-kind consideration, then
 - The Navy shall provide the tenant a proposed list of in-kind projects.
 - Tenant shall notify the Navy which, if any, of the proposed in-kind projects it selects, and the estimated cost (detailed).
 - The Navy shall select any projects it desires. The local Real Estate Contracting Officer (RECO) then manages a detailed process for a formal detailed bid for the project and when that bid is accepted, an amendment to the EUL is executed

and a rent credit provided for the cost of the selected projects.

- The project is completed, subject to audit and a final inspection. A final approval is provided by the RECO.
- The tenant may use 3rd party contractors to provide the in-kind services, must provide payment/performance bonds, must maintain adequate records suitable for auditing, permit RECO oversight (for Navy purposes), and obtain warranties including the Navy as additional beneficiary.
- Upon early termination, the tenant owes rent for due in-kind services not yet provided.
- Other significant provisions:
 - Notice and opportunity to cure any defaults.
 - Subleases are permitted, subject to Navy approval, not to be unreasonably withheld, conditioned or delayed, and to be provided within 45 days of request. Approval is reasonable if for national security purposes.
 - First right to buy if the lease is terminated to allow the premises to be sold.
 - Navy approval of improvements to the premises, not to be unreasonably withheld, conditioned or delayed, and to be deemed provided if not response within 60 days of request.
 - Extensive disclaimers of warranties and representations of any kind, including environmental.

Appendix II - Summary of Land Use Constraints at Oceana

The use of land around Oceana is subject to both public and private restrictions, which eliminate the “highest and best uses” as that term is used in the real estate industry. The remaining land uses are not in demand. If a broader array of land uses where permitted, the land around NAS Oceana would be in greater demand.

PUBLIC REGULATIONS

Local:

City land use regulations are designed to protect NAS Oceana from further encroachment of incompatible uses. These regulations are contained in the Zoning Code of the City of Virginia Beach, Virginia, which has land use jurisdiction over all land around NAS Oceana. These regulations were substantially modified in 2005-6, as an accommodation to NAS Oceana and the Navy. The origin of these regulations and their intent is described in the follow excerpt from the City Zoning Ordinance:

“The city council hereby finds that:

(a) Naval Air Station (NAS) Oceana was first established as an auxiliary airfield in 1943 and was designated as a major Navy jet air base in the 1950s. It is now one of the largest Navy air bases in the country and is the Master Jet Base for the Navy's Atlantic Fleet. NAS Oceana is a vital component in the architecture of the Defense Department's joint service method of operational planning and execution and in the newly-emerging inter-agency approach to meeting homeland defense requirements;

(b) NAS Oceana is the single largest employer in the City of Virginia Beach. In 2003, it had a gross annual payroll of over seven hundred fifty million dollars (\$750,000,000.00) and spent another four hundred million dollars (\$400,000,000.00) for goods and services. In that year, over twelve thousand (12,000) personnel, comprised of nearly nine thousand eight hundred (9,800) military and over two thousand five hundred (2,500) civilian employees, were employed there. Most of those employees live within the community, infusing additional benefits into the local economy, primarily through spending and spousal employment salaries. When considering the personal impact of the military in the community, the economic benefit exceeds one billion dollars (\$1,000,000,000.00) annually;

(c) There are more than thirty thousand (30,000) acres of land in areas within the 70-75 dB DNL or >75 dB DNL Noise Zones and approximately 16,500 acres of land within the 65-70 dB DNL Noise Zone. Approximately four thousand, three hundred (4,300) acres of this land is encumbered by easements or restrictive covenants that limit the uses of the land to those that are not incompatible with flight operations arising out of NAS Oceana;

(d) Since the installation's inception, development of a type deemed incompatible under the Navy's AICUZ Program has occurred, such that the Navy has voluntarily modified flight arrival and departure procedures, thereby resulting in flight procedures and training that do not replicate actual aircraft carrier operating procedures.

(e) In August 2005, the Base Realignment and Closure (BRAC) Commission added to the list of installations to be closed or realigned the recommendation to realign NAS Oceana by relocating the Atlantic Fleet's East Coast Master Jet Base to Cecil Field in Jacksonville, Florida if, among other things, the cities of Virginia Beach and Chesapeake fail to enact and enforce legislation to prevent further encroachment of NAS Oceana by the end of March 2006 by adopting zoning ordinances that require the governing bodies to follow Air Installations Compatibility Use Zone (AICUZ) guidelines in deciding discretionary development applications for property in noise level 70 dB day night average noise level (DNL) or greater;

(f) The closure or realignment of NAS Oceana would have serious adverse economic consequences to the city and the region; and

(g) In 2004 and 2005, the City of Virginia Beach, along with the cities of Norfolk and Chesapeake, joined with the Navy and the Hampton Roads Planning District Commission to craft a regional joint land use study (JLUS). Among the recommendations of the JLUS was that the city adopt an ordinance applicable in all noise zones greater than 65 dB DNL to help prevent encroachment at NAS Oceana. The JLUS was accepted by resolution of the city council in May of 2005 and the city council directed that appropriate ordinances implementing the recommendations of the JLUS be brought forward for its consideration.”

The regulations create two types of land use zones (with sub-zones), which are depicted on land use maps. The Accident Protection Zones (APZ) are just what it seems, an area when the potential for aircraft crashes is elevated, therefore congregation of people should be discouraged. Clear Zones are areas at the end of runways or near runways where no new building is permitted, and the only permitted use is agricultural (no livestock). The APZ is divided into APZ-1 which has greater restriction and APZ-2 with less restriction. APZ-2 is a relatively small area; most of the APZ is in APZ-1. There are 5 APZ areas and each has its own level of regulation, dependent on the applicable assessed risk. A list of permitted uses in APZ-1 is available at

<https://www.vbgov.com/government/department/planning/areaplan/Documents/Oceana/APZ1-CompUses-NAICS-Final.pdf>.

The permitted uses which have current market demand in the area are few and exclude all residential uses, all hospitality uses, hospitals, assembly uses, most retail uses and high employee count manufacturing uses.

The Department of Defense implemented the Air Installations Compatible Use Zones (AICUZ) Program in response to the Noise Control Act of 1972 in order to protect the public from noise and hazards around air installations, and to insulate those important facilities from incompatible encroaching development. The goal is to provide guidelines (not federal regulation) which local governments may use to prevent noise sensitive uses (particularly, residential, hospitality and assembly areas), or required special noise

attenuation building methods in high noise areas. AICUZ maps provide noise information helpful to land use regulation decisions. The zones are separated by decibel levels, such as less than 65db, 65-75db, 75-80db, 80-85db and 85+db.

A Hampton Roads Joint Land Use Study (JLUS) was issued by a joint committee of the Hampton Road Planning District Commission and the cities of Virginia Beach, Chesapeake and Norfolk. A brochure issued by this group provides excellent information of land use issues and contacts, which includes a detailed map showing noise zones and APZs, and is available at <https://www.vbgov.com/government/departments/planning/areaplans/Documents/Oceana/JLUSAI-CUZPlanningMap.pdf>.

The City established and maintains the Oceana Land Use Conformity Committee (OLUCC) to make recommendation to the City Council and Economic Development Authority and land use regulations, generally, as well as specific zoning requests.

PRIVATE REGULATIONS

During the 1970-80's, the federal government bought private restrictive easements from area land owners which limit the type of permitted uses on that land. Restrictive easements are private contractual agreements in which one land owner agrees, usually for compensation, to restrict future uses (otherwise legally permitted)

for the benefit of another area land owner. The agreement is documented in a written agreement signed by the parties and recorded in the public records. Under law, any subsequent buyer of the restricted land is on constructive (legally implied) notice. In fact, when a buyer purchases the restricted land, the title commitment report issued by the title insurance company for the purchase transaction will cite to the restrictive easement. Most current title commitments have electronic links to all recorded documents referenced in the title commitments, so a buyer could easily review the restrictive easements. However, some buyers of restricted land are reported to have not checked the title to their land and were ignorant of these restrictive easements.

Reportedly, the Navy spent almost \$58,000,000 purchasing these development rights, primarily from area farmers. They are reported to cover over 12,000 square miles in area. Within this area, residential development, plus business development of the types which attract groups of people (such as retail), are prohibited. The private restrictive easements are legally independent of the City zoning and would restrict the affected land even if City zoning did not exist. The Navy has periodically enforced these rights and required land owners to cease non-conforming uses.

These restrictions are perpetual.

Appendix III: Statement of Work (SOW) Deliverables Summary

Statement of Work Deliverables	Location Within the Report
Task 1	Data Collection/Assessment/Interviews
Conduct Stakeholders and Government officials' interviews	Participants and Contributors
Task 2	Analysis of the data collection
Statistical conclusions and outcomes	Economic and Demographic Data Analysis
	Market Analysis
	MWR Activity Analysis by Required Function Status
	Non-Core Facility Functional Assessment
	Non-Core Function Data Analysis
	Base Housing Assessment
Task 3	Present potential ownership/lease/risk structure for development
List all non-core government facilities and potential land opportunities and label if it should be owned, leased or kept as government owned and operated function.	Base Housing Conclusions Goals and Recommendations MWR Alternatives Analysis
Include strategies for public-private partnerships	Strategies for Future Development
	EUL Parcels
	Inventory of Excess and Underutilized Parcels at Oceana
	Options for Public Private Partnership
	Shared Services Agreement Analysis: Critical Elements for Success
	Enhanced Use Lease Analysis
	City-Base Transaction Critical Path
	Hybrid Analysis: Critical Elements for Success
	Recommendations
Task 4	Recommend strategies to ensure quality of life at a reasonable cost
List of strategies report that will keep the same uniform service members rate structures for proposed services	MWR Outsourcing Strategies
Task 5	Create Strategic Plan Report for short and long-term actions
Detailed Strategic Report	Options for Public Private Partnership
	Shared Services Agreement Analysis: Critical Elements for Success
	Enhanced Use Lease Analysis

NAVAL AIR STATION OCEANA FUTURE BASE DESIGN: MAKING THE MOST OF OPTIONS AND OPPORTUNITIES
RECOMMENDATIONS BY THE CRE® CONSULTING CORPS | NAS OCEANA

	City-Base Transaction Critical Path
	Hybrid Analysis: Critical Elements for Success
	Recommendations
Deliverables from Tasks 2-4	See above

Appendix IV – Acknowledgements

The CRE® Consulting Corps team was privileged to talk to a wide variety of stakeholders. Some of those people are listed below, and we thank them for their time.

NAS Oceana Personnel

RADM Charles Rock, CAPT John Hewitt, CAPT Robert Holmes, CMDR Lakeeva Gunderson, CIV John Lauterbach, CIV Paul Moomaw, CIV Rich Riker, LT Burrell, CIV Bobby Worley, LTCD David Sare, CIV Brian Payne, CIV Michael Wright, CIV Terra Fisher, CIV Blake Waller, CIV Bobby Whirley, CIV Brent Brown, CIV Mark Outman, CIV Ken Snyder, CIV Andrew Porter, CIV Ed Garner, CIV Brent Brow, CIV Bob Crane, CIV Noel Manalo, CIV Hector Gortaire, CIV David Yaw, CIV Scott George, CIV Jamee Martocci, CIV Elizabeth Dietzmann, CIV Debbie Vanbuskirk, CIV Alex Plascencia, CIV Dean Williams, CIV Sarah Ringo, CIV Kenny Steen, CIV Norm Aurland, CIV Rick Butler

City of Virginia Beach Participants

Mayor Bobby Dyer, Councilman Guy Tower, Councilman Aaron Rouse, Bob Matthias, Brian Solis, Taylor Adams, Ray White

State and Federal Representative Participants

Charlotte Hurd - Military Liaison for U.S. Sen. Mark Warner, Janet Lomax and Diane Kaufman for U.S. Sen. Tim Kaine, State Senator Bill DeSteph, State Representative Barry Knight

Real Estate and End User Participants

Ben Davenport - GTS, Craig Cope - Harvey Lindsay Commercial Real Estate, Justin Ballard – S.B. Ballard Construction, Worth Remick – Colliers International, Kathy Owens – Beach Development Group, Susan Gaston – Gaston Group, Gaylene Watson & Ricky Elder – Dominion Energy, Robert Kerr – Kerr Environmental Services, Greg Belliveau – Apple Moving & Storage, Jeff Hodgson and Skyler Thomas – Freedom Shooting Center, Nicole Campbell – Divaris Real Estate, Steve Brennan – Boeing, Terrie Suit – Virginia REALTORS® Association, Rob Sult - Harvey Lindsay, David Phillips - Apple Moving & Storage

Other Community Stakeholder Participants

Dr. Jeff Tanner – 757 Recovery, RADM(R) Craig Quigley - Hampton Roads Military and Federal Facilities Alliance, Tammie Mullins-Rice - Seatack Civic Organization, Bryan Stephens – Hampton Roads Chamber, Steve Romine – Hampton Roads Chamber, Chris Gullickson-Port of Virginia, Amy Parkhurst - Hampton Roads Alliance, Nicole Ryf - Hampton Roads Alliance, Jim Spore - Reinvent Hampton Roads, Tom Frantz - Williams Mullen

Thanks also to the following individuals who helped with this assignment.

Peter Eckert, CRE®, Monica Parikh, CRE®, Robert Thornton, CRE®, Adair Schwartz

Appendix V – Exit Briefing Presentation

1

CRE Consulting Corps

Oceana Future Base Design

Exit Briefing


August 7, 2020



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Agenda

- Bottom Line Up Front (BLUF)
- Project Overview
- Participants & Contributors
- Findings
 - Definitions and Critical Roles
 - NAS Oceana EUL Strengths, Weaknesses, Opportunities and Threats (SWOT)
 - Parcel Overviews & Analysis
- Recommendations
 - Action Plans
 - Structure for Success
 - Non-Linear Considerations *“Running with Scissors”*
 - City-Base SWOT & Analysis
 - MWR SWOT & Analysis
 - Barracks Analysis
- Conclusion
- Addendum



Bottom Line Up Front

- The CRE Consulting Corps believes the Future Base Design (FBD) initiative has merit and should advance
- This will require a coalition of participants and should be viewed as campaign verses a battle
 - A critical participant will be the City of Virginia Beach
- Explore creative solutions for MWR challenges and barracks
- Develop an RFP for a master tenant (2667) that can provide
 - master planning,
 - tax-exempt project and infrastructure financing,
 - installation-support services (2679),
 - and the capacity to execute a City-Base Transaction



Project Overview – Statement of Work

- Task 1 Data Collection/Assessment/Interviews
- Task 2 Analysis of the data collection
- Task 3 Present potential ownership/lease/risk structure for development
- Task 4 Recommend strategies to ensure quality of life at a reasonable cost
- Task 5 Create Strategic Plan Report for short and long-term actions



Participants & Contributors

Navy	City	Stakeholders	State	Federal	Market Participants
<ul style="list-style-type: none"> • CAPT Hewitt • John Lauderbach • Rich Reicher • CDR Gunderson • CDR Sare • Jamee Martocci • Elizabeth Dietzmann • Andrew Porter • Paul Moomaw • Mark Outman • Kim Snyder • Blake Walter • Brett Brown • Scott George • LT Burrell • Bobby Whirley • Bryan Payne • Ken Stein 	<ul style="list-style-type: none"> • Mayor Bobby Dyer • Councilman Aaron Rouse • Councilman Guy Tower • Bob Mathias • Brian Solis • Taylor Adams • Ray White 	<ul style="list-style-type: none"> • Tammie Mullins-Rice • Bryan Stephens • Kit Chope • Steve Romine • Jim Spore • Tom Franz • Craig Quigley 	<ul style="list-style-type: none"> • Bill DeSteph • Barry Knight 	<ul style="list-style-type: none"> • Charlotte Hurd • Janet Lomax • Diane Kaufman 	<ul style="list-style-type: none"> • Justin Ballard • Nicole Campbell • R. Worth Remmick • Bob Thornton • Susan Gaston • Ben Davenport • Craig Cope • Robert Kerr • Rob Sult • Steve Brennan

3.1.1 Task 1 Data Collection/Assessment/Interviews

Participants & Contributors – What We Heard - Navy

"If the Navy flies \$90M planes off \$3B Ships, something's got to give..."	Andy Porter
"We are in breakdown maintenance mode, critical maintenance only"	Mark Outman
"There is a lot of opportunity to consolidate"	Rich Riker
"We would have capacity for 1,911 beds, but can only [house a] quarter - about 800 now"	Bobby Worley
"If the fence moves, all we need is a clear understanding of security jurisdiction"	LT Burrell
"The City may not have a Federal Nexus or be subject to the same level of scrutiny"	Michael Wright
"Relief from MWR could reduce Base Ops Cost by 10%"	Mark Outman
"To make Oceana whole would take more than \$100M for deferred maintenance"	Mark Outman
"Bowling is losing money"	Scott George

Participants & Contributors – What We Heard - Community

"The crumbling infrastructure is a warning bell" "Need a system for reinvestment"	Craig Quigley
"EDA has been working on this for 18 mos. and just need to know how to get started"	Taylor Adams
"We will do whatever Oceana wants"	Barry Knight
"We would be interested in moving two City functions from the beach"	Brian Solis
"The City views this as a once in a lifetime opportunity"	Bob Matthias
"I am open to any option"	Aaron Rouse
"Whatever we can do, we are at the Navy's beckon call"	Bobby Dyer
"Your best buyer is the EDA"	R. Worth Remick
"Our concern is traffic and land uses at Owls Creek" "Communication is critical"	Tammie Mullins-Rice



Findings – Definitions and Critical Roles

- 10 USC 2667: Affords the military service the ability to
 - May lease property for up to 5 years, or 50 years with a 25-year extension with Secretary approval.
 - Accept In-kind services in lieu of cash payments
- 10 USC 2679: Affords the military service the ability to
 - Contract with State and/or Local Government to provide, receive, or share installation-support services for up to 10 years

Note: Navy regulations may limit congressional authority



Findings – Definitions and Critical Roles

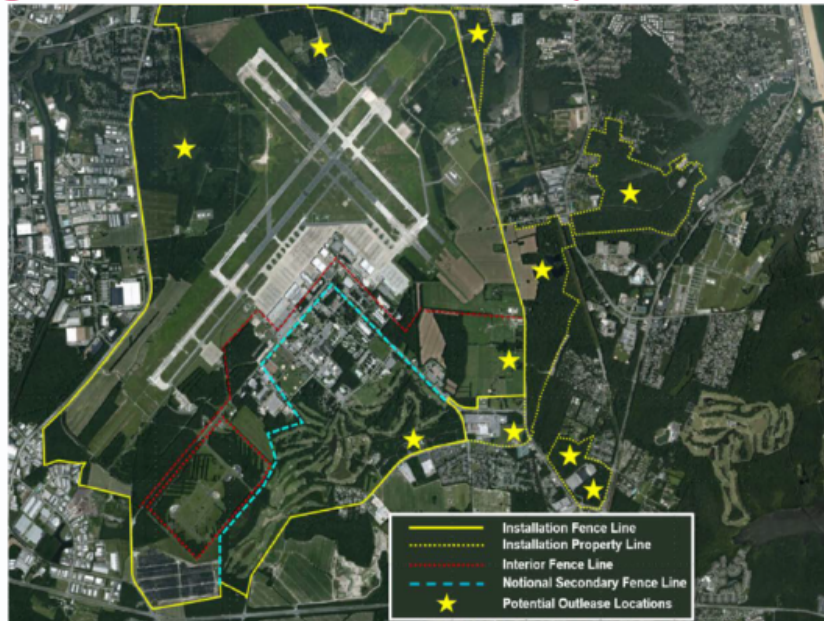
- Typical Lessor (Landlord) Obligations – Building Lease
 - Ensure building is in operable condition
 - Utilities are available to the structure and are in good working order
 - Capital repairs (roof, siding, mechanical, etc.) completed
- Typical Lessor (Landlord) Obligations – Ground Lease
 - None

Note: Understanding the other party's perspective is always critical to success.



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Findings – Parcel Overview and Analysis




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Findings - SWOT Analysis - EUL

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> •Oceana Motivated to Explore Alternatives and Options •Strong Community Support for Oceana •Oceana & City willing to “Run With Scissors” •Infill Location in market with growing commercial demand •Political Support (City, State, Federal) •Stakeholder Support •Market Demand for Land •Strong Leadership 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> •Wetlands Issues •Access (Fence Line) •Legal Restrictions (AICUZ, APZ, Etc.) •No Master Plan or Land Use Vision •Distance from Port, Interstate & Beach •Market Perception (Don’t know how to work with Navy) •Aging Infrastructure
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> •Willing Coalition Partners •Master Lease •Combine 2667 & 2679 •Meet Military Subcontractor Needs For Facilities •Private Capital to Address Barracks Count Shortfall •Modernize Oceana Campus •Swap Golf Courses with City 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> •Internal Navy Resistance •Time •Succession •Continued Base Ops Support Funding Decline


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Findings – Parcel Overview and Analysis

Location	Gross Acres	Net Acres	Building Area*	Likely Use	Success Probability (1-5)	Navy Benefit (1-5)	Rating Scale
West Station	450	57	570,000	Industrial	2.0	2.0	4.0
Skeet Range	70	35	350,000	Industrial/Recreation	2.0	1.5	3.5
Oceana Ag Field	188	27	270,000	Industrial/Flex	3.0	2.0	5.0
Stables	200	45	450,000	Industrial/Automated Manufacturing	3.5	1.5	5.0
Harpers Rd (Ag)	20	10	100,000	Industrial/Retail	3.5	1.5	5.0
Harpers Rd (Housing)	55	20	200,000	Industrial	2.0	2.0	4.0
Commissary (E&W)	54	20	200,000	Industrial	3.0	2.0	5.0
London Bridge Rd Ag	48	40	400,000	Defense Industrial	2.5	2.5	5.0
Golf Course	180	90	900,000	Industrial/Recreation	1.5	2.5	4.0
Total	1,265	344	3,440,000	Optimum Rating	5.0	5.0	10.0

*Estimated
Task 2 Analysis of the data collection
Task 3 Present potential ownership/lease/risk structure for development

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Findings – Parcel Overview and Analysis

What's in it for the Navy?

- Land Rent Ranges from \$1 to \$2 per building SF
- Potential Building SF = +/-3,440,000*
- Possible total ground rent \$3,440,000 to \$6,880,000 Per Year
- Time to achieve = 10 to 20 years, if executing with a master plan

Recommendations:

- Develop an implementable master plan
- Establish participating leases, so proceeds grow with demand
- Effectively a silent/limited partner in development

*Estimated

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Recommendations – Action Plans

- Develop a 5-year EUL RFP with the following requirements for respondents
 - provide a master plan,
 - tax-exempt project and infrastructure financing,
 - installation-support services,
 - and the capacity to execute a City-Base Transaction
- Develop a list of performance factors for Lessee in-kind services.

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Recommendations – Structure for Success

- Dedicate resources supporting the task of assembling the data necessary for an RFP
- Establish goals (revenue generation vs. cost avoidance) to assess EUL decisions
- Appoint a single POC to negotiate EUL's
- Other recommendations (see report)...

Recommendations – Non-Linear Considerations “Running with Scissors”


- Transfer & Leaseback the entire installation “City-Base”
- Use 10 USC 2679 to compensate City for municipal services with Land, not cash
- Balance quality of life against MWR Drain on BOS Budget
- Consider privatizing barracks construction and renovation

Task 4 Recommend strategies to ensure quality of life at a reasonable cost

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Non-Linear Considerations - SWOT Analysis – City-Base


<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none">•Oceana Motivated to Explore Alternatives and Options•Strong Community Support for Oceana•Oceana & City willing to “Run With Scissors”•Infill Location in market with growing commercial demand•Political Support (City, State, Federal)•Stakeholder and Market Support•Strong Leadership	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none">•Authority Needed (study Efficient Facilities Initiative)•Wetlands Issues•Distance from Port, Interstate & Beach•Legal Restrictions (AICUZ, APZ, Etc.)
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none">•2667 & City-Base are not Mutually Exclusive•Meet Military Contractor Needs For Facilities•Reduce Total BOS Costs•Reduced Dependence on MILCON•Modernize Oceana Campus•Establish another model for the rest of the Navy	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none">•Internal Navy Resistance•Time•Succession

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Non-Linear Considerations – Critical Elements– City-Base

- Study Precedent (Brooks City-Base Case Study)
- Reach out to institutional knowledge (Mark Frye, Others...)
- Build political coalition
- Develop a plan to manage resistance
- Solicit Navy & Congressional approval
- Develop MOU dedicated to closing the transaction
- Build a small team to work through transaction milestones
- Communicate weekly with coalition and stakeholders
- Develop implementation plan before closing transaction

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Non-Linear Considerations - SWOT Analysis – MWR

Strengths

- MWR elements important to service members and retirees
- Proximate to work
- Children's programs directly support active duty families
- Fitness center is requirement

Weaknesses

- Drain on BOS resources
- Many facilities in poor condition
- Low usage rates by servicemembers
- Modern options compete for customers nearby
- Few servicemembers want to live or recreate on base

Opportunities

- Leverage purchasing power to secure discounts for non-critical MWR services (Movies, Bowling, Golf, Etc.)
- Consolidate MWR non-mission critical services at Dam Neck or Region
- Identify marginal or interim uses (skeet range, racket ball, etc.) and develop a sunset plan
- Outsource Hemorrhaging and Marginal MWR Operations

Threats

- The pace of change in MWR preferences is robust, rapid, and expensive to match
- Increased public scrutiny tied to children's activities
- Changing recreational preferences
- Competition on all MWR fronts is growing at a rapid pace

Task 4 Recommend strategies to ensure quality of life at a reasonable cost



Non-Linear Considerations – Case Study – Golf

	AD	DEP	RET	CIV	Total
Rounds Played	7,636	850	17,454	2,544	28,484
Labor*	-\$889,250	-\$889,250	-\$889,250	-\$889,250	-\$889,250
Utilities	-\$45,770	-\$45,770	-\$45,770	-\$45,770	-\$45,770
Contracts	-\$2,637	-\$2,637	-\$2,637	-\$2,637	-\$2,637
Supplies**	-\$159,346	-\$159,346	-\$159,346	-\$159,346	-\$159,346
Depreciation	-\$70,760	-\$70,760	-\$70,760	-\$70,760	-\$70,760
Total	-\$1,167,763	-\$1,167,763	-\$1,167,763	-\$1,167,763	-\$1,167,763
Allocated Cost Per Round	-\$153	-\$1,374	-\$67	-\$459	-\$41

* Industry Standard for Golf Course Labor is 40%

**Variable Cost



Non-Linear Considerations – Case Study – Bowling

Total games bowled	112,649
Salaries*	-\$334,934
Utilities	-\$54,690
Contracts	-\$15,503
Supplies**	-\$21,229
Total	-\$426,356
Allocated Cost Per Game	-\$3.78
P&L	-\$16,735
P&L Per Game	-\$0.15

* MWR Labor is 79% of Cost
**Variable Cost

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Non-Linear Considerations – Critical Elements – MWR

- Develop a feasibility test for MWR against outsourcing, consolidation or elimination
- Develop a plan to ensure MWR is financially self sustaining
- Consider investing in advertising to increase participation & revenue (Radio, TV, Billboards, etc.)
- EUL and/or City Base afford options to access industry efficiencies

Task 4 Recommend strategies to ensure quality of life at a reasonable cost

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Non-Linear Considerations – Case Study – Barracks

- The Navy is Planning to Renovate Barracks
 - 132 Rooms @ \$33M = \$250,000/Room
 - 168 Rooms @ \$46M = \$273,000/Room
- Private Sector Costs would generate a higher yield and/or quality.
- For reference purposes, we offer the following comparison...

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Recent USAA Real Estate Multi-family Development Project²⁴



Similar cost per bedroom when adjusted for location and land cost but includes a full kitchen and living room for every 1.5 bedrooms (avg.) to Bldg 530 MILCON Renovation @ \$265K/bedroom

<https://catherinesantamonica.com/>

RS

Conclusion

- The CRE Consulting Corps believes the Future Base Design (FBD) initiative has merit and should advance
- This will require a coalition of participants and should be viewed as campaign verses a battle
 - A critical participant will be the City of Virginia Beach
- Explore creative solutions for MWR Challenges and Barracks
- Develop an RFP for a master tenant (2667) that can provide
 - master planning,
 - tax-exempt project and infrastructure financing,
 - installation-support services (2679),
 - and the capacity to execute a City-Base Transaction

Task 5 Create Strategic Plan Report for short and long-term actions



Questions?



Addendum

Findings – Definitions and Critical Roles

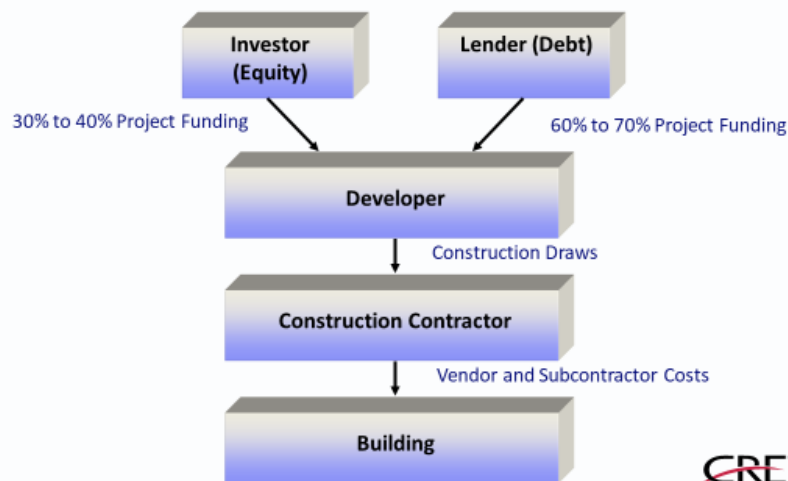
- Lessor: One who holds property title and conveys the right to use and occupy the property under a lease agreement.
- Lessee: One who has the right to use or occupy a property under a lease agreement (aka Leaseholder).
- Tenant: One who holds or possesses real property; commonly a person who occupies and uses the property of another under a lease (the business that occupies the land or building).

Findings – Definitions and Critical Roles

- Highest and Best Use: An analysis to determine the use of vacant land and/or buildings that result in the highest return and/or value.
- Equity: Equity investors assume the greatest risk and their earnings are subordinate to operating expenses (aka, BOS) and debt service (aka, mortgage).
- Lender: Any individual or institution that extends funds at interest; any institution that invests funds in mortgages.

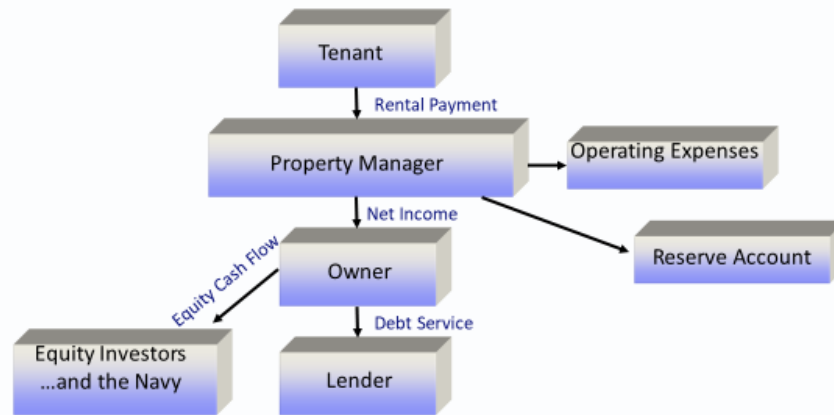
Findings – Definitions and Critical Roles

The figure below demonstrates a typical funding flow for new development



Findings – Definitions and Critical Roles

The figure below demonstrates the typical flow of funding for **building rentals**.

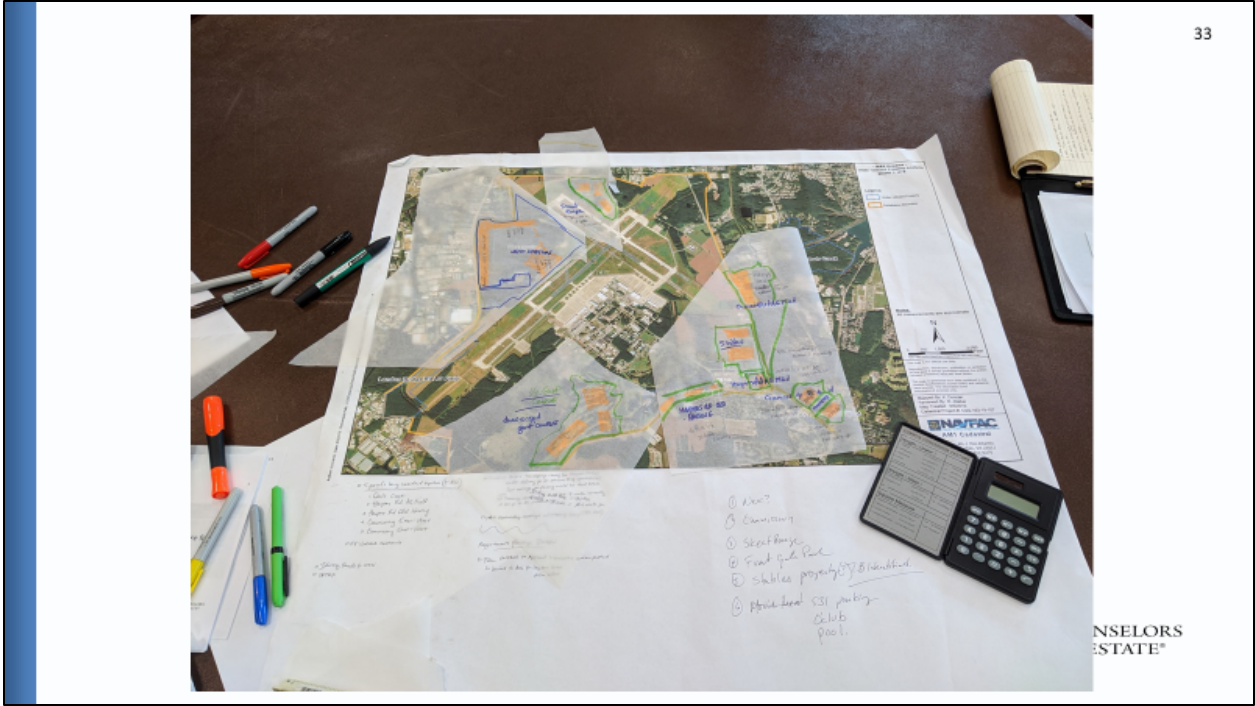


Findings – Definitions and Critical Roles

- Typical Lessee (Tenant) Obligations – Building Lease
 - Maintenance of the premises' interior
 - Any additional conditions called for in the Lease agreement or amendments
- Typical Lessee (Tenant) Obligations – Ground Lease
 - All the responsibilities of outright ownership without a recorded title
 - Any additional conditions called for in the lease agreement or amendments

Note: The greater the obligations on the tenant, the less in rent the market is willing to pay.





Appendix VI – The Counselors of Real Estate and CRE® Consulting Corps

The Counselors of Real Estate® is an international organization of commercial property professionals from leading real estate, financial, law, valuation, and business advisory firms, as well as real property experts in academia and government. Provision of superior property advisory services requires knowledge of all aspects of real estate and focuses on big-picture thinking. Membership is highly selective and extended by invitation.

Among thousands of assignments, Counselors have resolved the dispute between the developer of the World Trade Center and its insurers post September 11, led the privatization of U.S. Army Housing, developed a multi-billion-dollar, 10-year master plan for Philadelphia Public Schools, and valued both the Grand Canyon and Yale University. Counselors reside in 20 countries and U. S. territories, with only 1,000 professionals holding the CRE® credential worldwide.

CRE Members:

- Recognized records of accomplishment
- Commitment to excellence
- Uncompromising adherence to high standards of professional conduct
- Visionary, yet practical approaches, to real estate issues

The CRE® Consulting Corps, a public service program created and managed by The Counselors of Real Estate, provides real estate analysis and action plans for municipalities, not-for-profit organizations, educational institutions, and

government agencies that address their clients' real estate dilemmas and often enhance the performance of a property or a portfolio. Each Consulting Corps project is conducted by a small group of volunteer members selected for experience and skillsets to address the client needs. The extensive talent base available among the Counselors ensures that teams can provide expertise on virtually any real estate issue.

CRE Consulting Corps

- Reliable solutions from experienced professionals
- Non-partisan, objective advice
- Exceptional service for fees that are a fraction of current market value
- Advice and recommendations provided quickly on site

Finding the Right CRE

The Counselors of Real Estate not only welcomes but also encourages the Navy to engage Counselors for future real estate advice and service. Please contact CRE® staff members for assistance in identifying Counselors with the right skill sets to address your needs.

How to Find a Counselor of Real Estate

- Contact CRE® staff Samantha DeKoven (312-329-8431; email sdekoven@cre.org)
- Contact any member of NAS Oceana Consulting Corps team
- Search the CRE® website (www.cre.org) to view member profiles

Appendix VII – NAS Oceana CRE® Consulting Corps Team



Jerry W. Turner, Jr., CRE®

Team Leader

Principal, T4 Solutions LLC & T4 Housing
Interests Management LLC

jturner@t4him.com

Jerry Turner, CRE®, specializes in real estate and financial services, including transaction assistance, mediation assistance, financial analysis, preparation of expert testimony regarding real estate and financial disputes, operations review and analysis, contract examination, and valuation analysis. His clients include financial institutions, domestic and international governmental entities, law firms, and public and private businesses. He has been contracted by the Undersecretary of the Army to examine the Planning Programming Budget and Execution System. He participates in the Association of Defense Communities, National Council of Real Estate Investment Fiduciaries, the Commercial Investment Real Estate Institute, the Texas Municipal League, Pension Real Estate Association, and The Institute of Property Taxation. He is a member of the Royal Institute of Chartered Surveyors (Fellow - Emeritus), a licensed Real Estate Broker (Texas), and a Member of the Appraisal Institute (MAI). Jerry served on

the valuation subcommittee of NCREIF and the Ethics and Counseling Panel for the Appraisal Institute. Jerry has been a guest lecturer at the University of Houston's Bauer School of Business and the Association of Defense Communities.

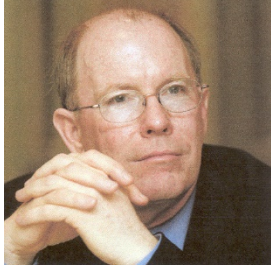


Kirklan W. King, CRE®

Senior Director, Development, USAA Real Estate
Company

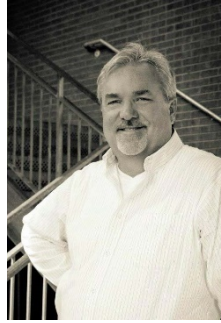
Kirk.King@usrealco.com

Kirklan King, CRE®, holds many designations and certifications including LEED Accredited Professional for the U.S. Green Building Council, CCIM, MAI, EDFP, and is a retired U.S. Army Reserve Officer. In his current position on a 7-person team, Kirk is responsible for USAA's industrial development projects as investments for the Company's private REITs, funds and for the Company's internal balance sheet. He also works on the execution of build-to-suit and speculative industrial projects and administration of Industrial Revenue Bond financing and coordinating loan financing for projects when 3rd party debt is utilized. He became a 2009 Superstar – a company award given to only two employees. When Kirk is not leading the charge in his professional life, he enjoys running marathons. He has completed five, including the Boston and New York Marathons.



William Norton, CRE®
President, Principal
Norton Asset Management, Inc.
wbn@nortonnewengland.com

For 30 years, Bill Norton, CRE®, has been the President and Principal of Norton Asset Management, Inc. He holds many real estate licenses and designations and is a part of a wide variety of associations. Before his highly successful career in the real estate industry, Bill served as a Project Manager in the U.S. Army Corps of Engineers. He was an Interim Instructor at the Engineer School in Fort Belvoir, VA. Impressively, he received a bachelor's degree from Harvard University and continued on to receive both an MA and MBA from the University of South Carolina, Charlotte and Southern New Hampshire University, respectively.



H.E. Edward "Skip" Preble, Jr., CRE®
Managing Member, Land Analytics, LLC
skip@landanalytics.com

Skip Preble, Jr., CRE®, boasts a long and successful career in the real estate industry, forming his own company, Land Analytics, LLC – a real estate economics firm in 2000. The firm focuses on feasibility analysis and training for privately-owned homebuilders and developers. His clients are spread throughout the country. He provides consulting and training for developers, homebuilders, equity funds and lenders to analyze land, home and mixed-use projects. He has an advanced degree in Land Economics and Real Estate from Texas A&M University where he also served as a research assistant for the Texas Real Estate Research Center. Skip has several accreditations including that of CRE, CCM, MAI and others. When Skip is not working on his many professional endeavors, he serves on the Editorial Board of *Land Development Today* Magazine. Skip is a well-known name in the state of Texas, serving on several community boards and commissions in his free time.



Reid Wilson, Esq., CRE®
Chairman, Wilson Cribbs + Goren
rwilson@wcglaw.net

Reid Wilson, CRE®, is recognized as southeast Texas's preeminent land use attorney, a Fellow of the American College of Real Estate Lawyers (ACREL) and one of few practicing real estate

attorneys holding the Counselors of Real Estate (CRE) designation. Board-certified in commercial real estate and homeowner's association law, he brings to his practice his relationships and reputation with governmental lawyers and officials throughout southeast Texas. As Chairman of Wilson Cribbs + Goren, Reid led the firm to become one of the go-to real estate boutiques in Texas. Reid is currently Chair of the Real Estate, Probate and Trust Law (REPTL) Section of the State Bar of Texas, the second-oldest and largest section of the State Bar of Texas, with more than 9,200 members. *Texas Lawyer* magazine selected him to receive its Lifetime Achievement Award, which recognizes lawyers who have made their mark on the state's legal profession.

Appendix VIII - Resources

CoStar. Capital One. 7/8/2020.

CoStar. USAA. 7/1/2020.

Esri and Infogroup. Esri 2019 Updated Demographics. Retrieved June 24, 2020.

Esri Forecasts. Retrieved June 24, 2020.

Old Dominion University 2020 Hampton Roads Real Estate Market Review and Forecast
<https://odu.edu/business/center/evwilliams-center>

Old Dominion University 2019 Hampton Roads Real Estate Market Review and Forecast

City of Virginia Beach Comprehensive Plan – It's Our Future: A Choice City: November 20, 2018.

EFI Legislation: Public Law 106–246. July 13, 2000. 114 STAT. 511.

“Intergovernmental Support Agreement” is authorized by 10 USC 2679.

Enhanced Use Lease is authorized by 10 USC 2667

Public Law 106–246, 114 STAT. 520), titled “Brooks Air Force Base Development Demonstration Project” and described as the “Base Efficiency Project” in the authorization. (FY00 Defense Appropriations Bill, 24 Oct 99, Section 8158 gave Secretary of the Air Force authority to carry out a demonstration project at Brooks Air Force Base. It was authorized in the July 13, 2000 defense installation budget.)

Outleasing and Enhanced Use Leases. Congressional Research Service. September 13, 2019. <https://fas.org/sgp/crs/natsec/IF11309.pdf>.

(Informative article summarizing EULs and their use)

DOD INSTALLATION SERVICES: Use of Intergovernmental Support Agreements Has Had Benefits, but Additional Information Would Inform Expansion. GAO-19-4: Published: Oct 23, 2018. Publicly Released: Oct 23, 2018.
<https://www.gao.gov/products/GAO-19-4>

DEFENSE INFRASTRUCTURE: The Enhanced Use Lease Program Requires Management Attention. GAO-11-574: Published: Jun 30, 2011. Publicly Released: Jun 30, 2011.

<https://www.gao.gov/products/GAO-11-574>.

(GAO review of EUL use by the Armed Forces)

Air Force Enhanced Use Lease (EUL) Playbook.

Air Force Civil Engineer. Real Estate Development Division. Aug 29, 2016.

<https://www.afcec.af.mil/Portals/17/documents/EUL/AF%20EUL%20Playbook%20-%202020160829.pdf?ver=2016-10-06-110839-517>

(Air Force EUL Playbook with a detailed process chart and example EUL form)

NAVFAC Enhanced Use Leasing (EUL) Program
https://www.navfac.navy.mil/products_and_services/am/products_and_services/enhanced_use.html
1 (NAVFAC overview of EULs.)

Office of Economic Adjustment www.oea.org
(OEA is a likely funding source)

Non-Binding Agreement between United States Air Force and City of San Antonio for a Proposed

City-Base Project at Brooks Air Force Base, Texas
(12/6/2000)

Grand Forks AFB (Drone Research Park) – Master
EUL. (Lease No. USAF-AMC-JFSD-15-2-0173.)
[https://www.airforcemag.com/article/grand-forks-
experiment-aims-to-avoid-north-dakota-base-
cuts/](https://www.airforcemag.com/article/grand-forks-experiment-aims-to-avoid-north-dakota-base-cuts/)

San Diego Naval Station EUL (Contract No. S-20-
RP-00108 Naval Base San Diego N00245).

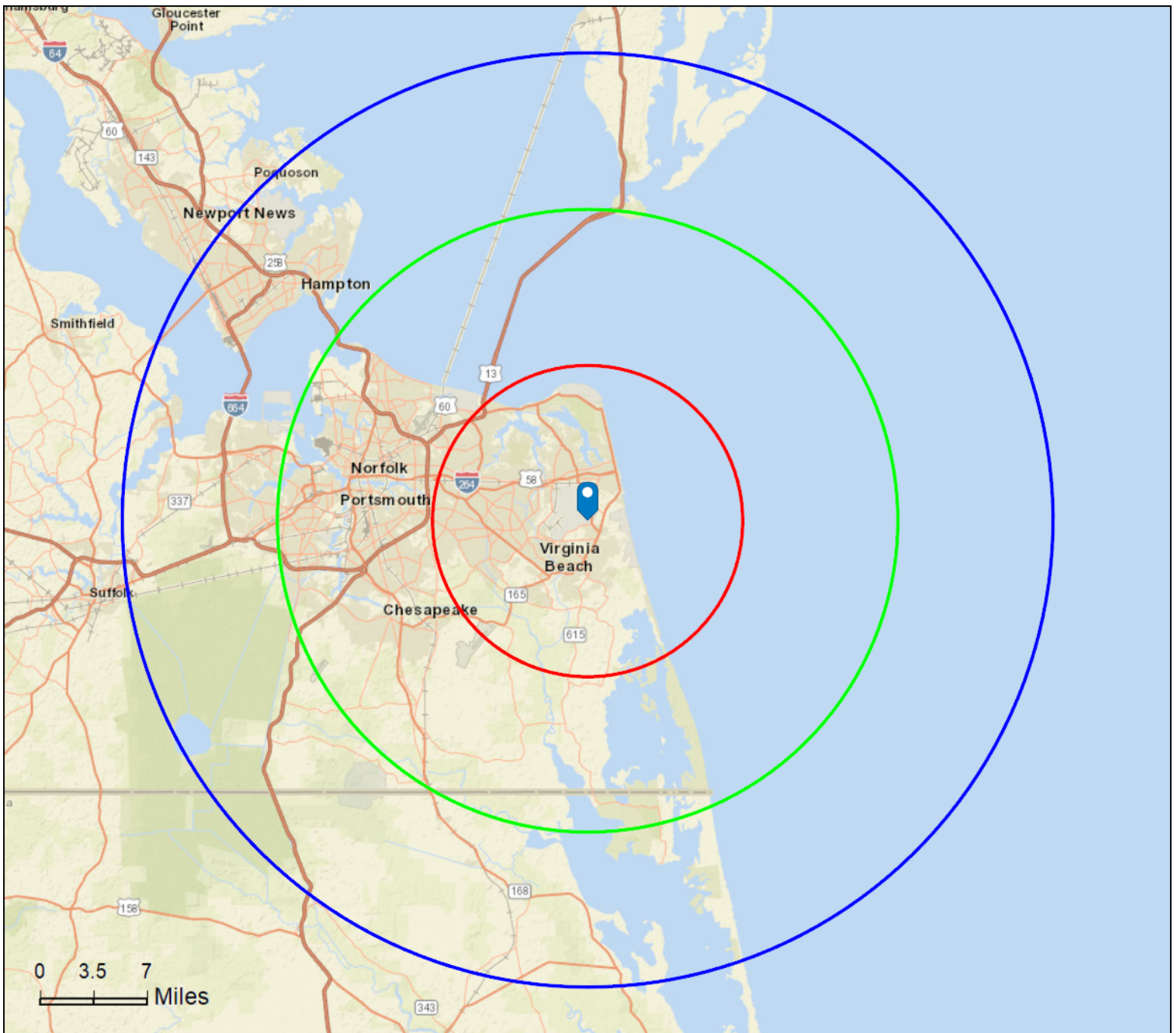
Compatible Uses in APZ-1
[https://www.vbgov.com/government/departments/
planning/areaplans/Documents/Oceana/APZ1-
CompUses-NAICS-Final.pdf](https://www.vbgov.com/government/departments/planning/areaplans/Documents/Oceana/APZ1-CompUses-NAICS-Final.pdf).

JLUS/AICUZ Planning Map

[https://www.vbgov.com/government/departments/
planning/areaplans/Documents/Oceana/JLUSAI-
CUZPlanningMap.pdf](https://www.vbgov.com/government/departments/planning/areaplans/Documents/Oceana/JLUSAI-CUZPlanningMap.pdf) (Map showing noise zones
and APZs)

City of Virginia Beach - Economic Development
Authority (EDA)

[https://www.yesvirginiabeach.com/about-
us/Pages/development-authority.aspx](https://www.yesvirginiabeach.com/about-us/Pages/development-authority.aspx)
(Appropriate EUL Master parties)



This site is located in:

City: Virginia Beach
County: Virginia Beach city
State: Virginia
ZIP Code: 23460
Census Tract: 51810045000
Census Block Group: 518100450001
CBSA: Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area



Executive Summary

Tomcat Blvd, Virginia Beach, Virginia, 23460
Rings: 10, 20, 30 mile radii

Prepared by Esri
Latitude: 36.80275
Longitude: -76.00958

	10 miles	20 miles	30 miles
Population			
2000 Population	371,252	889,622	1,185,813
2010 Population	383,337	924,978	1,233,071
2019 Population	397,662	953,488	1,294,702
2024 Population	405,966	978,269	1,325,186
2000-2010 Annual Rate	0.32%	0.39%	0.39%
2010-2019 Annual Rate	0.40%	0.33%	0.53%
2019-2024 Annual Rate	0.41%	0.51%	0.47%
2019 Male Population	49.1%	49.1%	49.4%
2019 Female Population	50.9%	50.9%	50.6%
2019 Median Age	37.3	36.2	36.1

In the identified area, the current year population is 1,294,702. In 2010, the Census count in the area was 1,233,071. The rate of change since 2010 was 0.53% annually. The five-year projection for the population in the area is 1,325,186 representing a change of 0.47% annually from 2019 to 2024. Currently, the population is 49.4% male and 50.6% female.

Median Age

The median age in this area is 37.3, compared to U.S. median age of 38.5.

Race and Ethnicity

2019 White Alone	66.3%	57.1%	54.6%
2019 Black Alone	18.1%	30.0%	33.7%
2019 American Indian/Alaska Native Alone	0.4%	0.4%	0.4%
2019 Asian Alone	7.5%	5.3%	4.5%
2019 Pacific Islander Alone	0.2%	0.1%	0.1%
2019 Other Race	2.5%	2.4%	2.2%
2019 Two or More Races	5.0%	4.6%	4.5%
2019 Hispanic Origin (Any Race)	8.7%	8.0%	7.5%

Persons of Hispanic origin represent 7.5% of the population in the identified area compared to 18.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 64.4 in the identified area, compared to 64.8 for the U.S. as a whole.

Households

2019 Wealth Index	121	100	95
2000 Households	135,392	323,000	432,884
2010 Households	145,374	341,029	460,050
2019 Total Households	150,505	357,944	480,963
2024 Total Households	153,598	367,009	491,775
2000-2010 Annual Rate	0.71%	0.54%	0.61%
2010-2019 Annual Rate	0.38%	0.52%	0.48%
2019-2024 Annual Rate	0.41%	0.50%	0.45%
2019 Average Household Size	2.60	2.58	2.57

The household count in this area has changed from 460,050 in 2010 to 480,963 in the current year, a change of 0.48% annually. The five-year projection of households is 491,775, a change of 0.45% annually from the current year total. Average household size is currently 2.57, compared to 2.56 in the year 2010. The number of families in the current year is 321,559 in the specified area.

Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024. Esri converted Census 2000 data into 2010 geography.



Executive Summary

Tomcat Blvd, Virginia Beach, Virginia, 23460
Rings: 10, 20, 30 mile radii

Prepared by Esri
Latitude: 36.80275
Longitude: -76.00958

	10 miles	20 miles	30 miles
Mortgage Income			
2019 Percent of Income for Mortgage	19.1%	20.0%	19.8%
Median Household Income			
2019 Median Household Income	\$76,721	\$66,864	\$64,956
2024 Median Household Income	\$83,256	\$75,413	\$73,272
2019-2024 Annual Rate	1.65%	2.44%	2.44%
Average Household Income			
2019 Average Household Income	\$100,176	\$88,525	\$85,761
2024 Average Household Income	\$111,802	\$99,507	\$96,469
2019-2024 Annual Rate	2.22%	2.37%	2.38%
Per Capita Income			
2019 Per Capita Income	\$38,057	\$33,473	\$32,438
2024 Per Capita Income	\$42,441	\$37,562	\$36,386
2019-2024 Annual Rate	2.20%	2.33%	2.32%

Households by Income

Current median household income is \$64,956 in the area, compared to \$60,548 for all U.S. households. Median household income is projected to be \$73,272 in five years, compared to \$69,180 for all U.S. households

Current average household income is \$85,761 in this area, compared to \$87,398 for all U.S. households. Average household income is projected to be \$96,469 in five years, compared to \$99,638 for all U.S. households

Current per capita income is \$32,438 in the area, compared to the U.S. per capita income of \$33,028. The per capita income is projected to be \$36,386 in five years, compared to \$36,530 for all U.S. households

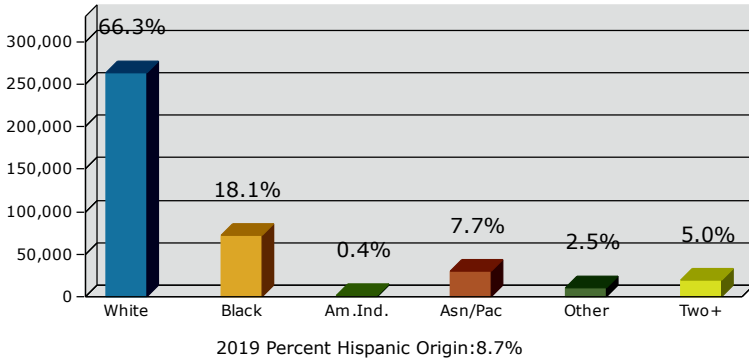
Housing			
2019 Housing Affordability Index	125	117	118
2000 Total Housing Units	142,514	344,264	461,660
2000 Owner Occupied Housing Units	90,298	196,712	265,716
2000 Renter Occupied Housing Units	45,093	126,288	167,168
2000 Vacant Housing Units	7,123	21,264	28,776
2010 Total Housing Units	156,751	368,251	497,049
2010 Owner Occupied Housing Units	96,272	207,163	282,618
2010 Renter Occupied Housing Units	49,102	133,866	177,432
2010 Vacant Housing Units	11,377	27,222	36,999
2019 Total Housing Units	162,865	387,836	522,535
2019 Owner Occupied Housing Units	97,541	211,293	284,182
2019 Renter Occupied Housing Units	52,964	146,651	196,781
2019 Vacant Housing Units	12,360	29,892	41,572
2024 Total Housing Units	166,540	397,982	536,129
2024 Owner Occupied Housing Units	100,896	220,742	296,437
2024 Renter Occupied Housing Units	52,702	146,267	195,338
2024 Vacant Housing Units	12,942	30,973	44,354

Currently, 54.4% of the 522,535 housing units in the area are owner occupied; 37.7%, renter occupied; and 8.0% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.4% are renter occupied; and 11.2% are vacant. In 2010, there were 497,049 housing units in the area - 56.9% owner occupied, 35.7% renter occupied, and 7.4% vacant. The annual rate of change in housing units since 2010 is 2.25%. Median home value in the area is \$262,478, compared to a median home value of \$234,154 for the U.S. In five years, median value is projected to change by 1.33% annually to \$280,367.

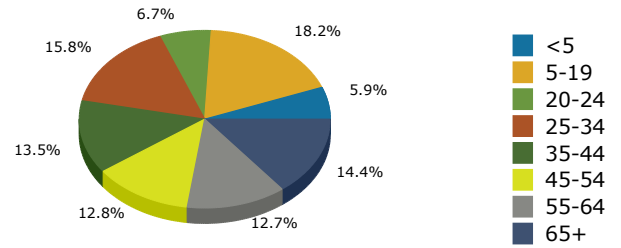
Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024. Esri converted Census 2000 data into 2010 geography.

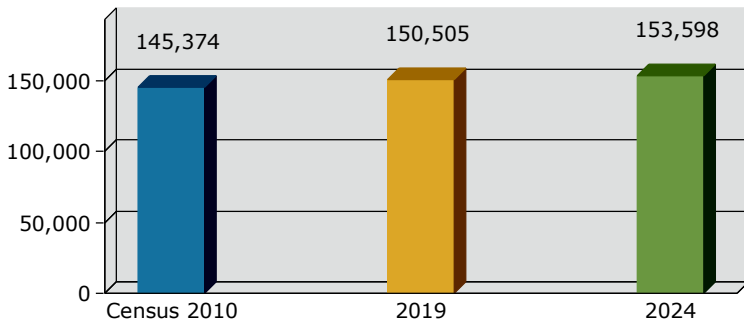
2019 Population by Race



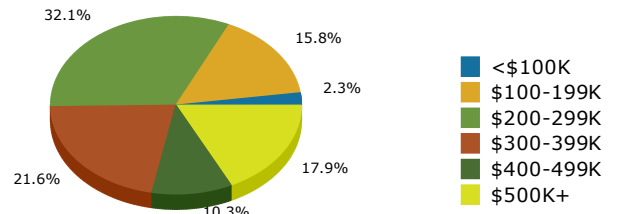
2019 Population by Age



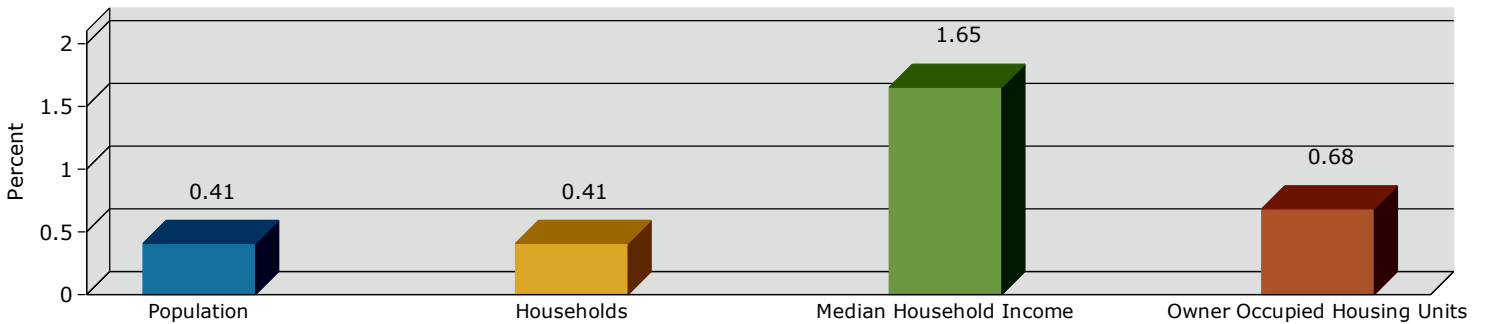
Households



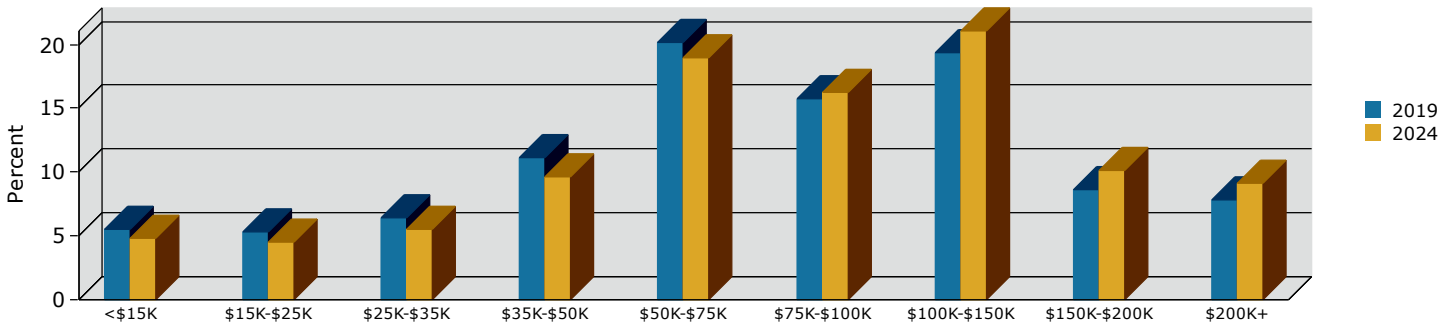
2019 Home Value



2019-2024 Annual Growth Rate

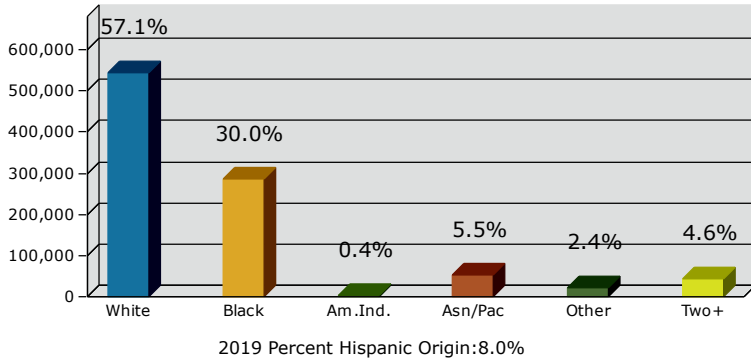


Household Income

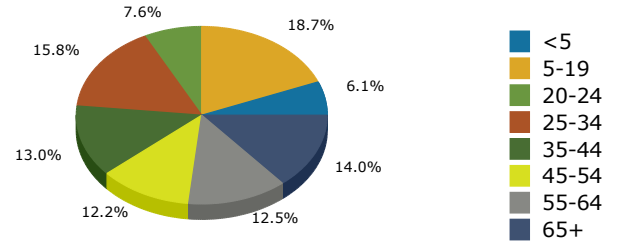


Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.

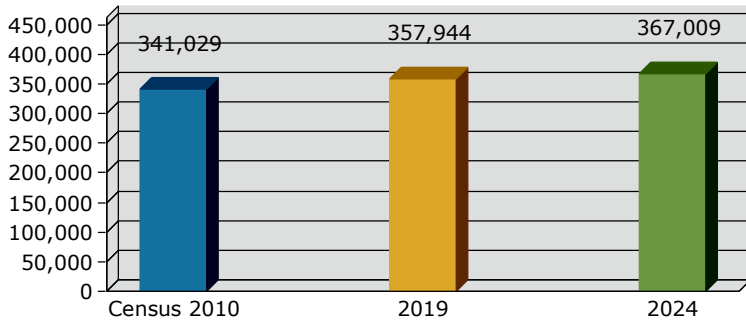
2019 Population by Race



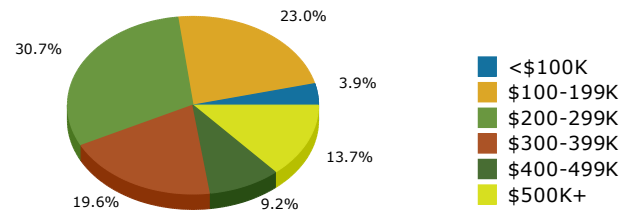
2019 Population by Age



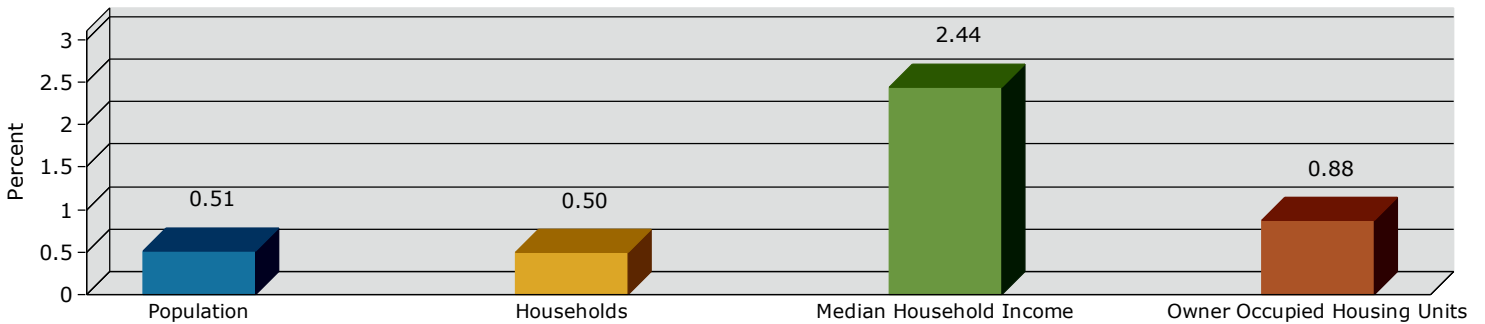
Households



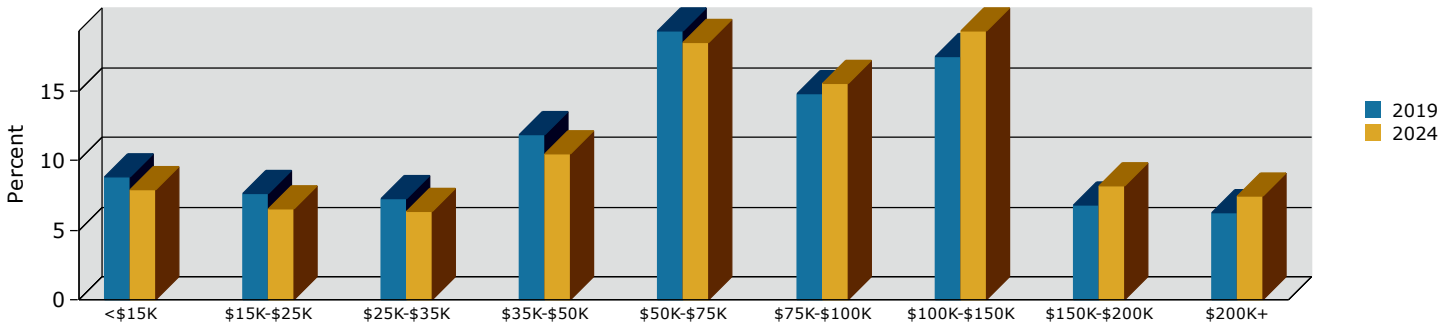
2019 Home Value



2019-2024 Annual Growth Rate

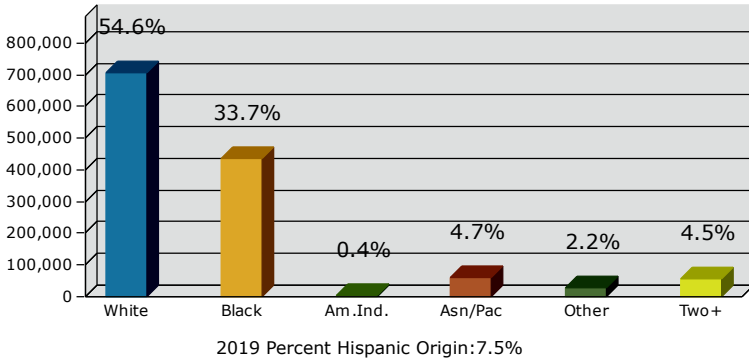


Household Income

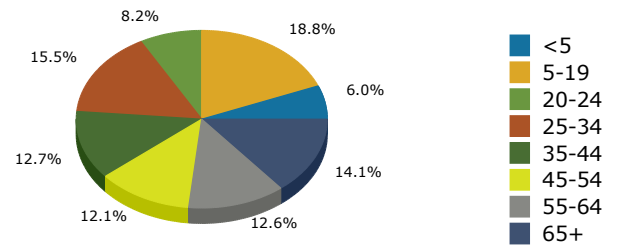


Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.

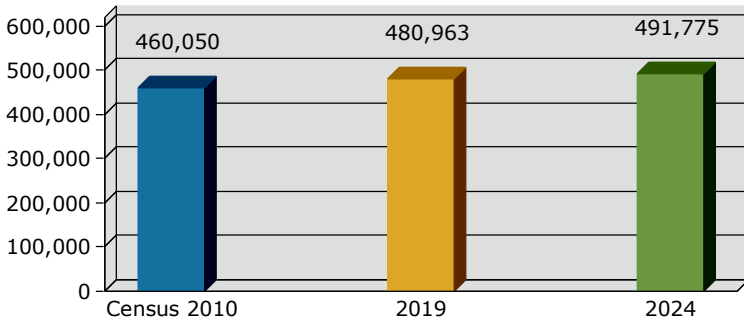
2019 Population by Race



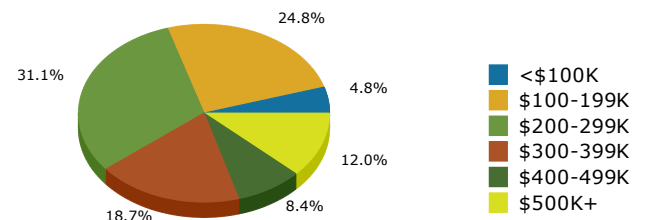
2019 Population by Age



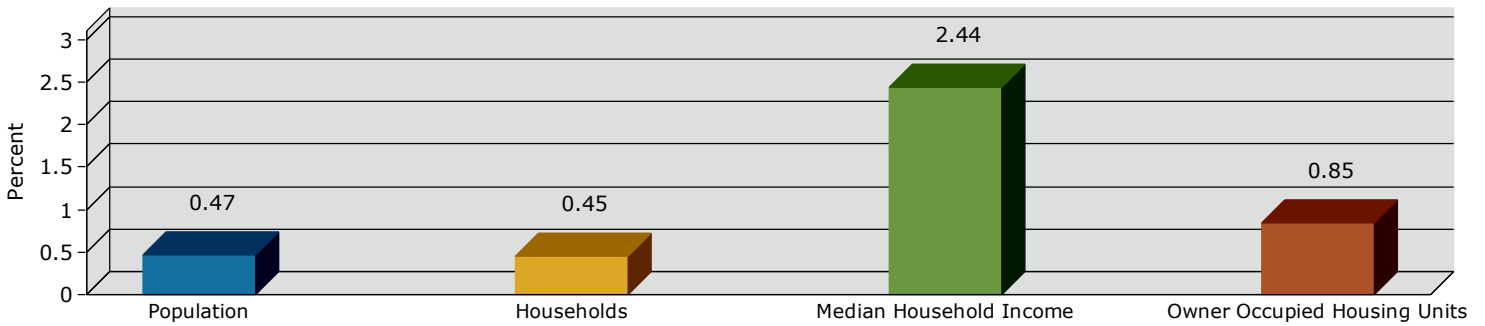
Households



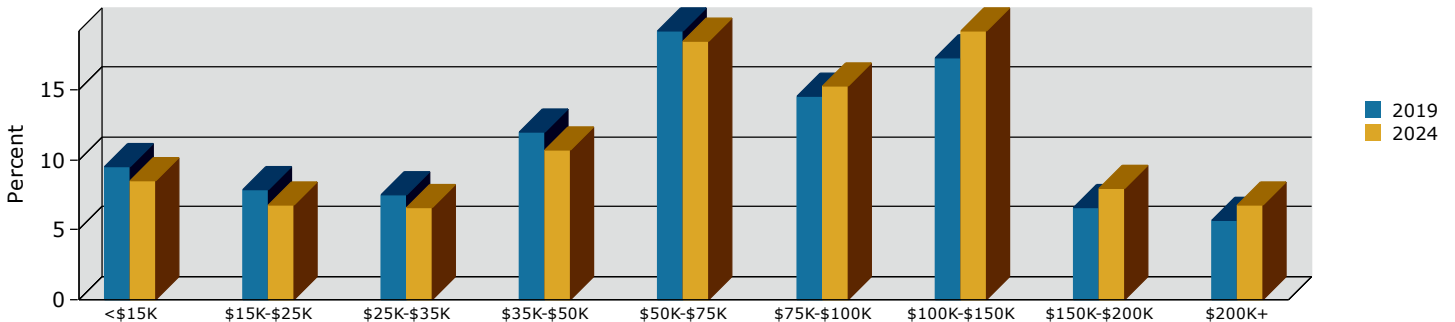
2019 Home Value



2019-2024 Annual Growth Rate



Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.



Demographic and Income Profile

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Summary	Census 2010	2019	2024
Population	383,337	397,662	405,966
Households	145,374	150,505	153,598
Families	100,559	103,188	104,917
Average Household Size	2.60	2.60	2.61
Owner Occupied Housing Units	96,272	97,541	100,896
Renter Occupied Housing Units	49,102	52,964	52,702
Median Age	35.4	37.3	38.4
Trends: 2019 - 2024 Annual Rate	Area	State	National
Population	0.41%	0.80%	0.77%
Households	0.41%	0.74%	0.75%
Families	0.33%	0.69%	0.68%
Owner HHs	0.68%	0.99%	0.92%
Median Household Income	1.65%	2.09%	2.70%

Households by Income	2019		2024	
	Number	Percent	Number	Percent
<\$15,000	8,314	5.5%	7,462	4.9%
\$15,000 - \$24,999	8,043	5.3%	6,885	4.5%
\$25,000 - \$34,999	9,698	6.4%	8,483	5.5%
\$35,000 - \$49,999	16,720	11.1%	14,832	9.7%
\$50,000 - \$74,999	30,282	20.1%	29,108	19.0%
\$75,000 - \$99,999	23,665	15.7%	24,909	16.2%
\$100,000 - \$149,999	29,111	19.3%	32,341	21.1%
\$150,000 - \$199,999	12,912	8.6%	15,546	10.1%
\$200,000+	11,760	7.8%	14,031	9.1%
Median Household Income	\$76,721		\$83,256	
Average Household Income	\$100,176		\$111,802	
Per Capita Income	\$38,057		\$42,441	

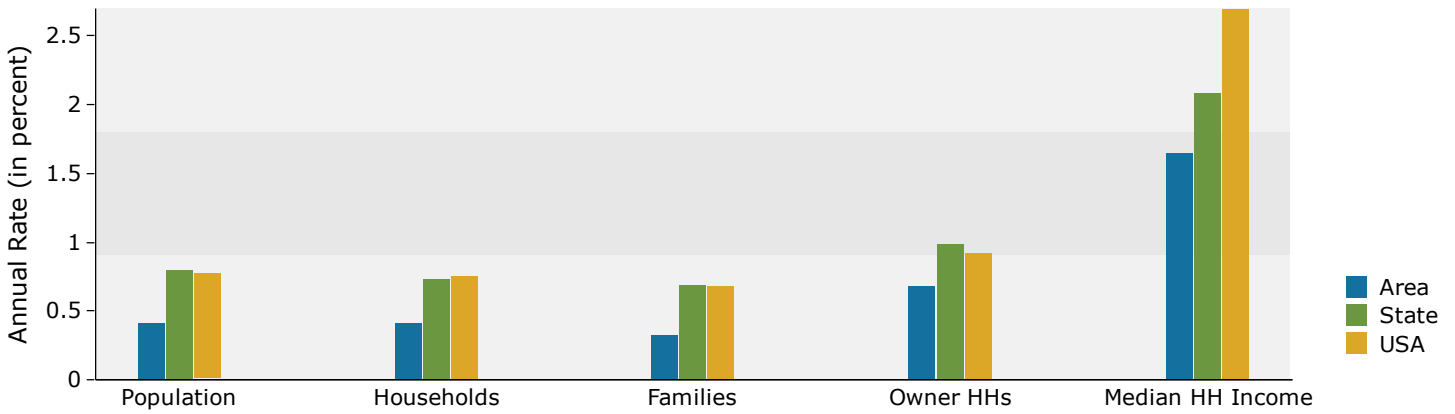
Population by Age	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	25,269	6.6%	23,585	5.9%	24,128	5.9%
5 - 9	24,975	6.5%	24,144	6.1%	23,681	5.8%
10 - 14	25,740	6.7%	24,674	6.2%	24,174	6.0%
15 - 19	26,309	6.9%	23,389	5.9%	23,480	5.8%
20 - 24	29,063	7.6%	26,648	6.7%	25,738	6.3%
25 - 34	58,208	15.2%	62,933	15.8%	60,836	15.0%
35 - 44	52,702	13.7%	53,692	13.5%	58,873	14.5%
45 - 54	57,889	15.1%	50,869	12.8%	48,681	12.0%
55 - 64	42,193	11.0%	50,569	12.7%	49,624	12.2%
65 - 74	22,987	6.0%	33,931	8.5%	38,402	9.5%
75 - 84	13,075	3.4%	16,539	4.2%	20,910	5.2%
85+	4,928	1.3%	6,689	1.7%	7,437	1.8%

Race and Ethnicity	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
White Alone	265,016	69.1%	263,786	66.3%	262,270	64.6%
Black Alone	69,662	18.2%	72,163	18.1%	73,482	18.1%
American Indian Alone	1,426	0.4%	1,493	0.4%	1,547	0.4%
Asian Alone	23,752	6.2%	29,862	7.5%	33,595	8.3%
Pacific Islander Alone	570	0.1%	645	0.2%	711	0.2%
Some Other Race Alone	7,437	1.9%	9,962	2.5%	11,621	2.9%
Two or More Races	15,474	4.0%	19,751	5.0%	22,740	5.6%
Hispanic Origin (Any Race)	25,222	6.6%	34,652	8.7%	41,481	10.2%

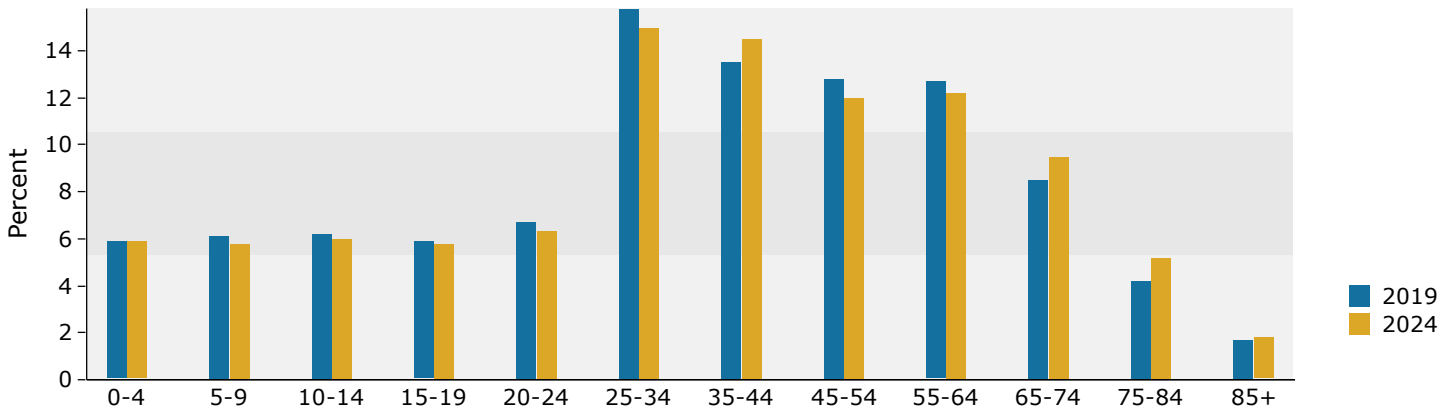
Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.

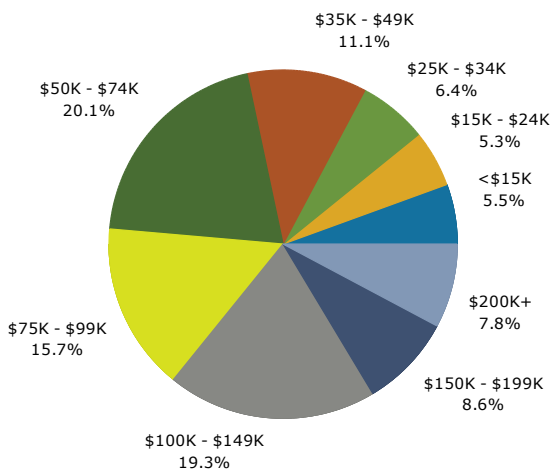
Trends 2019-2024



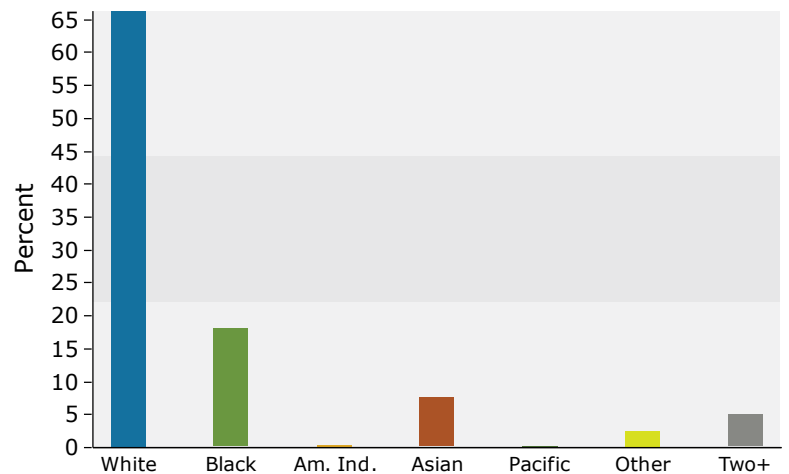
Population by Age



2019 Household Income



2019 Population by Race



2019 Percent Hispanic Origin: 8.7%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.



Demographic and Income Profile

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Summary	Census 2010	2019	2024
Population	924,978	953,488	978,269
Households	341,029	357,944	367,009
Families	228,383	238,008	243,415
Average Household Size	2.57	2.58	2.58
Owner Occupied Housing Units	207,163	211,293	220,742
Renter Occupied Housing Units	133,866	146,651	146,267
Median Age	33.8	36.2	37.4
Trends: 2019 - 2024 Annual Rate	Area	State	National
Population	0.51%	0.80%	0.77%
Households	0.50%	0.74%	0.75%
Families	0.45%	0.69%	0.68%
Owner HHs	0.88%	0.99%	0.92%
Median Household Income	2.44%	2.09%	2.70%

Households by Income	2019		2024	
	Number	Percent	Number	Percent
<\$15,000	31,574	8.8%	28,956	7.9%
\$15,000 - \$24,999	27,355	7.6%	23,957	6.5%
\$25,000 - \$34,999	25,886	7.2%	23,132	6.3%
\$35,000 - \$49,999	42,325	11.8%	38,439	10.5%
\$50,000 - \$74,999	68,937	19.3%	67,724	18.5%
\$75,000 - \$99,999	52,878	14.8%	56,910	15.5%
\$100,000 - \$149,999	62,349	17.4%	70,805	19.3%
\$150,000 - \$199,999	24,305	6.8%	29,895	8.1%
\$200,000+	22,329	6.2%	27,186	7.4%
Median Household Income	\$66,864		\$75,413	
Average Household Income	\$88,525		\$99,507	
Per Capita Income	\$33,473		\$37,562	

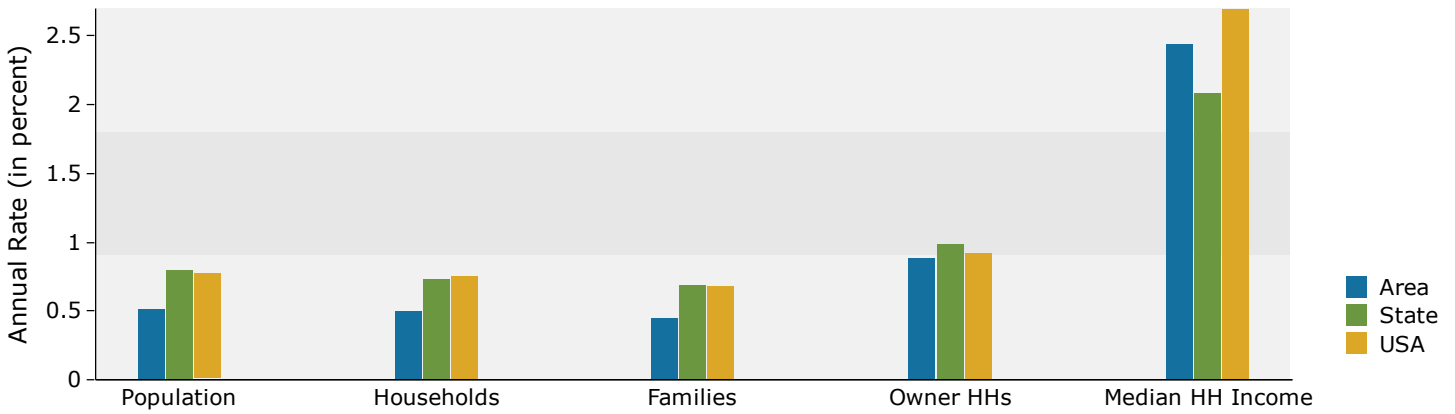
Population by Age	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	62,429	6.7%	58,612	6.1%	60,139	6.1%
5 - 9	59,081	6.4%	58,925	6.2%	58,159	5.9%
10 - 14	58,518	6.3%	59,494	6.2%	58,828	6.0%
15 - 19	66,696	7.2%	60,268	6.3%	62,199	6.4%
20 - 24	89,265	9.7%	72,400	7.6%	70,656	7.2%
25 - 34	142,053	15.4%	150,576	15.8%	144,902	14.8%
35 - 44	119,969	13.0%	123,818	13.0%	137,080	14.0%
45 - 54	134,269	14.5%	116,419	12.2%	112,956	11.5%
55 - 64	96,956	10.5%	119,585	12.5%	115,782	11.8%
65 - 74	51,936	5.6%	79,164	8.3%	91,932	9.4%
75 - 84	31,132	3.4%	38,046	4.0%	48,265	4.9%
85+	12,675	1.4%	16,180	1.7%	17,370	1.8%

Race and Ethnicity	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
White Alone	547,308	59.2%	544,530	57.1%	546,490	55.9%
Black Alone	281,280	30.4%	286,380	30.0%	290,681	29.7%
American Indian Alone	3,908	0.4%	4,057	0.4%	4,274	0.4%
Asian Alone	40,542	4.4%	50,938	5.3%	57,744	5.9%
Pacific Islander Alone	1,248	0.1%	1,400	0.1%	1,574	0.2%
Some Other Race Alone	17,142	1.9%	22,725	2.4%	26,614	2.7%
Two or More Races	33,549	3.6%	43,457	4.6%	50,891	5.2%
Hispanic Origin (Any Race)	55,409	6.0%	76,012	8.0%	91,723	9.4%

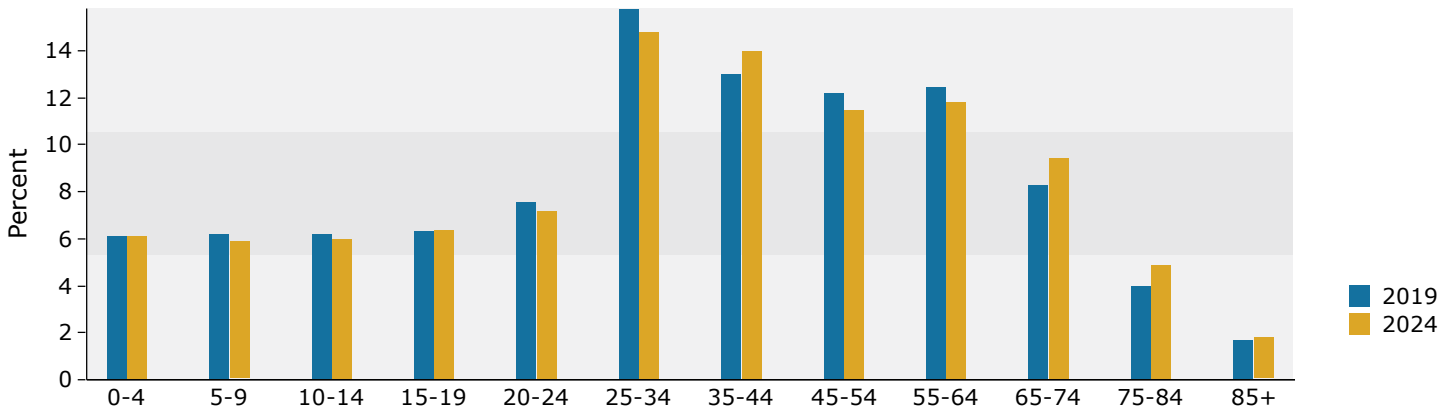
Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.

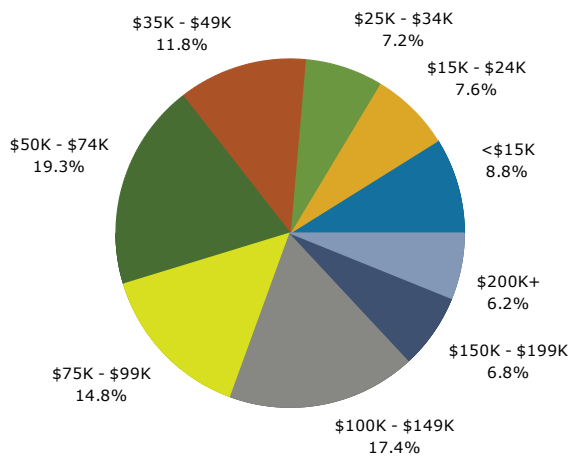
Trends 2019-2024



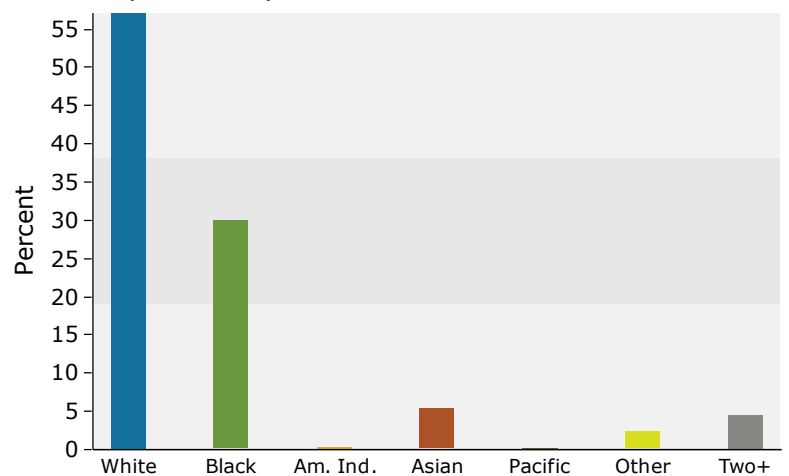
Population by Age



2019 Household Income



2019 Population by Race



2019 Percent Hispanic Origin: 8.0%



Demographic and Income Profile

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 30 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Summary	Census 2010	2019	2024
Population	1,233,071	1,294,702	1,325,186
Households	460,050	480,963	491,775
Families	309,290	321,559	328,184
Average Household Size	2.56	2.57	2.58
Owner Occupied Housing Units	282,618	284,182	296,437
Renter Occupied Housing Units	177,432	196,781	195,338
Median Age	34.4	36.1	37.2
Trends: 2019 - 2024 Annual Rate	Area	State	National
Population	0.47%	0.80%	0.77%
Households	0.45%	0.74%	0.75%
Families	0.41%	0.69%	0.68%
Owner HHs	0.85%	0.99%	0.92%
Median Household Income	2.44%	2.09%	2.70%

Households by Income	2019		2024	
	Number	Percent	Number	Percent
<\$15,000	45,705	9.5%	41,904	8.5%
\$15,000 - \$24,999	37,774	7.9%	33,102	6.7%
\$25,000 - \$34,999	35,945	7.5%	32,153	6.5%
\$35,000 - \$49,999	57,750	12.0%	52,493	10.7%
\$50,000 - \$74,999	92,275	19.2%	90,696	18.4%
\$75,000 - \$99,999	69,704	14.5%	74,992	15.2%
\$100,000 - \$149,999	83,008	17.3%	94,307	19.2%
\$150,000 - \$199,999	31,558	6.6%	38,929	7.9%
\$200,000+	27,231	5.7%	33,187	6.7%
Median Household Income	\$64,956		\$73,272	
Average Household Income	\$85,761		\$96,469	
Per Capita Income	\$32,438		\$36,386	

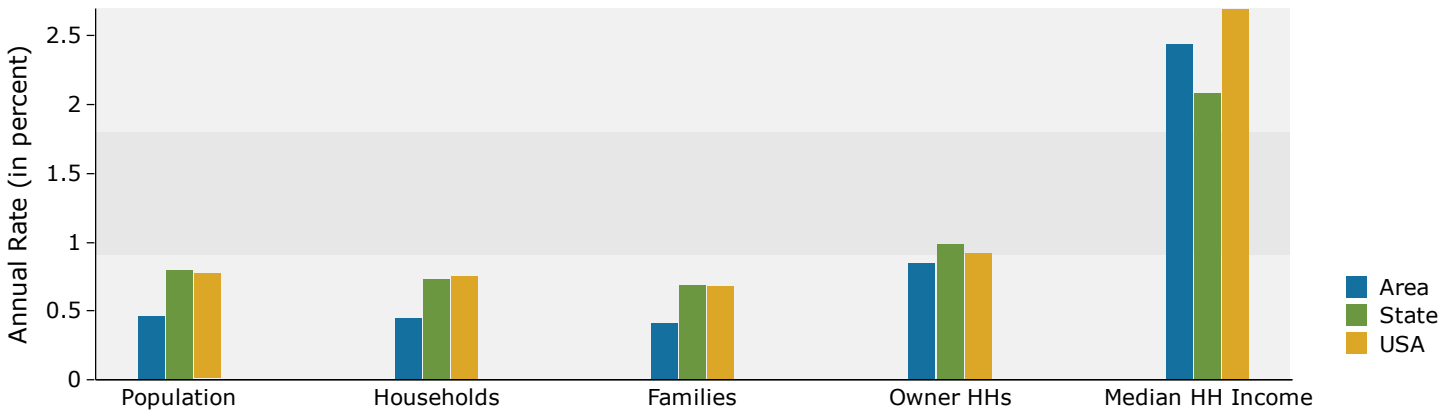
Population by Age	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	83,001	6.7%	78,270	6.0%	80,181	6.1%
5 - 9	79,684	6.5%	78,770	6.1%	77,814	5.9%
10 - 14	79,279	6.4%	79,889	6.2%	79,009	6.0%
15 - 19	89,869	7.3%	85,288	6.6%	87,356	6.6%
20 - 24	112,648	9.1%	105,596	8.2%	102,813	7.8%
25 - 34	181,779	14.7%	200,312	15.5%	193,506	14.6%
35 - 44	159,470	12.9%	164,301	12.7%	181,804	13.7%
45 - 54	182,223	14.8%	156,760	12.1%	151,242	11.4%
55 - 64	132,594	10.8%	162,568	12.6%	156,551	11.8%
65 - 74	72,767	5.9%	108,959	8.4%	125,754	9.5%
75 - 84	42,722	3.5%	52,360	4.0%	65,953	5.0%
85+	17,032	1.4%	21,629	1.7%	23,200	1.8%

Race and Ethnicity	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
White Alone	698,587	56.7%	706,442	54.6%	708,045	53.4%
Black Alone	417,074	33.8%	435,815	33.7%	441,532	33.3%
American Indian Alone	5,164	0.4%	5,549	0.4%	5,862	0.4%
Asian Alone	46,654	3.8%	58,767	4.5%	66,544	5.0%
Pacific Islander Alone	1,553	0.1%	1,803	0.1%	2,028	0.2%
Some Other Race Alone	20,560	1.7%	28,680	2.2%	33,546	2.5%
Two or More Races	43,480	3.5%	57,645	4.5%	67,629	5.1%
Hispanic Origin (Any Race)	67,340	5.5%	97,538	7.5%	117,773	8.9%

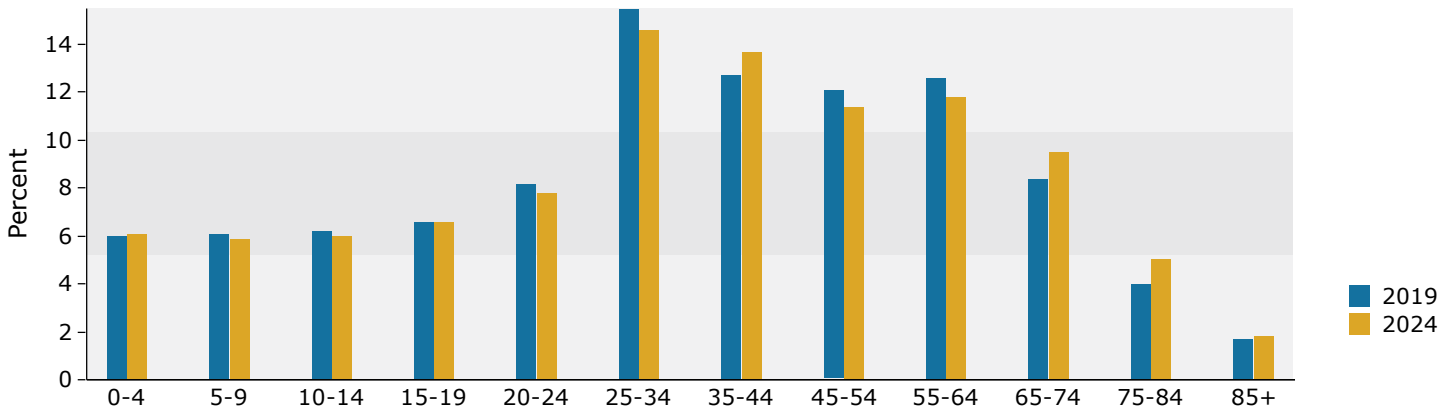
Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.

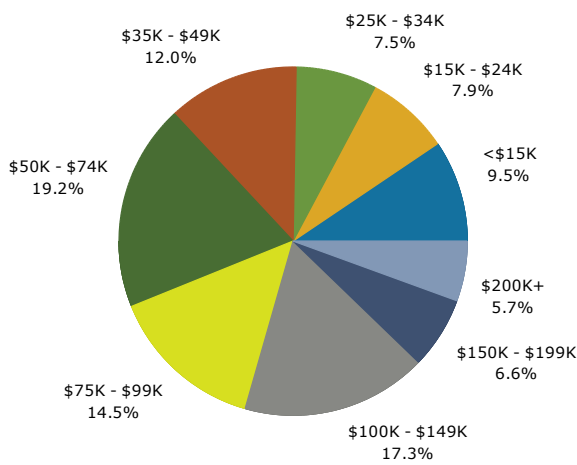
Trends 2019-2024



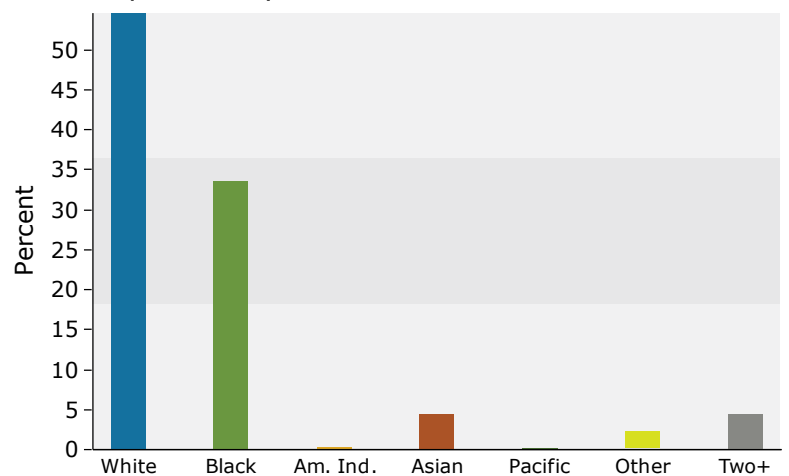
Population by Age



2019 Household Income



2019 Population by Race



2019 Percent Hispanic Origin: 7.5%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.



Recreation Expenditures

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Demographic Summary		2019	2024
Population		397,662	405,966
Households		150,505	153,598
Families		103,188	104,917
Median Age		37.3	38.4
Median Household Income		\$76,721	\$83,256
		Spending Potential Index	Average Amount Spent
		Index	Total
Tv/Video/Audio		112	\$1,366.17
Cable & Satellite Television Services		109	\$961.21
Televisions & Video		118	\$287.77
Audio		116	\$113.60
Rental of TV/VCR/Radio/Sound Equipment		108	\$0.85
Repair of TV/Radio/Sound Equipment		117	\$2.75
Entertainment/Recreation Fees and Admissions		119	\$845.91
Tickets to Theatre/Operas/Concerts		118	\$89.17
Tickets to Movies		121	\$66.50
Tickets to Parks or Museums		115	\$37.22
Admission to Sporting Events, excl.Trips		114	\$71.98
Fees for Participant Sports, excl.Trips		120	\$128.62
Fees for Recreational Lessons		119	\$170.64
Membership Fees for Social/Recreation/Civic Clubs		119	\$280.91
Dating Services		126	\$0.88
Toys/Games/Crafts/Hobbies		116	\$136.74
Toys/Games/Arts/Crafts/Tricycles		116	\$117.48
Playground Equipment		108	\$4.54
Play Arcade Pinball/Video Games		119	\$4.89
Online Entertainment and Games		113	\$5.02
Stamp & Coin Collecting		113	\$4.82
Recreational Vehicles and Fees		108	\$172.39
Docking and Landing Fees for Boats and Planes		116	\$11.05
Camp Fees		114	\$76.31
Payments on Boats/Trailers/Campers/RVs		99	\$58.27
Rental of Boats/Trailers/Campers/RVs		109	\$26.76
Sports, Recreation and Exercise Equipment		119	\$246.84
Exercise Equipment and Gear, Game Tables		118	\$76.64
Bicycles		119	\$35.38
Camping Equipment		119	\$23.69
Hunting and Fishing Equipment		120	\$84.44
Winter Sports Equipment		121	\$6.54
Water Sports Equipment		125	\$9.37
Other Sports Equipment		117	\$7.79
Rental/Repair of Sports/Recreation/Exercise Equipment		119	\$3.00
Photographic Equipment and Supplies		119	\$62.02
Film		119	\$0.94
Film Processing		118	\$9.32
Photographic Equipment		123	\$24.95
Photographer Fees/Other Supplies & Equip Rental/Repair		116	\$26.82
Reading		114	\$122.00
Magazine/Newspaper Subscriptions		109	\$40.72
Magazine/Newspaper Single Copies		104	\$6.89
Books		119	\$44.42
Digital Book Readers		118	\$29.97

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100.

Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2019 and 2024; Consumer Spending data are derived from the 2016 and 2017 Consumer Expenditure Surveys, Bureau of Labor Statistics.



Recreation Expenditures

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Demographic Summary		2019	2024
Population		953,488	978,269
Households		357,944	367,009
Families		238,008	243,415
Median Age		36.2	37.4
Median Household Income		\$66,864	\$75,413
		Spending Potential Index	Average Amount Spent
		Index	Total
Tv/Video/Audio		101	\$1,231.35
Cable & Satellite Television Services		99	\$871.49
Televisions & Video		105	\$256.38
Audio		103	\$100.15
Rental of TV/VCR/Radio/Sound Equipment		113	\$0.89
Repair of TV/Radio/Sound Equipment		103	\$2.43
Entertainment/Recreation Fees and Admissions		104	\$739.57
Tickets to Theatre/Operas/Concerts		105	\$78.81
Tickets to Movies		106	\$57.88
Tickets to Parks or Museums		102	\$33.13
Admission to Sporting Events, excl.Trips		100	\$63.40
Fees for Participant Sports, excl.Trips		104	\$111.85
Fees for Recreational Lessons		104	\$148.56
Membership Fees for Social/Recreation/Civic Clubs		104	\$245.12
Dating Services		117	\$0.82
Toys/Games/Crafts/Hobbies		103	\$121.59
Toys/Games/Arts/Crafts/Tricycles		104	\$104.61
Playground Equipment		93	\$3.92
Play Arcade Pinball/Video Games		98	\$4.03
Online Entertainment and Games		101	\$4.52
Stamp & Coin Collecting		105	\$4.50
Recreational Vehicles and Fees		92	\$147.56
Docking and Landing Fees for Boats and Planes		101	\$9.65
Camp Fees		96	\$64.24
Payments on Boats/Trailers/Campers/RVs		86	\$50.68
Rental of Boats/Trailers/Campers/RVs		93	\$22.98
Sports, Recreation and Exercise Equipment		103	\$212.38
Exercise Equipment and Gear, Game Tables		103	\$67.30
Bicycles		103	\$30.63
Camping Equipment		103	\$20.48
Hunting and Fishing Equipment		101	\$70.99
Winter Sports Equipment		104	\$5.66
Water Sports Equipment		105	\$7.91
Other Sports Equipment		102	\$6.77
Rental/Repair of Sports/Recreation/Exercise Equipment		104	\$2.63
Photographic Equipment and Supplies		105	\$54.76
Film		108	\$0.85
Film Processing		104	\$8.19
Photographic Equipment		105	\$21.44
Photographer Fees/Other Supplies & Equip Rental/Repair		105	\$24.28
Reading		101	\$107.77
Magazine/Newspaper Subscriptions		98	\$36.44
Magazine/Newspaper Single Copies		95	\$6.29
Books		104	\$38.84
Digital Book Readers		103	\$26.20

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100.

Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2019 and 2024; Consumer Spending data are derived from the 2016 and 2017 Consumer Expenditure Surveys, Bureau of Labor Statistics.



Recreation Expenditures

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 30 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Demographic Summary		2019	2024
Population		1,294,702	1,325,186
Households		480,963	491,775
Families		321,559	328,184
Median Age		36.1	37.2
Median Household Income		\$64,956	\$73,272
		Spending Potential Index	Average Amount Spent
			Total
Tv/Video/Audio		98	\$1,197.77
Cable & Satellite Television Services		97	\$849.68
Televisions & Video		102	\$247.99
Audio		99	\$96.89
Rental of TV/VCR/Radio/Sound Equipment		109	\$0.86
Repair of TV/Radio/Sound Equipment		100	\$2.36
Entertainment/Recreation Fees and Admissions		100	\$714.30
Tickets to Theatre/Operas/Concerts		101	\$75.87
Tickets to Movies		101	\$55.58
Tickets to Parks or Museums		99	\$32.02
Admission to Sporting Events, excl.Trips		98	\$61.78
Fees for Participant Sports, excl.Trips		101	\$108.51
Fees for Recreational Lessons		100	\$143.29
Membership Fees for Social/Recreation/Civic Clubs		100	\$236.47
Dating Services		113	\$0.79
Toys/Games/Crafts/Hobbies		100	\$117.80
Toys/Games/Arts/Crafts/Tricycles		100	\$101.35
Playground Equipment		91	\$3.84
Play Arcade Pinball/Video Games		94	\$3.87
Online Entertainment and Games		98	\$4.35
Stamp & Coin Collecting		102	\$4.38
Recreational Vehicles and Fees		89	\$142.92
Docking and Landing Fees for Boats and Planes		99	\$9.40
Camp Fees		92	\$61.58
Payments on Boats/Trailers/Campers/RVs		85	\$49.79
Rental of Boats/Trailers/Campers/RVs		90	\$22.16
Sports, Recreation and Exercise Equipment		99	\$205.88
Exercise Equipment and Gear, Game Tables		101	\$65.53
Bicycles		99	\$29.47
Camping Equipment		100	\$19.90
Hunting and Fishing Equipment		98	\$68.80
Winter Sports Equipment		99	\$5.38
Water Sports Equipment		101	\$7.63
Other Sports Equipment		99	\$6.60
Rental/Repair of Sports/Recreation/Exercise Equipment		102	\$2.57
Photographic Equipment and Supplies		102	\$52.89
Film		104	\$0.82
Film Processing		101	\$7.93
Photographic Equipment		101	\$20.64
Photographer Fees/Other Supplies & Equip Rental/Repair		102	\$23.51
Reading		98	\$104.40
Magazine/Newspaper Subscriptions		95	\$35.53
Magazine/Newspaper Single Copies		92	\$6.11
Books		100	\$37.46
Digital Book Readers		100	\$25.30

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100.

Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2019 and 2024; Consumer Spending data are derived from the 2016 and 2017 Consumer Expenditure Surveys, Bureau of Labor Statistics.



Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Demographic Summary		2019	2024
Population		397,662	405,966
Population 18+		311,224	319,872
Households		150,505	153,598
Median Household Income		\$76,721	\$83,256

Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Participated in aerobics in last 12 months	27,058	8.7%	114
Participated in archery in last 12 months	8,679	2.8%	102
Participated in backpacking in last 12 months	12,577	4.0%	118
Participated in baseball in last 12 months	13,471	4.3%	108
Participated in basketball in last 12 months	26,839	8.6%	108
Participated in bicycling (mountain) in last 12 months	15,684	5.0%	120
Participated in bicycling (road) in last 12 months	35,327	11.4%	117
Participated in boating (power) in last 12 months	15,106	4.9%	103
Participated in bowling in last 12 months	31,551	10.1%	115
Participated in canoeing/kayaking in last 12 months	23,043	7.4%	109
Participated in fishing (fresh water) in last 12 months	33,339	10.7%	92
Participated in fishing (salt water) in last 12 months	13,173	4.2%	108
Participated in football in last 12 months	14,953	4.8%	102
Participated in Frisbee in last 12 months	13,836	4.4%	112
Participated in golf in last 12 months	30,587	9.8%	118
Participated in hiking in last 12 months	47,184	15.2%	123
Participated in horseback riding in last 12 months	7,557	2.4%	104
Participated in hunting with rifle in last 12 months	10,081	3.2%	76
Participated in hunting with shotgun in last 12 months	7,956	2.6%	76
Participated in ice skating in last 12 months	10,537	3.4%	118
Participated in jogging/running in last 12 months	48,396	15.6%	121
Participated in motorcycling in last 12 months	8,632	2.8%	91
Participated in Pilates in last 12 months	9,293	3.0%	121
Participated in ping pong in last 12 months	14,105	4.5%	116
Participated in skiing (downhill) in last 12 months	10,690	3.4%	124
Participated in soccer in last 12 months	12,832	4.1%	103
Participated in softball in last 12 months	9,124	2.9%	104
Participated in swimming in last 12 months	57,281	18.4%	113
Participated in target shooting in last 12 months	13,743	4.4%	101
Participated in tennis in last 12 months	12,333	4.0%	115
Participated in volleyball in last 12 months	10,996	3.5%	101
Participated in walking for exercise in last 12 months	86,380	27.8%	113
Participated in weight lifting in last 12 months	40,015	12.9%	124
Participated in yoga in last 12 months	32,473	10.4%	129
Participated in Zumba in last 12 months	10,922	3.5%	107
Spent on sports/rec equip in last 12 months: \$1-99	20,386	6.6%	108
Spent on sports/rec equip in last 12 months: \$100-\$249	20,624	6.6%	108
Spent on sports/rec equip in last 12 months: \$250+	26,518	8.5%	106
Attend sports events	60,828	19.5%	117
Attend sports events: baseball game - MLB reg seas	20,393	6.6%	117
Attend sports events: basketball game-NBA reg seas	5,704	1.8%	108
Attend sports events: football game (college)	12,295	4.0%	112
Attend sports events: high school sports	10,379	3.3%	99

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults or households in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average.

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Listen to sports on radio	38,158	12.3%	112
Watch sports on TV	191,175	61.4%	107
Watch on TV: alpine skiing/ski jumping	12,925	4.2%	116
Watch on TV: auto racing (NASCAR)	26,915	8.6%	93
Watch on TV: auto racing (not NASCAR)	12,279	3.9%	98
Watch on TV: baseball (MLB regular season)	67,514	21.7%	111
Watch on TV: baseball (MLB playoffs/World Series)	60,399	19.4%	110
Watch on TV: basketball (college)	46,259	14.9%	111
Watch on TV: basketball (NCAA tournament)	45,210	14.5%	109
Watch on TV: basketball (NBA regular season)	49,656	16.0%	107
Watch on TV: basketball (NBA playoffs/finals)	57,156	18.4%	111
Watch on TV: basketball (WNBA)	9,669	3.1%	99
Watch on TV: bicycle racing	8,270	2.7%	122
Watch on TV: bowling	6,175	2.0%	103
Watch on TV: boxing	18,170	5.8%	94
Watch on TV: bull riding (pro)	7,916	2.5%	84
Watch on TV: Equestrian events	6,680	2.1%	99
Watch on TV: extreme sports (summer)	11,338	3.6%	105
Watch on TV: extreme sports (winter)	13,821	4.4%	117
Watch on TV: figure skating	21,185	6.8%	110
Watch on TV: fishing	13,442	4.3%	95
Watch on TV: football (college)	82,126	26.4%	112
Watch on TV: football (NFL Sunday/Monday/Thursday night games)	110,965	35.7%	111
Watch on TV: football (NFL weekend games)	104,374	33.5%	113
Watch on TV: football (NFL playoffs/Super Bowl)	111,881	35.9%	113
Watch on TV: golf (PGA)	41,738	13.4%	119
Watch on TV: golf (LPGA)	12,051	3.9%	111
Watch on TV: gymnastics	21,567	6.9%	115
Watch on TV: high school sports	16,056	5.2%	108
Watch on TV: horse racing (at track or OTB)	8,387	2.7%	106
Watch on TV: ice hockey (NHL regular season)	30,361	9.8%	121
Watch on TV: ice hockey (NHL playoffs/St Stanley Cup)	29,098	9.3%	117
Watch on TV: mixed martial arts (MMA)	13,175	4.2%	101
Watch on TV: motorcycle racing	7,488	2.4%	90
Watch on TV: Olympics (summer)	59,838	19.2%	113
Watch on TV: Olympics (winter)	46,246	14.9%	109
Watch on TV: rodeo	8,540	2.7%	91
Watch on TV: soccer (MLS)	16,169	5.2%	108
Watch on TV: soccer (World Cup)	23,993	7.7%	110
Watch on TV: tennis (men`s)	21,221	6.8%	115
Watch on TV: tennis (women`s)	20,787	6.7%	115
Watch on TV: track & field	14,724	4.7%	109
Watch on TV: volleyball (pro beach)	10,627	3.4%	113
Watch on TV: wrestling (WWE)	12,329	4.0%	86
Interest in sports: college basketball Super Fan	11,506	3.7%	92
Interest in sports: college football Super Fan	23,861	7.7%	102
Interest in sports: golf Super Fan	5,962	1.9%	103
Interest in sports: high school sports Super Fan	7,994	2.6%	83
Interest in sports: MLB Super Fan	15,808	5.1%	99
Interest in sports: NASCAR Super Fan	7,513	2.4%	89
Interest in sports: NBA Super Fan	15,857	5.1%	92
Interest in sports: NFL Super Fan	37,521	12.1%	104
Interest in sports: NHL Super Fan	10,541	3.4%	104
Interest in sports: soccer Super Fan	8,344	2.7%	97

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Member of AARP	39,981	12.8%	106
Member of charitable organization	16,462	5.3%	122
Member of church board	8,079	2.6%	100
Member of fraternal order	6,996	2.2%	100
Member of religious club	12,384	4.0%	116
Member of union	12,902	4.1%	110
Member of veterans club	7,129	2.3%	92
Attended adult education course in last 12 months	29,334	9.4%	117
Went to art gallery in last 12 months	30,022	9.6%	122
Attended auto show in last 12 months	19,906	6.4%	105
Did baking in last 12 months	77,330	24.8%	110
Barbecued in last 12 months	95,466	30.7%	110
Went to bar/night club in last 12 months	60,626	19.5%	113
Went to beach in last 12 months	104,415	33.5%	116
Played billiards/pool in last 12 months	22,049	7.1%	107
Played bingo in last 12 months	13,514	4.3%	98
Did birdwatching in last 12 months	12,578	4.0%	90
Played board game in last 12 months	59,244	19.0%	121
Read book in last 12 months	115,154	37.0%	115
Participated in book club in last 12 months	10,523	3.4%	113
Went on overnight camping trip in last 12 months	40,685	13.1%	105
Played cards in last 12 months	55,769	17.9%	110
Played chess in last 12 months	12,995	4.2%	117
Played computer game (offline w/software)/12 months	25,059	8.1%	111
Played computer game (online w/o software)/12 months	40,909	13.1%	112
Cooked for fun in last 12 months	70,308	22.6%	115
Did crossword puzzle in last 12 months	32,313	10.4%	107
Danced/went dancing in last 12 months	25,064	8.1%	112
Attended dance performance in last 12 months	15,450	5.0%	111
Dined out in last 12 months	181,699	58.4%	112
Participated in fantasy sports league last 12 months	17,256	5.5%	120
Participated in tailgating in last 12 months	15,783	5.1%	115
Did furniture refinishing in last 12 months	14,059	4.5%	111
Gambled at casino in last 12 months	44,200	14.2%	107
Gambled in Las Vegas in last 12 months	12,655	4.1%	115
Participate in indoor gardening/plant care	28,222	9.1%	102
Attended horse races in last 12 months	8,155	2.6%	108
Participated in karaoke in last 12 months	12,287	3.9%	104
Bought lottery ticket in last 12 months	109,884	35.3%	101
Played lottery 6+ times in last 30 days	29,380	9.4%	92
Bought lottery ticket in last 12 months: Daily Drawing	8,468	2.7%	87
Bought lottery ticket in last 12 months: Instant Game	51,734	16.6%	92
Bought lottery ticket in last 12 months: Mega Millions	53,830	17.3%	107
Bought lottery ticket in last 12 months: Powerball	69,171	22.2%	107
Attended a movie in last 6 months	203,310	65.3%	112
Attended movie in last 90 days: once/week or more	7,005	2.3%	94
Attended movie in last 90 days: 2-3 times a month	21,768	7.0%	114
Attended movie in last 90 days: once a month	35,527	11.4%	120
Attended movie in last 90 days: < once a month	122,665	39.4%	112
Movie genre seen at theater/6 months: action	103,072	33.1%	114

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
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Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Movie genre seen at theater/6 months: adventure	113,795	36.6%	114
Movie genre seen at theater/6 months: comedy	87,771	28.2%	112
Movie genre seen at theater/6 months: crime	37,486	12.0%	112
Movie genre seen at theater/6 months: drama	85,565	27.5%	117
Movie genre seen at theater/6 months: family	41,068	13.2%	110
Movie genre seen at theater/6 months: fantasy	62,769	20.2%	118
Movie genre seen at theater/6 months: horror	23,312	7.5%	101
Movie genre seen at theater/6 months: romance	20,709	6.7%	109
Movie genre seen at theater/6 months: science fiction	64,861	20.8%	118
Movie genre seen at theater/6 months: thriller	46,482	14.9%	116
Went to museum in last 12 months	53,760	17.3%	126
Attended classical music/opera performance/12 months	15,195	4.9%	125
Attended country music performance in last 12 months	20,830	6.7%	105
Attended rock music performance in last 12 months	36,062	11.6%	121
Played musical instrument in last 12 months	27,088	8.7%	110
Did painting/drawing in last 12 months	28,604	9.2%	117
Did photo album/scrapbooking in last 12 months	15,682	5.0%	114
Did photography in last 12 months	36,363	11.7%	119
Did Sudoku puzzle in last 12 months	26,901	8.6%	109
Went to live theater in last 12 months	43,205	13.9%	126
Visited a theme park in last 12 months	66,125	21.2%	112
Visited a theme park 5+ times in last 12 months	14,767	4.7%	120
Participated in trivia games in last 12 months	23,300	7.5%	113
Played video/electronic game (console) last 12 months	30,700	9.9%	111
Played video/electronic game (portable) last 12 months	15,566	5.0%	107
Visited an indoor water park in last 12 months	10,478	3.4%	96
Did woodworking in last 12 months	15,547	5.0%	100
Participated in word games in last 12 months	36,126	11.6%	112
Went to zoo in last 12 months	42,784	13.7%	112
Purchased DVD/Blu-ray disc online in last 12 months	23,691	7.6%	122
Rented DVDs in last 30 days: 1	10,373	3.3%	107
Rented DVDs in last 30 days: 2	9,848	3.2%	101
Rented DVDs in last 30 days: 3+	26,589	8.5%	109
Rented movie/oth video/30 days: action/adventure	73,509	23.6%	114
Rented movie/oth video/30 days: classics	22,273	7.2%	118
Rented movie/oth video/30 days: comedy	71,132	22.9%	118
Rented movie/oth video/30 days: drama	50,831	16.3%	117
Rented movie/oth video/30 days: family/children	33,985	10.9%	112
Rented movie/oth video/30 days: foreign	7,944	2.6%	106
Rented movie/oth video/30 days: horror	20,619	6.6%	97
Rented movie/oth video/30 days: musical	10,903	3.5%	122
Rented movie/oth video/30 days: news/documentary	12,712	4.1%	105
Rented movie/oth video/30 days: romance	27,045	8.7%	119
Rented movie/oth video/30 days: science fiction	26,763	8.6%	117
Rented movie/oth video/30 days: TV show	28,085	9.0%	116
Rented movie/oth video/30 days: western	8,209	2.6%	92

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Rented/purch DVD/Blu-ray/30 days: from amazon.com	32,802	10.5%	128
Rented DVD/Blu-ray/30 days: from netflix.com	48,540	15.6%	120
Rented/purch DVD/Blu-ray/30 days: from Redbox	54,540	17.5%	116
HH owns ATV/UTV	6,495	4.3%	71
Bought any children`s toy/game in last 12 months	107,467	34.5%	107
Spent on toys/games for child last 12 months: <\$50	17,609	5.7%	100
Spent on toys/games for child last 12 months: \$50-99	7,548	2.4%	100
Spent on toys/games for child last 12 months: \$100-199	18,153	5.8%	101
Spent on toys/games for child last 12 months: \$200-499	30,804	9.9%	108
Spent on toys/games for child last 12 months: \$500+	17,145	5.5%	116
Bought any toys/games online in last 12 months	39,740	12.8%	123
Bought infant toy in last 12 months	20,066	6.4%	102
Bought pre-school toy in last 12 months	24,097	7.7%	110
Bought for child last 12 months: boy action figure	24,056	7.7%	107
Bought for child last 12 months: girl action figure	11,309	3.6%	100
Bought for child last 12 months: action game	9,197	3.0%	98
Bought for child last 12 months: bicycle	18,609	6.0%	103
Bought for child last 12 months: board game	39,923	12.8%	108
Bought for child last 12 months: builder set	17,745	5.7%	113
Bought for child last 12 months: car	25,378	8.2%	104
Bought for child last 12 months: construction toy	18,754	6.0%	106
Bought for child last 12 months: fashion doll	13,121	4.2%	100
Bought for child last 12 months: large/baby doll	21,760	7.0%	102
Bought for child last 12 months: doll accessories	13,220	4.2%	107
Bought for child last 12 months: doll clothing	13,141	4.2%	104
Bought for child last 12 months: educational toy	40,083	12.9%	112
Bought for child last 12 months: electronic doll/animal	7,839	2.5%	95
Bought for child last 12 months: electronic game	18,327	5.9%	101
Bought for child last 12 months: mechanical toy	13,579	4.4%	103
Bought for child last 12 months: model kit/set	10,265	3.3%	110
Bought for child last 12 months: plush doll/animal	27,743	8.9%	106
Bought for child last 12 months: sound game	4,717	1.5%	89
Bought for child last 12 months: water toy	28,431	9.1%	101
Bought for child last 12 months: word game	7,514	2.4%	94

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 10 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Bought digital book in last 12 months	49,418	15.9%	123
Bought hardcover book in last 12 months	71,827	23.1%	115
Bought paperback book in last 12 months	100,299	32.2%	113
Bought 1-3 books in last 12 months	68,581	22.0%	110
Bought 4-6 books in last 12 months	33,939	10.9%	110
Bought 7+ books in last 12 months	52,964	17.0%	114
Bought book (fiction) in last 12 months	87,675	28.2%	116
Bought book (non-fiction) in last 12 months	81,589	26.2%	119
Bought biography in last 12 months	25,088	8.1%	118
Bought children`s book in last 12 months	32,066	10.3%	107
Bought cookbook in last 12 months	21,153	6.8%	102
Bought history book in last 12 months	31,791	10.2%	114
Bought mystery book in last 12 months	35,767	11.5%	108
Bought novel in last 12 months	48,498	15.6%	117
Bought religious book (not bible) in last 12 months	18,394	5.9%	98
Bought romance book in last 12 months	18,192	5.8%	104
Bought science fiction book in last 12 months	19,539	6.3%	113
Bought personal/business self-help book last 12 months	22,119	7.1%	114
Bought travel book in last 12 months	7,929	2.5%	113
Bought book online in last 12 months	79,999	25.7%	125
Bought book last 12 months: amazon.com	77,758	25.0%	124
Bought book last 12 months: barnes&noble.com	8,435	2.7%	115
Bought book last 12 months: Barnes & Noble book store	47,430	15.2%	118
Bought book last 12 months: other book store (not B&N)	32,936	10.6%	108
Bought book last 12 months: mail order	5,424	1.7%	95
Listened to/purchased audiobook in last 6 months	23,554	7.6%	126

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Demographic Summary		2019	2024	
Population		953,488	978,269	
Population 18+		743,366	766,804	
Households		357,944	367,009	
Median Household Income		\$66,864	\$75,413	
Product/Consumer Behavior		Expected Number of Adults/HHs	Percent	MPI
Participated in aerobics in last 12 months		61,398	8.3%	108
Participated in archery in last 12 months		20,311	2.7%	100
Participated in backpacking in last 12 months		29,714	4.0%	117
Participated in baseball in last 12 months		31,979	4.3%	108
Participated in basketball in last 12 months		65,575	8.8%	110
Participated in bicycling (mountain) in last 12 months		36,340	4.9%	117
Participated in bicycling (road) in last 12 months		79,715	10.7%	110
Participated in boating (power) in last 12 months		36,480	4.9%	104
Participated in bowling in last 12 months		73,951	9.9%	113
Participated in canoeing/kayaking in last 12 months		54,413	7.3%	107
Participated in fishing (fresh water) in last 12 months		79,942	10.8%	93
Participated in fishing (salt water) in last 12 months		30,508	4.1%	105
Participated in football in last 12 months		37,821	5.1%	108
Participated in Frisbee in last 12 months		33,429	4.5%	113
Participated in golf in last 12 months		67,322	9.1%	109
Participated in hiking in last 12 months		103,437	13.9%	113
Participated in horseback riding in last 12 months		17,946	2.4%	103
Participated in hunting with rifle in last 12 months		24,523	3.3%	78
Participated in hunting with shotgun in last 12 months		19,605	2.6%	78
Participated in ice skating in last 12 months		24,093	3.2%	113
Participated in jogging/running in last 12 months		107,488	14.5%	113
Participated in motorcycling in last 12 months		21,733	2.9%	95
Participated in Pilates in last 12 months		20,297	2.7%	110
Participated in ping pong in last 12 months		31,684	4.3%	109
Participated in skiing (downhill) in last 12 months		23,333	3.1%	113
Participated in soccer in last 12 months		30,313	4.1%	102
Participated in softball in last 12 months		21,796	2.9%	104
Participated in swimming in last 12 months		128,600	17.3%	106
Participated in target shooting in last 12 months		31,890	4.3%	98
Participated in tennis in last 12 months		27,374	3.7%	107
Participated in volleyball in last 12 months		25,924	3.5%	100
Participated in walking for exercise in last 12 months		190,283	25.6%	104
Participated in weight lifting in last 12 months		87,812	11.8%	114
Participated in yoga in last 12 months		70,616	9.5%	117
Participated in Zumba in last 12 months		24,888	3.3%	102
Spent on sports/rec equip in last 12 months: \$1-99		47,831	6.4%	106
Spent on sports/rec equip in last 12 months: \$100-\$249		47,403	6.4%	104
Spent on sports/rec equip in last 12 months: \$250+		60,043	8.1%	100
Attend sports events		134,773	18.1%	109
Attend sports events: baseball game - MLB reg seas		45,366	6.1%	109
Attend sports events: basketball game-NBA reg seas		13,091	1.8%	104
Attend sports events: football game (college)		28,132	3.8%	107
Attend sports events: high school sports		23,760	3.2%	95

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Listen to sports on radio	86,419	11.6%	106
Watch sports on TV	443,649	59.7%	104
Watch on TV: alpine skiing/ski jumping	28,335	3.8%	107
Watch on TV: auto racing (NASCAR)	64,726	8.7%	94
Watch on TV: auto racing (not NASCAR)	29,771	4.0%	100
Watch on TV: baseball (MLB regular season)	152,613	20.5%	105
Watch on TV: baseball (MLB playoffs/World Series)	135,684	18.3%	104
Watch on TV: basketball (college)	108,292	14.6%	108
Watch on TV: basketball (NCAA tournament)	106,992	14.4%	108
Watch on TV: basketball (NBA regular season)	120,813	16.3%	109
Watch on TV: basketball (NBA playoffs/finals)	137,255	18.5%	112
Watch on TV: basketball (WNBA)	25,867	3.5%	111
Watch on TV: bicycle racing	18,897	2.5%	117
Watch on TV: bowling	15,342	2.1%	107
Watch on TV: boxing	45,265	6.1%	98
Watch on TV: bull riding (pro)	19,842	2.7%	88
Watch on TV: Equestrian events	16,393	2.2%	101
Watch on TV: extreme sports (summer)	27,345	3.7%	107
Watch on TV: extreme sports (winter)	32,408	4.4%	114
Watch on TV: figure skating	47,775	6.4%	104
Watch on TV: fishing	32,623	4.4%	96
Watch on TV: football (college)	188,919	25.4%	108
Watch on TV: football (NFL Sunday/Monday/Thursday night games)	256,240	34.5%	107
Watch on TV: football (NFL weekend games)	238,946	32.1%	108
Watch on TV: football (NFL playoffs/Super Bowl)	255,999	34.4%	108
Watch on TV: golf (PGA)	90,590	12.2%	108
Watch on TV: golf (LPGA)	26,989	3.6%	104
Watch on TV: gymnastics	49,307	6.6%	110
Watch on TV: high school sports	37,486	5.0%	105
Watch on TV: horse racing (at track or OTB)	20,276	2.7%	107
Watch on TV: ice hockey (NHL regular season)	67,893	9.1%	113
Watch on TV: ice hockey (NHL playoffs/Stanley Cup)	65,007	8.7%	109
Watch on TV: mixed martial arts (MMA)	31,509	4.2%	101
Watch on TV: motorcycle racing	19,643	2.6%	99
Watch on TV: Olympics (summer)	134,243	18.1%	106
Watch on TV: Olympics (winter)	104,001	14.0%	102
Watch on TV: rodeo	21,324	2.9%	95
Watch on TV: soccer (MLS)	36,790	4.9%	103
Watch on TV: soccer (World Cup)	53,532	7.2%	103
Watch on TV: tennis (men`s)	46,259	6.2%	105
Watch on TV: tennis (women`s)	46,072	6.2%	106
Watch on TV: track & field	36,137	4.9%	112
Watch on TV: volleyball (pro beach)	24,319	3.3%	108
Watch on TV: wrestling (WWE)	32,381	4.4%	95
Interest in sports: college basketball Super Fan	28,140	3.8%	94
Interest in sports: college football Super Fan	55,670	7.5%	100
Interest in sports: golf Super Fan	13,645	1.8%	99
Interest in sports: high school sports Super Fan	19,853	2.7%	86
Interest in sports: MLB Super Fan	34,822	4.7%	91
Interest in sports: NASCAR Super Fan	18,640	2.5%	93
Interest in sports: NBA Super Fan	41,740	5.6%	102
Interest in sports: NFL Super Fan	92,894	12.5%	108
Interest in sports: NHL Super Fan	23,782	3.2%	98
Interest in sports: soccer Super Fan	18,233	2.5%	89

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Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by GfK MRI in a nationally representative survey of U.S. households. Esri forecasts for 2019 and 2024.



Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Member of AARP	89,573	12.0%	100
Member of charitable organization	35,240	4.7%	110
Member of church board	19,610	2.6%	101
Member of fraternal order	16,635	2.2%	100
Member of religious club	28,277	3.8%	111
Member of union	30,106	4.0%	108
Member of veterans club	16,885	2.3%	91
Attended adult education course in last 12 months	65,609	8.8%	110
Went to art gallery in last 12 months	65,951	8.9%	112
Attended auto show in last 12 months	46,409	6.2%	102
Did baking in last 12 months	176,700	23.8%	106
Barbecued in last 12 months	218,543	29.4%	106
Went to bar/night club in last 12 months	142,362	19.2%	111
Went to beach in last 12 months	229,666	30.9%	106
Played billiards/pool in last 12 months	52,733	7.1%	107
Played bingo in last 12 months	32,244	4.3%	98
Did birdwatching in last 12 months	30,095	4.0%	90
Played board game in last 12 months	130,998	17.6%	112
Read book in last 12 months	255,809	34.4%	107
Participated in book club in last 12 months	23,362	3.1%	105
Went on overnight camping trip in last 12 months	93,917	12.6%	102
Played cards in last 12 months	127,583	17.2%	105
Played chess in last 12 months	29,855	4.0%	113
Played computer game (offline w/software)/12 months	56,831	7.6%	105
Played computer game (online w/o software)/12 months	94,314	12.7%	108
Cooked for fun in last 12 months	160,154	21.5%	109
Did crossword puzzle in last 12 months	74,959	10.1%	104
Danced/went dancing in last 12 months	57,883	7.8%	108
Attended dance performance in last 12 months	34,960	4.7%	105
Dined out in last 12 months	409,539	55.1%	106
Participated in fantasy sports league last 12 months	40,180	5.4%	117
Participated in tailgating in last 12 months	35,435	4.8%	108
Did furniture refinishing in last 12 months	32,798	4.4%	109
Gambled at casino in last 12 months	105,077	14.1%	107
Gambled in Las Vegas in last 12 months	27,605	3.7%	105
Participate in indoor gardening/plant care	66,350	8.9%	100
Attended horse races in last 12 months	18,629	2.5%	103
Participated in karaoke in last 12 months	28,049	3.8%	99
Bought lottery ticket in last 12 months	264,745	35.6%	102
Played lottery 6+ times in last 30 days	74,431	10.0%	97
Bought lottery ticket in last 12 months: Daily Drawing	23,788	3.2%	102
Bought lottery ticket in last 12 months: Instant Game	130,729	17.6%	97
Bought lottery ticket in last 12 months: Mega Millions	121,623	16.4%	101
Bought lottery ticket in last 12 months: Powerball	160,682	21.6%	104
Attended a movie in last 6 months	465,394	62.6%	107
Attended movie in last 90 days: once/week or more	17,088	2.3%	96
Attended movie in last 90 days: 2-3 times a month	49,463	6.7%	108
Attended movie in last 90 days: once a month	78,917	10.6%	112
Attended movie in last 90 days: < once a month	279,054	37.5%	107
Movie genre seen at theater/6 months: action	234,226	31.5%	109

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

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 Latitude: 36.80275
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Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Movie genre seen at theater/6 months: adventure	256,539	34.5%	107
Movie genre seen at theater/6 months: comedy	201,249	27.1%	108
Movie genre seen at theater/6 months: crime	88,150	11.9%	110
Movie genre seen at theater/6 months: drama	192,796	25.9%	110
Movie genre seen at theater/6 months: family	94,390	12.7%	105
Movie genre seen at theater/6 months: fantasy	140,473	18.9%	111
Movie genre seen at theater/6 months: horror	58,667	7.9%	106
Movie genre seen at theater/6 months: romance	48,490	6.5%	106
Movie genre seen at theater/6 months: science fiction	145,830	19.6%	111
Movie genre seen at theater/6 months: thriller	104,596	14.1%	109
Went to museum in last 12 months	115,638	15.6%	113
Attended classical music/opera performance/12 months	32,321	4.3%	112
Attended country music performance in last 12 months	48,070	6.5%	101
Attended rock music performance in last 12 months	80,382	10.8%	113
Played musical instrument in last 12 months	60,450	8.1%	103
Did painting/drawing in last 12 months	66,281	8.9%	114
Did photo album/scrapbooking in last 12 months	36,068	4.9%	109
Did photography in last 12 months	79,953	10.8%	110
Did Sudoku puzzle in last 12 months	60,778	8.2%	103
Went to live theater in last 12 months	93,167	12.5%	114
Visited a theme park in last 12 months	148,602	20.0%	106
Visited a theme park 5+ times in last 12 months	30,485	4.1%	104
Participated in trivia games in last 12 months	53,482	7.2%	109
Played video/electronic game (console) last 12 months	73,193	9.8%	111
Played video/electronic game (portable) last 12 months	38,642	5.2%	111
Visited an indoor water park in last 12 months	26,061	3.5%	100
Did woodworking in last 12 months	36,245	4.9%	98
Participated in word games in last 12 months	83,656	11.3%	109
Went to zoo in last 12 months	96,836	13.0%	106
Purchased DVD/Blu-ray disc online in last 12 months	51,896	7.0%	112
Rented DVDs in last 30 days: 1	25,274	3.4%	109
Rented DVDs in last 30 days: 2	22,860	3.1%	98
Rented DVDs in last 30 days: 3+	61,993	8.3%	107
Rented movie/oth video/30 days: action/adventure	167,281	22.5%	109
Rented movie/oth video/30 days: classics	48,900	6.6%	108
Rented movie/oth video/30 days: comedy	161,348	21.7%	112
Rented movie/oth video/30 days: drama	111,736	15.0%	108
Rented movie/oth video/30 days: family/children	77,299	10.4%	106
Rented movie/oth video/30 days: foreign	17,442	2.3%	98
Rented movie/oth video/30 days: horror	50,900	6.8%	100
Rented movie/oth video/30 days: musical	23,913	3.2%	112
Rented movie/oth video/30 days: news/documentary	29,316	3.9%	102
Rented movie/oth video/30 days: romance	59,237	8.0%	109
Rented movie/oth video/30 days: science fiction	59,279	8.0%	109
Rented movie/oth video/30 days: TV show	64,151	8.6%	110
Rented movie/oth video/30 days: western	19,701	2.7%	92

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

Prepared by Esri
 Latitude: 36.80275
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Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Rented/purch DVD/Blu-ray/30 days: from amazon.com	71,818	9.7%	118
Rented DVD/Blu-ray/30 days: from netflix.com	108,619	14.6%	113
Rented/purch DVD/Blu-ray/30 days: from Redbox	128,820	17.3%	114
HH owns ATV/UTV	15,566	4.3%	71
Bought any children`s toy/game in last 12 months	250,162	33.7%	104
Spent on toys/games for child last 12 months: <\$50	41,782	5.6%	99
Spent on toys/games for child last 12 months: \$50-99	17,874	2.4%	99
Spent on toys/games for child last 12 months: \$100-199	42,670	5.7%	99
Spent on toys/games for child last 12 months: \$200-499	70,979	9.5%	104
Spent on toys/games for child last 12 months: \$500+	38,573	5.2%	109
Bought any toys/games online in last 12 months	86,734	11.7%	113
Bought infant toy in last 12 months	46,160	6.2%	98
Bought pre-school toy in last 12 months	55,873	7.5%	106
Bought for child last 12 months: boy action figure	57,370	7.7%	107
Bought for child last 12 months: girl action figure	27,808	3.7%	103
Bought for child last 12 months: action game	22,354	3.0%	100
Bought for child last 12 months: bicycle	43,989	5.9%	102
Bought for child last 12 months: board game	93,712	12.6%	106
Bought for child last 12 months: builder set	41,830	5.6%	112
Bought for child last 12 months: car	59,384	8.0%	102
Bought for child last 12 months: construction toy	42,409	5.7%	100
Bought for child last 12 months: fashion doll	33,177	4.5%	105
Bought for child last 12 months: large/baby doll	51,613	6.9%	101
Bought for child last 12 months: doll accessories	30,959	4.2%	105
Bought for child last 12 months: doll clothing	31,718	4.3%	105
Bought for child last 12 months: educational toy	91,627	12.3%	107
Bought for child last 12 months: electronic doll/animal	19,360	2.6%	98
Bought for child last 12 months: electronic game	43,047	5.8%	99
Bought for child last 12 months: mechanical toy	31,032	4.2%	98
Bought for child last 12 months: model kit/set	23,783	3.2%	106
Bought for child last 12 months: plush doll/animal	63,304	8.5%	101
Bought for child last 12 months: sound game	12,361	1.7%	98
Bought for child last 12 months: water toy	66,375	8.9%	99
Bought for child last 12 months: word game	17,994	2.4%	94

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 20 mile radius

Prepared by Esri
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 Longitude: -76.00958

Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Bought digital book in last 12 months	108,987	14.7%	113
Bought hardcover book in last 12 months	161,547	21.7%	109
Bought paperback book in last 12 months	228,923	30.8%	108
Bought 1-3 books in last 12 months	154,383	20.8%	104
Bought 4-6 books in last 12 months	79,918	10.8%	108
Bought 7+ books in last 12 months	118,236	15.9%	106
Bought book (fiction) in last 12 months	195,538	26.3%	108
Bought book (non-fiction) in last 12 months	181,766	24.5%	111
Bought biography in last 12 months	54,267	7.3%	107
Bought children`s book in last 12 months	72,761	9.8%	102
Bought cookbook in last 12 months	50,604	6.8%	102
Bought history book in last 12 months	70,320	9.5%	105
Bought mystery book in last 12 months	82,871	11.1%	105
Bought novel in last 12 months	106,470	14.3%	108
Bought religious book (not bible) in last 12 months	45,711	6.1%	102
Bought romance book in last 12 months	43,634	5.9%	105
Bought science fiction book in last 12 months	45,474	6.1%	110
Bought personal/business self-help book last 12 months	48,767	6.6%	105
Bought travel book in last 12 months	18,012	2.4%	108
Bought book online in last 12 months	172,776	23.2%	113
Bought book last 12 months: amazon.com	167,375	22.5%	112
Bought book last 12 months: barnes&noble.com	19,014	2.6%	109
Bought book last 12 months: Barnes & Noble book store	105,767	14.2%	110
Bought book last 12 months: other book store (not B&N)	76,303	10.3%	105
Bought book last 12 months: mail order	13,262	1.8%	97
Listened to/purchased audiobook in last 6 months	50,752	6.8%	114

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 30 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Demographic Summary		2019	2024	
Population		1,294,702	1,325,186	
Population 18+		1,012,707	1,041,754	
Households		480,963	491,775	
Median Household Income		\$64,956	\$73,272	
Product/Consumer Behavior		Expected Number of Adults/HHs	Percent	MPI
Participated in aerobics in last 12 months		82,002	8.1%	106
Participated in archery in last 12 months		28,303	2.8%	102
Participated in backpacking in last 12 months		40,442	4.0%	117
Participated in baseball in last 12 months		44,119	4.4%	109
Participated in basketball in last 12 months		90,622	8.9%	112
Participated in bicycling (mountain) in last 12 months		49,379	4.9%	117
Participated in bicycling (road) in last 12 months		107,588	10.6%	109
Participated in boating (power) in last 12 months		50,781	5.0%	106
Participated in bowling in last 12 months		101,578	10.0%	114
Participated in canoeing/kayaking in last 12 months		73,409	7.2%	106
Participated in fishing (fresh water) in last 12 months		112,428	11.1%	96
Participated in fishing (salt water) in last 12 months		41,679	4.1%	105
Participated in football in last 12 months		52,737	5.2%	111
Participated in Frisbee in last 12 months		46,323	4.6%	115
Participated in golf in last 12 months		91,278	9.0%	109
Participated in hiking in last 12 months		138,618	13.7%	111
Participated in horseback riding in last 12 months		24,583	2.4%	104
Participated in hunting with rifle in last 12 months		35,091	3.5%	82
Participated in hunting with shotgun in last 12 months		27,908	2.8%	82
Participated in ice skating in last 12 months		32,731	3.2%	113
Participated in jogging/running in last 12 months		144,461	14.3%	111
Participated in motorcycling in last 12 months		29,872	2.9%	96
Participated in Pilates in last 12 months		27,154	2.7%	108
Participated in ping pong in last 12 months		42,911	4.2%	108
Participated in skiing (downhill) in last 12 months		30,743	3.0%	110
Participated in soccer in last 12 months		41,062	4.1%	101
Participated in softball in last 12 months		30,030	3.0%	105
Participated in swimming in last 12 months		174,733	17.3%	106
Participated in target shooting in last 12 months		44,309	4.4%	100
Participated in tennis in last 12 months		36,795	3.6%	105
Participated in volleyball in last 12 months		35,862	3.5%	101
Participated in walking for exercise in last 12 months		257,127	25.4%	103
Participated in weight lifting in last 12 months		118,688	11.7%	113
Participated in yoga in last 12 months		93,176	9.2%	114
Participated in Zumba in last 12 months		33,164	3.3%	100
Spent on sports/rec equip in last 12 months: \$1-99		66,222	6.5%	108
Spent on sports/rec equip in last 12 months: \$100-\$249		64,532	6.4%	104
Spent on sports/rec equip in last 12 months: \$250+		82,023	8.1%	100
Attend sports events		182,549	18.0%	108
Attend sports events: baseball game - MLB reg seas		60,947	6.0%	107
Attend sports events: basketball game-NBA reg seas		17,554	1.7%	102
Attend sports events: football game (college)		38,358	3.8%	107
Attend sports events: high school sports		33,099	3.3%	97

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 30 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Listen to sports on radio	117,437	11.6%	106
Watch sports on TV	606,142	59.9%	104
Watch on TV: alpine skiing/ski jumping	38,375	3.8%	106
Watch on TV: auto racing (NASCAR)	89,112	8.8%	95
Watch on TV: auto racing (not NASCAR)	40,751	4.0%	100
Watch on TV: baseball (MLB regular season)	207,352	20.5%	105
Watch on TV: baseball (MLB playoffs/World Series)	184,616	18.2%	104
Watch on TV: basketball (college)	149,121	14.7%	110
Watch on TV: basketball (NCAA tournament)	147,159	14.5%	109
Watch on TV: basketball (NBA regular season)	165,500	16.3%	110
Watch on TV: basketball (NBA playoffs/finals)	187,531	18.5%	112
Watch on TV: basketball (WNBA)	36,136	3.6%	114
Watch on TV: bicycle racing	25,596	2.5%	116
Watch on TV: bowling	21,287	2.1%	109
Watch on TV: boxing	62,082	6.1%	99
Watch on TV: bull riding (pro)	27,853	2.8%	91
Watch on TV: Equestrian events	22,459	2.2%	102
Watch on TV: extreme sports (summer)	37,138	3.7%	106
Watch on TV: extreme sports (winter)	43,711	4.3%	113
Watch on TV: figure skating	64,902	6.4%	104
Watch on TV: fishing	45,303	4.5%	98
Watch on TV: football (college)	261,908	25.9%	110
Watch on TV: football (NFL Sunday/Monday/Thursday night games)	350,005	34.6%	108
Watch on TV: football (NFL weekend games)	327,373	32.3%	109
Watch on TV: football (NFL playoffs/Super Bowl)	349,302	34.5%	109
Watch on TV: golf (PGA)	122,888	12.1%	108
Watch on TV: golf (LPGA)	36,820	3.6%	104
Watch on TV: gymnastics	67,235	6.6%	110
Watch on TV: high school sports	51,972	5.1%	107
Watch on TV: horse racing (at track or OTB)	27,475	2.7%	107
Watch on TV: ice hockey (NHL regular season)	92,388	9.1%	113
Watch on TV: ice hockey (NHL playoffs/St Stanley Cup)	88,640	8.8%	109
Watch on TV: mixed martial arts (MMA)	43,030	4.2%	102
Watch on TV: motorcycle racing	27,204	2.7%	100
Watch on TV: Olympics (summer)	182,467	18.0%	106
Watch on TV: Olympics (winter)	141,898	14.0%	102
Watch on TV: rodeo	30,002	3.0%	98
Watch on TV: soccer (MLS)	49,596	4.9%	102
Watch on TV: soccer (World Cup)	72,045	7.1%	102
Watch on TV: tennis (men`s)	62,544	6.2%	104
Watch on TV: tennis (women`s)	62,087	6.1%	105
Watch on TV: track & field	50,480	5.0%	114
Watch on TV: volleyball (pro beach)	33,371	3.3%	109
Watch on TV: wrestling (WWE)	45,227	4.5%	97
Interest in sports: college basketball Super Fan	38,937	3.8%	96
Interest in sports: college football Super Fan	76,670	7.6%	101
Interest in sports: golf Super Fan	18,809	1.9%	100
Interest in sports: high school sports Super Fan	27,424	2.7%	87
Interest in sports: MLB Super Fan	46,646	4.6%	90
Interest in sports: NASCAR Super Fan	25,114	2.5%	91
Interest in sports: NBA Super Fan	57,037	5.6%	102
Interest in sports: NFL Super Fan	126,927	12.5%	108
Interest in sports: NHL Super Fan	31,969	3.2%	97
Interest in sports: soccer Super Fan	24,417	2.4%	87

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Sports and Leisure Market Potential

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Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Member of AARP	121,738	12.0%	100
Member of charitable organization	47,100	4.7%	107
Member of church board	26,817	2.6%	102
Member of fraternal order	23,043	2.3%	102
Member of religious club	38,391	3.8%	111
Member of union	40,728	4.0%	107
Member of veterans club	23,266	2.3%	92
Attended adult education course in last 12 months	88,159	8.7%	108
Went to art gallery in last 12 months	88,251	8.7%	110
Attended auto show in last 12 months	62,859	6.2%	102
Did baking in last 12 months	241,033	23.8%	106
Barbecued in last 12 months	299,748	29.6%	106
Went to bar/night club in last 12 months	192,787	19.0%	110
Went to beach in last 12 months	306,796	30.3%	104
Played billiards/pool in last 12 months	71,688	7.1%	107
Played bingo in last 12 months	43,947	4.3%	98
Did birdwatching in last 12 months	41,779	4.1%	92
Played board game in last 12 months	177,029	17.5%	111
Read book in last 12 months	345,286	34.1%	106
Participated in book club in last 12 months	31,034	3.1%	102
Went on overnight camping trip in last 12 months	128,620	12.7%	102
Played cards in last 12 months	173,538	17.1%	105
Played chess in last 12 months	40,361	4.0%	112
Played computer game (offline w/software)/12 months	77,515	7.7%	105
Played computer game (online w/o software)/12 months	128,834	12.7%	108
Cooked for fun in last 12 months	217,641	21.5%	109
Did crossword puzzle in last 12 months	102,094	10.1%	104
Danced/went dancing in last 12 months	78,516	7.8%	108
Attended dance performance in last 12 months	47,129	4.7%	104
Dined out in last 12 months	553,304	54.6%	105
Participated in fantasy sports league last 12 months	54,784	5.4%	117
Participated in tailgating in last 12 months	48,041	4.7%	108
Did furniture refinishing in last 12 months	45,108	4.5%	110
Gambled at casino in last 12 months	142,398	14.1%	106
Gambled in Las Vegas in last 12 months	37,104	3.7%	103
Participate in indoor gardening/plant care	90,148	8.9%	100
Attended horse races in last 12 months	25,307	2.5%	103
Participated in karaoke in last 12 months	38,481	3.8%	100
Bought lottery ticket in last 12 months	365,841	36.1%	103
Played lottery 6+ times in last 30 days	101,969	10.1%	98
Bought lottery ticket in last 12 months: Daily Drawing	33,026	3.3%	104
Bought lottery ticket in last 12 months: Instant Game	179,818	17.8%	98
Bought lottery ticket in last 12 months: Mega Millions	164,898	16.3%	100
Bought lottery ticket in last 12 months: Powerball	218,982	21.6%	104
Attended a movie in last 6 months	632,172	62.4%	107
Attended movie in last 90 days: once/week or more	23,346	2.3%	96
Attended movie in last 90 days: 2-3 times a month	67,453	6.7%	109
Attended movie in last 90 days: once a month	106,600	10.5%	111
Attended movie in last 90 days: < once a month	377,569	37.3%	106
Movie genre seen at theater/6 months: action	316,533	31.3%	108

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Sports and Leisure Market Potential

Tomcat Blvd, Virginia Beach, Virginia, 23460
 Ring: 30 mile radius

Prepared by Esri
 Latitude: 36.80275
 Longitude: -76.00958

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Movie genre seen at theater/6 months: adventure	347,278	34.3%	107
Movie genre seen at theater/6 months: comedy	272,192	26.9%	107
Movie genre seen at theater/6 months: crime	117,932	11.6%	108
Movie genre seen at theater/6 months: drama	258,682	25.5%	108
Movie genre seen at theater/6 months: family	127,633	12.6%	105
Movie genre seen at theater/6 months: fantasy	190,068	18.8%	110
Movie genre seen at theater/6 months: horror	80,744	8.0%	107
Movie genre seen at theater/6 months: romance	64,912	6.4%	105
Movie genre seen at theater/6 months: science fiction	196,806	19.4%	110
Movie genre seen at theater/6 months: thriller	140,773	13.9%	108
Went to museum in last 12 months	153,590	15.2%	110
Attended classical music/opera performance/12 months	43,145	4.3%	109
Attended country music performance in last 12 months	66,342	6.6%	103
Attended rock music performance in last 12 months	108,256	10.7%	112
Played musical instrument in last 12 months	81,426	8.0%	102
Did painting/drawing in last 12 months	90,011	8.9%	113
Did photo album/scrapbooking in last 12 months	49,018	4.8%	109
Did photography in last 12 months	107,973	10.7%	109
Did Sudoku puzzle in last 12 months	82,985	8.2%	103
Went to live theater in last 12 months	124,349	12.3%	111
Visited a theme park in last 12 months	200,666	19.8%	105
Visited a theme park 5+ times in last 12 months	40,560	4.0%	101
Participated in trivia games in last 12 months	73,193	7.2%	109
Played video/electronic game (console) last 12 months	100,989	10.0%	113
Played video/electronic game (portable) last 12 months	53,402	5.3%	113
Visited an indoor water park in last 12 months	35,559	3.5%	100
Did woodworking in last 12 months	49,775	4.9%	99
Participated in word games in last 12 months	113,501	11.2%	109
Went to zoo in last 12 months	132,105	13.0%	106
Purchased DVD/Blu-ray disc online in last 12 months	70,159	6.9%	111
Rented DVDs in last 30 days: 1	35,157	3.5%	111
Rented DVDs in last 30 days: 2	31,591	3.1%	100
Rented DVDs in last 30 days: 3+	84,906	8.4%	107
Rented movie/oth video/30 days: action/adventure	227,739	22.5%	109
Rented movie/oth video/30 days: classics	65,226	6.4%	106
Rented movie/oth video/30 days: comedy	222,994	22.0%	113
Rented movie/oth video/30 days: drama	150,501	14.9%	106
Rented movie/oth video/30 days: family/children	104,989	10.4%	106
Rented movie/oth video/30 days: foreign	22,849	2.3%	94
Rented movie/oth video/30 days: horror	70,121	6.9%	101
Rented movie/oth video/30 days: musical	32,064	3.2%	110
Rented movie/oth video/30 days: news/documentary	39,210	3.9%	100
Rented movie/oth video/30 days: romance	79,617	7.9%	108
Rented movie/oth video/30 days: science fiction	80,281	7.9%	108
Rented movie/oth video/30 days: TV show	86,467	8.5%	109
Rented movie/oth video/30 days: western	26,727	2.6%	92

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Product/Consumer Behavior	Expected		MPI
	Number of Adults/HHs	Percent	
Rented/purch DVD/Blu-ray/30 days: from amazon.com	96,421	9.5%	116
Rented DVD/Blu-ray/30 days: from netflix.com	146,214	14.4%	111
Rented/purch DVD/Blu-ray/30 days: from Redbox	182,723	18.0%	119
HH owns ATV/UTV	21,971	4.6%	75
Bought any children`s toy/game in last 12 months	345,587	34.1%	105
Spent on toys/games for child last 12 months: <\$50	58,037	5.7%	101
Spent on toys/games for child last 12 months: \$50-99	24,567	2.4%	100
Spent on toys/games for child last 12 months: \$100-199	58,004	5.7%	99
Spent on toys/games for child last 12 months: \$200-499	96,132	9.5%	103
Spent on toys/games for child last 12 months: \$500+	52,564	5.2%	109
Bought any toys/games online in last 12 months	116,306	11.5%	111
Bought infant toy in last 12 months	62,888	6.2%	98
Bought pre-school toy in last 12 months	75,722	7.5%	106
Bought for child last 12 months: boy action figure	78,025	7.7%	107
Bought for child last 12 months: girl action figure	37,457	3.7%	102
Bought for child last 12 months: action game	30,903	3.1%	101
Bought for child last 12 months: bicycle	59,614	5.9%	101
Bought for child last 12 months: board game	127,777	12.6%	106
Bought for child last 12 months: builder set	56,328	5.6%	111
Bought for child last 12 months: car	81,428	8.0%	103
Bought for child last 12 months: construction toy	57,978	5.7%	101
Bought for child last 12 months: fashion doll	45,687	4.5%	107
Bought for child last 12 months: large/baby doll	70,655	7.0%	101
Bought for child last 12 months: doll accessories	42,355	4.2%	105
Bought for child last 12 months: doll clothing	43,348	4.3%	105
Bought for child last 12 months: educational toy	123,597	12.2%	106
Bought for child last 12 months: electronic doll/animal	26,551	2.6%	98
Bought for child last 12 months: electronic game	58,633	5.8%	99
Bought for child last 12 months: mechanical toy	42,536	4.2%	99
Bought for child last 12 months: model kit/set	32,239	3.2%	106
Bought for child last 12 months: plush doll/animal	85,505	8.4%	100
Bought for child last 12 months: sound game	16,704	1.6%	97
Bought for child last 12 months: water toy	90,422	8.9%	99
Bought for child last 12 months: word game	24,494	2.4%	94

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Product/Consumer Behavior	Expected Number of Adults/HHs	Percent	MPI
Bought digital book in last 12 months	146,667	14.5%	112
Bought hardcover book in last 12 months	218,191	21.5%	108
Bought paperback book in last 12 months	312,782	30.9%	108
Bought 1-3 books in last 12 months	209,715	20.7%	103
Bought 4-6 books in last 12 months	107,963	10.7%	108
Bought 7+ books in last 12 months	158,781	15.7%	105
Bought book (fiction) in last 12 months	263,169	26.0%	107
Bought book (non-fiction) in last 12 months	244,225	24.1%	109
Bought biography in last 12 months	72,299	7.1%	104
Bought children`s book in last 12 months	98,744	9.8%	102
Bought cookbook in last 12 months	68,660	6.8%	101
Bought history book in last 12 months	94,552	9.3%	104
Bought mystery book in last 12 months	112,294	11.1%	105
Bought novel in last 12 months	141,870	14.0%	105
Bought religious book (not bible) in last 12 months	63,633	6.3%	105
Bought romance book in last 12 months	59,470	5.9%	105
Bought science fiction book in last 12 months	61,302	6.1%	109
Bought personal/business self-help book last 12 months	64,696	6.4%	102
Bought travel book in last 12 months	23,777	2.3%	104
Bought book online in last 12 months	231,108	22.8%	111
Bought book last 12 months: amazon.com	223,850	22.1%	110
Bought book last 12 months: barnes&noble.com	25,205	2.5%	106
Bought book last 12 months: Barnes & Noble book store	142,220	14.0%	109
Bought book last 12 months: other book store (not B&N)	103,728	10.2%	104
Bought book last 12 months: mail order	18,420	1.8%	99
Listened to/purchased audiobook in last 6 months	67,969	6.7%	112

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