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Privatization Alternative Development

Site Visits

Avila Government Services, Inc. (Avila) personnel visited Dover AFB from 11 to 13 October 2000 to define housing privatization parameters for this study.

During the site visits, Avila and base personnel determined construction requirements for renovation and replacement housing, collected market data, and developed privatization financial *pro forma* model data.

Methodology

Housing Area Assessment

The August 1999 *Family Housing Master Plan* (FHMP) indicates that the Eagle Meadows meets the severability requirement; however, the remaining housing units, do not (see Figure 1). Therefore, any replacement housing cannot be built on government land in order for the housing to be privatized.

HOUSING AREA	SEVERABLE	ENVIRONMENTAL BARRIERS	LAND BARRIERS
Eagle Meadows	Yes	No	No
Eagle Heights	No	No	No
Other	No	N/A	N/A

Figure 1: Geographic Constraints to Privatization

The Eagle Heights Housing Area is located across a major highway from the main base. The Eagle Meadows Housing Area housing area is remote from the base, approximately ten miles west.

Scenario Assumptions

During the site visits, personnel worked together to develop input variables and assumptions for use in the DoD Housing Privatization Finance Model (the "*pro forma*").

All analyses using the *pro forma* assume that the Government will lease the land and convey the existing housing units and associated infrastructure associated with Eagle Meadows and Eagle Heights to the Successful Offeror (the Developer). Eagle Meadows will be leased for 50 years, and Eagle Heights will be leased for four years. The Developer will

be required to own, operate, finance, design, and maintain 450 housing units and associated improvements for military referrals for 50 years.

Resources

The 298 Eagle Meadows housing units and 152 of the Eagle Heights housing units are included in the assets the base is willing to convey. Additionally, an appropriation of \$8.9M is available at Dover AFB for privatization scoring (OMB risk assessment cost).

Feasibility Determination

The *pro forma* was used to assess the feasibility of privatization from a Developer's perspective. This model calculates the development costs, available private sector financing, and anticipated cash flow for proposed military housing projects. Inputs to the model include the numbers and types of units, timelines, construction and renovation costs, income and expenses, and financing options related to the development and management of the proposed project.

The model forecasts cash flows for a period up to 50 years including a maximum development period of ten years. It allows the user to test the effects of different authorities for closing the development gap and calculates the federal budget scoring impact of each of the authorities. It calculates the participation levels of the Government and the private sector.

Government Modeling Constraints

A debt deal is a business arrangement in which the Government contributes equity in the form of a loan guarantee or direct loan. An equity deal is one in which the Government receives proceeds from the sale of land, rental property, etc. HQ USAF/ILEI has directed that housing be privatized as debt deals.

In order for a privatization alternative to be feasible as a debt deal, all of the following criteria must be met:

- The Developer's Internal Rate of Return (IRR) must be at least 10%;
- The Government Direct Loan must be equal to or less than 50% of debt financing;
- Developer equity must equal at least 5% of development costs;

- Zero out-of-pocket expenses for the members are modeled, but not guaranteed (utility allowance equal to 110% of projected utility costs was used);
- Leverage must exceed 3 to 1 when comparing credit scoring with an equivalent MII CON project; and
- Government participation must be less than 80% of total participation.

Model Input Variables

Pro forma input variables were derived from multiple sources. The values for the model input variables, and the method(s) of deriving them, are provided in Appendix B.

The projected distribution of occupants followed the grade mix from the HMA. A utilities allowance was computed to cover 110% of an estimated reasonable utility cost. Renovations generally mirror the *Request for Proposal (RFP)* in terms of scope of work. Other significant input variables included:

- Property is assessed at 60% of market value, and taxes are calculated at 2.65% of the assessed value;
- Construction is financed at 8.75% plus half of a point;
- Commercial first mortgage is financed at 7.75% plus one point with no deferrals;
- Government second mortgage is financed at 2.25% and zero points; and
- Developer equity consists of 5% of the total development cost.

Pro forma Summary

Using the *pro forma* inputs and government constraints described above, privatization was found to be feasible from a developer's perspective. See Appendix A.

The privatization option models the conveyance of 450 Dover AFB housing units. In return, the developer:

- Provides land and constructs 152 new housing units on that land within three years of closing,

- Renovates the 298 units in Eagle Meadows within nine years of closing,
- Demolishes 152 units in Eagle Heights within four years of closing, and
- Performs infrastructure upgrades, including utilities;
- Owns, operates and maintains all units for a 50-year term.

The privatization development cost is \$36.0M (FY2001 Net Present Value). The project is financed with a developer's equity contribution, a Government Limited Guaranteed Loan (first mortgage), and a Government Direct Loan (second mortgage).

Figure 2 summarizes the *pro forma* results.

CRITERION	RESULTS
Scoring	\$6.4M
Developer's Equity (5%)	\$1.8M
First Mortgage	\$17.4M
Second Mortgage	\$12.3M
Second Mortgage Percentage of Debt Financing	41.6%
Total Government Participation	60.0%
Developer Internal Rate of Return (IRR)	15.0%
Projected member out-of-pocket expenses	\$0
Leverage (compared to an equivalent MILCON)	Greater than 3 to 1

Figure 2: *Pro forma* Results

This option is financially feasible for the developer, meets the Government constraints, and the scoring is within current appropriations.

Potential Barriers and Special Issues

Environmental Conditions

The US Army Corps of Engineers is in the process of conducting an Environmental Baseline Survey (EBS). At this time, the Government does not foresee any environmental constraints to privatizing military family housing at Dover AFB.

Land Title

The installation real property officer (436 CES/CECR) is in the process of conducting a search of historical files pertaining to land acquisition and title for Dover AFB. At this time, the Government does not foresee any land or title constraints to privatizing military family housing at Dover AFB.

Appendix A: Pro forma

See attached report.

Appendix B: Pro forma Source and Derivation of Costs

See Dover AFB Appendix C, "Pro forma Computations" spreadsheet for detailed calculations.

Risk and Recovery Factors / Treasury Rates

Risk and Recovery Factors.

- Source: SAF/FMC, Maj Randall Howard, Jan 2000.

Treasury Rates.

- Rates reflect the 20-year long-term Treasury rates.
- Source: SAF/FMC, Maj Randall Howard, Jan 2000.

Inflators and Operating Inputs

Annual Construction Cost Increase.

- 3.00% per year.
- Source: Avila Government Services, Inc. interviews with local industry.

Annual Market Rent Increase.

- 3.0% per year. Set equal to average annual BAH increase per direction of HQ USAF/ILEI.

Annual BAH Increase.

- 3.0% per year.
- Source: Dover AFB Housing Market Analysis (HMA), September 2000.

Average Vacancy (on base).

- 2.6% per year.
- Source: Dover AFB Family Housing Master Plan (FHMP), August 1999.

Tax Rate (Percent of Assessed Value) and Assessed Value (as % of Appraised Value).

- The local tax rates for land and improvements vary among municipalities in and around the Kent County area. The Kent County schedule was chosen..

- Assessed value equals 60% of market value or appraised value.
- Taxes are calculated as 2.65% of the Assessed Value.
- Source: Central Delaware Economic Development Council.
- See *pro forma* computation worksheet "Taxes" tab.

Loan Information

- Construction loan (8.75%, 0.5 point) and first mortgage (7.75%, 1 point) were validated against national and local market conditions. Current 30 first mortgage rates hover around 7.75%. "Softer economic growth here and abroad and political uncertainty should help lower interest rates – perhaps to the lowest point of the year."
- Source: HSH Associates (<http://www.hsh.com>) for week ending December 8, 2000.
- See *pro forma* computation worksheet "Mortgage Rate" tab.

Asset Contributions

Developer Equity.

- Developer equity was optimized to meet at least 5% of development.
- Source: OSD/CS&P guidance.

Conveyed Units/Property

Number of Units.

- Dover AFB will convey a total of 450 housing units (298 units in Eagle Meadows and 152 units in Eagle Heights) to the Developer.
- Source: 436 CES.
- See *pro forma* computation worksheet "Units" tab.

Economic Life Remaining.

- The economic life was altered from the life of the units noted in the Dover AFB *Pro forma*, 29 April 1999, to reflect the unit conveyance in the year 2001 instead of 2000.
- Source: Dover AFB *Pro forma*, Partial Base – Approach 1E, 29 April 1999.
- See *pro forma* computation worksheet "Economic Life".

Demolition Timeline/Cost

Demolition Timeline.

- The timeline reflects requirements identified by the Installation to demolish 152 units in Eagle Heights within four years.
- Source: Dover AFB Request for Proposal (RFP), November 2000.

Demolition Cost.

- Demolition costs include funds to raze 152 units in Eagle Heights and the cost for the Developer to move 10% of the families at \$1025 (FY2000) per move.
- Sources: Demolition cost - DAFB Family Housing Master Plan, August 1999. Moving percentages and cost – 436 CES/CEH.
- See *pro forma* computation worksheet “Renovation Construction Cost” tab.

Monthly Demolition Rate.

- The demolition rate is slightly higher in the summer months.
- Source: Avila Government Services, Inc. interviews with industry.

Existing Units Personnel Assignments (BAH)

Basic Allowance for Housing (BAH).

- BAH at the dependent rate was applied.
- Source: Dover HMA, September 2000.
- See *pro forma* computation worksheet “BAH” tab.

Utilities Deduction.

- Utility calculations included the following assumptions:
 - 1) The Developer will receive the tenants full BAH during the transition period (prior to renovation and demolition of existing units). All utilities (water, sewer, electric, natural gas, and fuel oil) will be paid by the Developer.
 - 2) All utilities will be billed at local regulated residential rates.
 - 3) At steady state (after construction, demolition, and renovation), fuel oil will no longer be used. Electricity or gas may be used for heating; however, electricity is modeled as the more conservative option.

- Since the Developer is paying all the utilities for the existing units at this point, zero dollars are deducted from the BAH.
- Sources: Consumption – Dover AFB FHMP, August 1999. Rates – Local utility providers.
- See *pro forma* computation worksheet “Utilities” tab

Existing Units Personnel Distribution.

- Source: Dover AFB *Pro forma*, Partial Base – Approach 1E, 29 April 1999.
- See *pro forma* computation worksheet “Conveyed Distribution” tab.

Existing (Non-renovated) Units Income/Expenses

Monthly Rental Income per Unit (Market Rent).

- An average market rent was derived for two, three, and four bedroom units from a statistical market sample of local rents (including utilities). Once the average market rents (including utilities) were calculated, they were reduced by the average monthly utilities.
- Source: Dover AFB HMA , September 2000.
- See *pro forma* computation worksheet “Market Rent” and “Utilities” tabs.

Monthly Cost per Unit (% of Market Rental Income).

- Monthly costs (administration, operations, maintenance, other) were assumed to be 20% of the monthly market rent. This value was entered under the “Other” cost column.
- Replacement reserve (“Rep. Res.”) was set at 5% for Eagle Meadows and 0% for Eagle Heights. Due to early demolition in the project schedule, only normal operations and maintenance will be performed on Eagle Heights, not capital repairs and replacements.
- Source: Avila Government Services, Inc. interviews with industry.

Monthly Cost per Unit (Utilities Paid)

- Utility calculations included the following assumptions:
 - 1) All utilities (water, sewer, electric, and natural gas) will be paid by the Developer throughout the transition period.
 - 2) All utilities will be billed at local regulated residential rates.

3) At steady state (after construction, demolition, and renovation), fuel oil will no longer be used. Electricity or gas may be used for heating; however, electricity is modeled as the more conservative option.

- Sources: Consumption – Dover AFB FHMP, August 1999. Rates – Local utility providers.
- See *pro forma* computation worksheet “Utilities” tab.

Renovation Timeline

Number of Units Renovated In.

- The timeline reflects requirements identified by the Installation to renovate 298 units in Eagle Meadows within nine years.
- Source: Dover AFB RFP, November 2000.

Avg. Reno. Time/Unit (Months).

- Three months.
- Source: Avila Government Services, Inc. interviews with industry.

Monthly Renovation Rate.

- The renovation rate is slightly higher in the summer months.
- Source: Avila Government Services, Inc. interviews with local industry.

Renovation Costs

Cost per Unit—Hard Cost.

- Basic hard costs from a previous *pro forma* were increased to include renovation items that were not considered at that time, but have since been identified by the Installation.
- Source: Dover AFB *Pro forma*, Partial Base – Approach 1E, 29 April 1999; and Avila Government Services, Inc. for additional RFP requirements.
- See *pro forma* computation worksheet “Renovation Construction Cost” tab.

Cost per Unit—Infrastructure.

- Infrastructure includes costs to provide meters in renovated units and to move 10% of the families at the cost of \$1025 per move.

- Sources: Meters cost - Avila Government Services, Inc. interviews with industry (Klein Development Corp of Delaware). Moving percentages and moving cost – 436 CES/CEH.
- See *pro forma* computation worksheet “Renovation Construction Cost” tab.

% Soft Cost of Hard and Infrastructure Cost.

- 25% of hard cost.
- Sources: The Delaware Housing Authority and Avila Government Services, Inc. interviews with local industry.

Renovated Units Personnel Assignments

BAH.

- Same as “Existing (Non-renovated) Units Income/Expenses”.

Utilities Deduction.

- Utility calculations included the following assumptions:
 - 4) All utilities (water, sewer, electric, and natural gas) will be paid by the tenants.
 - 5) All utilities will be billed at local regulated residential rates.
 - 6) At steady state (after construction, demolition, and renovation), fuel oil will no longer be used. Electricity or gas may be used for heating; however, electricity is modeled as the more conservative option.
 - 7) A conservation factor of 20% is used to decrease the electric consumption due to the tenant’s paying for electricity and due to energy efficient renovations and new construction.
- The average monthly consumption of each utility for each housing unit was multiplied by its respective regulated residential utility rate. In addition, the monthly cost for electricity was reduced 20% due to expected energy conservation. The products of the various utility costs (water, sewer, and electricity) were added to arrive at a total monthly utility cost for each housing unit. The total utility cost was then increased by 10% to compute the military tenant’s utility allowance. This allowance is shown in the *pro forma* as an utility deduction from BAH.
- Sources: Consumption – Dover AFB FHMP, August 1999. Rates – Local utility providers.

- See *pro forma* computation worksheet "Utilities" tab.

Renovated Units' Personnel Distribution.

- Projected personnel distribution was derived as percentage of number of units by grade projected for FY2005.
- Source: HQ AMC/CEHE.
- See *pro forma* computation worksheet "Renovation Construction Distribution" tab.

Renovated Units Income/Expenses

Monthly Rental Income per Unit (Market Rent).

- Same as "Existing (Non-renovated) Units Income/Expenses".

Monthly Cost per Unit (% of Market Rental Income).

- Monthly costs (administration, operations, maintenance, other) were assumed to be 20% of the monthly market rent. This value was entered under the "Other" cost column.
- Replacement reserve ("Rep. Res.") was set at 5% for Eagle Meadows.
- Source: Avila Government Services, Inc. interviews with industry.

Monthly Cost per Unit (Utilities Paid)

- Since the tenants are paying all utilities, the Developer's monthly cost per unit for utilities is zero.
- Source: Dover AFB RFP, November 2000.

Construction Timeline

Number of Units With Construction Starts In.

- The timeline reflects requirements identified by the Installation to construct the new units within three years.
- Source: Dover AFB RFP, November 2000.

Avg. Con. Time/Unit (Months).

- Source: Avila Government Services, Inc. interviews with industry.

Monthly Construction Rate.

- The construction rate is slightly higher in the summer months.

- Source: Avila Government Services, Inc. interviews with local industry.

Construction Costs

Square Feet per Unit

- Square feet were calculated by multiplying the Air Force maximum authorized net square feet by 1.2 to approximate how the same unit would be measured by industry (in accordance with ANSI Z765).
- Sources: Air Force Maximum Authorized Net Square Feet - *Air Force Family Housing Guide for Planning, Programming, Design and Construction*, Office of the Civil Engineer, Directorate of Housing, Dec 95. Minimum Square Feet IAW ANSI Z765 - Dover AFB RFP, November 2000.
- See *pro forma* computation worksheet "Renovation Construction Cost" tab.

Hard Cost per Square Foot

- Comparing engineering cost estimate with local industry estimates and historic cost derived hard costs.
- Sources: Klein Development Corp of Delaware, the Delaware Housing Authority, and Avila Government Services, Inc. interviews with local industry.
- See *pro forma* computation worksheet "Renovation Construction Cost" tab.

Infrastructure Cost per Unit.

- Infrastructure cost were derived by comparing local industry cost estimates and historic cost.
- Sources: The Delaware Housing Authority and Avila Government Services, Inc. interviews with local industry.
- See *pro forma* computation worksheet "Renovation Construction Cost" tab.

Soft Cost as % of Hard/Infrastr.

- 15% of hard cost.
- Sources: The Delaware Housing Authority and Avila Government Services, Inc. interviews with local industry.

Land Cost Per Acre

- Land cost were derived by comparing recent local real estate acquisitions.
- Sources: The Delaware Housing Authority and Avila Government Services, Inc. interviews with local industry.

Units Per Acre

- The number of units per acre reflects requirements identified by the Installation. JNCO three bedroom units were modeled as multi-plex units at 6 units per acre, and SNCO three- and four-bedroom units were modeled as single family units at 4 units per acre.
- Source: Dover AFB RFP, November 2000.

Land Pur. Con. Dem. Or Leas'd

- The land is purchased per requirements identified by the Installation.
- Source: Dover AFB RFP, November 2000.

Constructed Units Personnel Assignments

- Same as "Renovated Units Income/Expenses".

Constructed Units Income/Expenses

Monthly Rental Income per Unit (Market Rent).

- Same as "Existing (Non-renovated) Units Income/Expenses".

Monthly Cost per Unit (% of Market Rental Income).

- Monthly costs (administration, operations, maintenance, other) were assumed to be 20% of the monthly market rent. This value was entered under the "Other" cost column.
- Replacement reserve ("Rep. Res.") was set at 5%.
- Source: Avila Government Services, Inc. interviews with industry.

Monthly Cost per Unit (Utilities Paid)

- Since the tenants are paying all utilities, the Developer's monthly cost per unit for utilities is zero.
- Source: Dover AFB RFP, November 2000.

Appendix C: Pro forma Computations

See attached detailed calculations.

Source: 2000 Tax Rates, Delaware Economic Development Council)

Real Estate Tax Rate Kent County, Delaware
Average Tax Rate based on Assessed Value

2.65%

Assessed Value to Market Value

60.00%

Source: <http://www.hsh.com>



Fm: info@hsh.com
To: hagop.avedissian@avilanc.net
Sent: Fri 12/08/2000 18:58
Subj: HSH's Statistics/Forecast, 12/08/00

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The Nation's Mortgage Market: Average Rates for Residential Mortgages

Week ending December 8, 2000

Owner-occupied 1-4 Family and Condos: Previously Occupied Homes

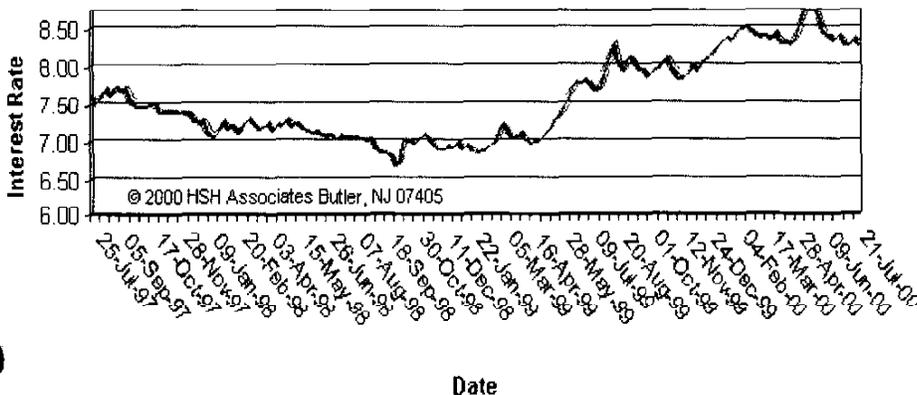
VENTIONAL MORTGAGES ADJUSTABLE MORTGAGES
15 Yr 30 Yr Composite 1 Year Composite

NW/National	7.34%	7.67%	7.53%	7.21%	7.32%
CA/Statewide	7.32%	7.66%	7.50%	7.31%	7.26%
TX/Statewide	7.02%	7.40%	7.21%	6.57%	6.93%
DC/Washington DC	7.13%	7.46%	7.34%	6.47%	6.74%
FL/Statewide	7.43%	7.74%	7.60%	7.58%	7.54%
MA/Statewide	7.25%	7.67%	7.48%	6.90%	7.34%
NJ/Statewide	7.39%	7.72%	7.55%	6.91%	7.21%
NY/New York City	7.36%	7.64%	7.49%	6.85%	7.12%
NY/Statewide	7.39%	7.68%	7.54%	6.87%	7.16%
NY/NYC Co-op Apts	7.42%	7.68%	7.64%	7.13%	7.46%
PA/Statewide	7.13%	7.72%	7.58%	6.77%	7.06%

DECEMBER 9TH 2000 UPDATE RESULTS:
FIRST MORTGAGE: 7.75% + 1 POINT
CONSTRUCTION LOAN: 8.75% + 0.5 POINT



Average Rate
30 Year Fixed Rate Mortgages
Weekly Average - Last 36 Months



Last updated July 28, 2000

Source: 436 CES/CEH)

Neighborhood	Year	Units	Grade Groups					SF/Unit	Total SF	Weighted Avg SF
			E1-E6	E7-E9	O1-O3	O4-O5	O6			
Eagle Meadows										
	1958	51		4BR				1,407	71,744	
	1958	69	4BR					1,407	97,086	
	1958	0	3BR					1,236	0	
	1958	9		2BR				1,011	9,102	
	1958	169	2BR					1,011	170,859	
		298							348,771	1170
Eagle Heights										
2-BD Duplex	1952	22						0	0	
3-BD w/Basement TH/X Plex	1952	94						0	0	
4-BD w/Basement TH/X Plex	1952	16						0	0	
2-BD X-Plex	1952	10						0	0	
3-BD X-Plex	1952	9						0	0	
4-BD X-Plex	1952	1						0	0	
		152							0	
New Constuction										
3-BD JNCO	2003	122	3BR					1,440	175,680	
3-BD SNCO	2003	4		3BR				1,620	6,480	
4-BD SNCO	2003	26			4BR			1,710	44,460	
		152							226,620	
Total Post Construction		460							575,391	

Sources: Dover AFB Pro forma, Partial Base - Approach 1E, 29 April 1999)

Eagle Meadows

	Conveyed Units	Non- Renovated Units	Life Remaining	Renovated Units	Life Remaining	Average Remaining Life
2BR	178	178	14	0		14
3BR	0	0	14	0		0
4BR	120	120	14	0		14
Total	298	298		0		

Eagle Heights

	Conveyed Unit	Non- Renovated Units	Life Remaining	Renovated Units	Life Remaining	Average Remaining Life
2-BD Duplex	22	0	0	22	9	9
3-BD w/Basement TH/X Plex	94	0	0	94	9	9
4-BD w/Basement TH/X Plex	16	0	0	16	9	9
2-BD X-Plex	10	10	1	0		1
3-BD X-Plex	9	9	1	0		1
4-BD X-Plex	1	1	1	0		1
Total	152	20		132		
Weighted Average						8

Dover Air Housing Privatization

**Draft Proforma Computations
Renovation Construction Cost**

(Sources: 436 CES/CEH; Delaware Housing Authority; Klein Development Corp; FHMP; Dover AFB Pro forma, Partial Base - Approach 1E, 29 April 1999)

Cost Year: 2000

Components of Renovation

	2000 Per Unit	2001 Per Unit	Allocated Cost
Renovation (4/99 Proforma + \$5,000 for additional items added)	\$35,000	\$35,525	\$35,525
Infrastructure (Meters and Existing Utilities Modifications)	\$3,000	\$3,045	\$3,045
Move-outs of Families Not Wishing to Live in Privatized Housing Per Unit	\$1,025	\$1,040	\$104
Total Infrastructure (Infrastructure + Move-outs)			\$3,149

No. of units receiving major renovation

No. of Families Moving Out (10%)	298
	30

Components of Construction

	2000 Cost	2001 Cost	Allocated Cost Per Unit
Construction, per square foot	\$54	\$55	
Infrastructure, per SF for 3-BD JNCO = $(\$9.7 + \$11.85) * \text{Area} + \$10,000 / 3 / \text{Area}$	\$9.50	\$9.64	\$13,882
Infrastructure, per SF for 4-BD JNCO = $(\$9.7 + \$11.85) * \text{Area} + \$10,000 / 3 / \text{Area}$	\$9.24	\$9.38	\$15,195
Infrastructure, per SF for 3-BD SNCO = $(\$9.7 + \$11.85) * \text{Area} + \$10,000 / 3 / \text{Area}$	\$9.13	\$9.27	\$15,851

Area for 3-BD JNCO	1,440
Area for 4-BD SNCO	1,620
Area for 4-BD JNCO	1,710

Source: RFP, per Air Force Net increased by 20% to equate to way industry measures IAW ANSI Z765.
 Source: RFP, per Air Force Net increased by 20% to equate to way industry measures IAW ANSI Z765.
 Source: RFP, per Air Force Net increased by 20% to equate to way industry measures IAW ANSI Z765.

No. of units constructed

No. of Families Moving Out (10%)	152
	15

Components of Demolition

	2000 Cost	2001 Cost	Allocated Cost Per Unit
Demolition per unit	\$5,000	\$5,075	\$5,075
Move-outs of Families Not Wishing to Live in Privatized Housing Per Unit	\$1,025	\$1,040	\$104
Total			\$5,179

Source: Avila Estimate
 Source: Dover 436 CES/CEH

Dover Area 3 Housing Privatization

**Draft Proforma Computations
BAH**

Source: Dover HMA, September 2000

	C1V	E1	E2	E3	E4	E5	E6	E7	E8	E9	O1	O2	O3	O4	O5	O6	O7
2000 BAH Rate		\$ 547	\$ 547	\$ 547	\$ 604	\$ 695	\$ 703	\$ 827	\$ 366	\$ 933	\$ 596	\$ 720	\$ 832	\$ 988	\$ 1,093	\$ 1,122	\$ 1,142

2001 Projected BAH**		\$ 563	\$ 563	\$ 563	\$ 622	\$ 716	\$ 724	\$ 852	\$ 392	\$ 961	\$ 717	\$ 742	\$ 857	\$ 1,018	\$ 1,126	\$ 1,156	\$ 1,176
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** BAH projection uses assumed inflation of 3% per year.

Cost Year: 2000

Monthly Utility Rates Summary - Transition Period	Year 2000	Year 2001
	(\$/Unit/Month)	(\$/Unit/Month)
Water	\$23.97	\$24.33
Sewage	\$17.20	\$17.46
Natural Gas	\$0.00	\$0.00
Electric	\$120.70	\$122.51
Total Utilities	\$161.87	\$164.29
Total Utilities At 110%		

Cost Year: 2000

Monthly Utility Rates Summary - Post Construction	Year 2000	Year 2001
	(\$/Unit/Month)	(\$/Unit/Month)
Water	\$23.97	\$24.33
Sewage	\$17.20	\$17.46
Natural Gas	\$0.00	\$0.00
Electric	\$99.68	\$101.17
Total Utilities	\$140.85	\$142.96
Total Utilities At 110%	\$154.93	\$157.26

Historical Utilities Consumption				Source: August 1999 FHMP
Utility	Average Annual Consumption	Number of MFH	Monthly Consumption per Unit	
Water (KGAL)	166,235	1,549	8.94	
Sewer (KGAL)	140,009	1,549	8.01	
Gas (KCF)	100,000	641	13.00	
Electricity (MWH)	24,178	1,549	1.30	

Residential Water Rates			
Source: City of Dover - First 10 KGAL = \$2.68/mo	Rate(\$/KGAL)	\$2.68	
Monthly Consumption per unit:	8.94 KGAL		
Monthly Cost per unit: \$	23.97		

Residential Sewage Rates			
Source: Kent County - Sewer Operations, \$51.60/Qtr	Rate(\$/Qtr)	\$51.60	
Monthly Consumption per unit:	17.20 Qtr		
Monthly Cost per unit: \$	17.20		

Residential Electrical Rates			
Source: City of Dover	Rate(\$/MWH)		
Monthly Consumption per unit:	1.30 MWH		
Adjusted Monthly Consumption (20% conservation)	1.04		
	Transition	Post Construction	
First 1MWH/mo = \$92.40	\$92.40	\$92.40	
Over 1MWH/mo = \$80.80	\$24.30	\$3.279	
Monthly Service Charge	\$4.00	\$4.000	
Monthly Cost per unit (Transition/Post Construction):	\$120.70	\$99.68	

Assumptions:

1. During transition period, no utility savings due to conservation. Developer pays at 100% rate for modeling purposes.
2. At steady state, after construction and demolition, fuel oil will no longer be used.
3. At steady state, electricity or gas may be used for heating.
Electricity is used here as the more conservative option
4. Combined conservation factor of 25% for electricity is used for member paid billing and for new construction.

Source: Dover AFB Pro forma, Partial Base - Approach 1E, 29 April 1999

CIV	E1-E6	E7-E9	O1-O3	C4-O5	O6	O7	Tot
2BR	169	9	0	0	0	0	178
3BR	0	0	0	0	0	0	0
4BR	69	51	0	0	0	0	120
Total	238	60	0	0	0	0	298

MFH Inventory Distribution, Eagle Heights

2BR	10	0	0	0	0	0	10
3BR	109	16	0	0	0	0	125
4BR	15	2	0	0	0	0	17
Total	134	18	0	0	0	0	152

MFH Inventory Distribution, Total

2BR	179	9	0	0	0	0	188
3BR	109	16	0	0	0	0	125
4BR	84	53	0	0	0	0	137
Total	372	78	0	0	0	0	450

Projected MFH Inventory Assignments, FY2004, Eagle Meadows

CIV	E1	E2	E3	E4	E5	E6	E7	E8	E9	O1	O2	O3	O4	O5	O6	O7	Tot
2BR	5	11	18	89	45	7	2										178
3BR	0	0	0	1	18	50	25	22	4								120
4BR	0	5	11	19	107	95	32	24	4								298

Projected MFH Inventory Assignments, FY2001, Eagle Heights

2BR	1	3	4	1	0												10
3BR	1	3	13	43	39	13	14	1	0								125
4BR	2	7	0	2	10	3	2	2									17
Total	4	13	17	60	52	16	26	3									152

Projected MFH Inventory Assignments, FY2001, Total

2BR	1	3	14	22	90	46	2										188
3BR	1	3	13	43	39	13	14	1	0								125
4BR	2	7	0	3	28	53	2	22	4								137
Total	4	13	27	68	157	112	48	25	4								450

Percent (by bedrooms) MFH Inventory Assignments, FY2001, Eagle Meadows

2BR	0.00%	2.81%	6.18%	10.11%	50.00%	35.84%	3.93%	1.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
3BR	0.00%	0.00%	0.00%	0.33%	15.00%	11.67%	20.83%	18.33%	3.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4BR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Percent (by bedrooms) MFH Inventory Assignments, FY2001, Eagle Heights

2BR	6.00%	30.00%	44.10%	12.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
3BR	1.11%	0.36%	10.10%	34.33%	31.27%	10.53%	11.18%	1.09%	0.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
4BR	0.00%	0.12%	0.53%	12.42%	57.41%	17.82%	11.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Dover AFB Housing Privatization

**Draft Proforma Computations
Market Rent**

Source: Dover HMA Sep 2000, Table 13
Cost Year: 2000

Inventory of Suitable Rental Housing

Price Range	2BR	3BR	4BR
\$1,450		46	153
\$1,350		80	48
\$1,250		87	92
\$1,150		151	86
\$1,050	28	1,697	79
\$950	104	1,285	25
\$850	1,796	151	38
\$750	2,621	121	14
\$650	636	121	13
\$550	339	26	
\$450	37		
\$350			
\$250			
Total	5,561	3,765	548

Total Rent of Suitable Rental housing

Price Range	2BR	3BR	4BR
\$1,250	\$0	\$66,700	\$221,850
\$1,250	\$0	\$108,000	\$64,800
\$1,250	\$0	\$108,750	\$115,000
\$1,150	\$0	\$173,650	\$98,900
\$1,050	\$29,400	\$1,781,850	\$82,950
\$950	\$98,800	\$1,220,750	\$23,750
\$850	\$1,526,600	\$128,350	\$32,300
\$750	\$1,965,750	\$90,750	\$10,500
\$650	\$413,400	\$78,650	\$8,450
\$550	\$186,450	\$14,300	\$0
\$450	\$16,650	\$0	\$0
\$350	\$0	\$0	\$0
\$250	\$0	\$0	\$0
Total	\$4,237,050	\$3,771,750	\$658,500

Computed Average Market Rent

	2BR	3BR	4BR
Average Rent (incl Utilities)	\$762	\$1,002	\$1,202
Avg Utilities	\$143	\$143	\$143
Avg Rent	\$619	\$859	\$1,059
Avg Rent 2001	\$628	\$872	\$1,075

628
872
1,075

Source: HQ AMC/CEHE

CIV	E1-E6	E7-E9	O1-O3	O4-O6	O7	Tot
MFH Inventory Distribution, Eagle Meadows						
2BR	169	9	0	0	0	178
3BR	0	0	0	0	0	0
4BR	69	51	0	0	0	120
Total	238	60	0	0	0	298

CIV	E1	E2	E3	E4	E5	E6	E7	E8	E9	O1	O2	O3	O4	O5	O6	O7	Tot
Projected MFH Inventory Assignments, FY2005, Eagle Meadows																	
2BR	0	0	5	11	18	69	46	7	2	0	0	0	0	0	0	0	178
3BR	0	0	0	0	1	18	50	25	22	4	0	0	0	0	0	0	120
4BR	0	5	11	19	107	96	32	24	4	0	0	0	0	0	0	0	298
Total	0	5	16	33	24	22	0	0	0	0	0	0	0	0	0	0	122

CIV	E1	E2	E3	E4	E5	E6	E7	E8	E9	O1	O2	O3	O4	O5	O6	O7	Tot
Projected MFH Inventory Assignments, FY2005, Eagle Heights																	
2BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

CIV	E1	E2	E3	E4	E5	E6	E7	E8	E9	O1	O2	O3	O4	O5	O6	O7	Tot
Projected MFH Inventory Assignments, FY2005, New Construction JNCO																	
2BR	10	7	16	33	24	22	0	0	0	0	0	0	0	0	0	0	122
3BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	10	7	16	33	24	22	0	0	0	0	0	0	0	0	0	0	122

CIV	E1	E2	E3	E4	E5	E6	E7	E8	E9	O1	O2	O3	O4	O5	O6	O7	Tot
Projected MFH Inventory Assignments, FY2005, New Construction SNCO																	
2BR	0	0	0	0	0	0	0	4	12	8	0	0	0	0	0	0	4
3BR	0	0	0	0	0	0	0	6	12	8	0	0	0	0	0	0	26
4BR	0	0	0	0	0	0	0	10	12	8	0	0	0	0	0	0	30
Total	0	0	0	0	0	0	0	10	12	8	0	0	0	0	0	0	30

CIV	E1	E2	E3	E4	E5	E6	E7	E8	E9	O1	O2	O3	O4	O5	O6	O7	Tot
Projected MFH Inventory Assignments, FY2005, Total																	
2BR	169	9	0	0	0	0	0	7	2	0	0	0	0	0	0	0	178
3BR	122	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	126
4BR	69	51	0	0	0	0	0	31	34	12	0	0	0	0	0	0	146
Total	360	60	0	0	0	0	0	42	36	12	0	0	0	0	0	0	450

Percent (by bedrooms)	MFH Inventory Assignments, FY2005, Eagle Meadows	MFH Inventory Assignments, FY2005, Eagle Heights	MFH Inventory Assignments, FY2005, New Construction JNCO	MFH Inventory Assignments, FY2005, New Construction SNCO	MFH Inventory Assignments, FY2005, Total												
2BR	0.00%	2.81%	6.18%	10.11%	50.60%	25.84%	3.93%	1.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
3BR	0.00%	0.00%	0.00%	0.83%	15.00%	41.67%	20.83%	18.33%	3.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
4BR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Total	0.00%	2.81%	6.18%	10.11%	50.60%	25.84%	3.93%	1.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Percent (by bedrooms)	MFH Inventory Assignments, FY2005, New Construction JNCO	MFH Inventory Assignments, FY2005, New Construction SNCO
2BR	8.20%	13.93%
3BR	13.11%	27.05%
4BR	19.67%	18.03%
Total	40.98%	59.02%

Percent (by bedrooms)	MFH Inventory Assignments, FY2005, Total
2BR	16.44%
3BR	28.00%
4BR	35.56%
Total	80.00%

Dover AFB Housing Privatization

Draft Proforma Computations
FY 2001 Raw Inflation Indices

PR: SAF / FMCEE
 Date of OSD Inflation Rates for Personnel : 3-Jan-00
 Date of OSD Inflation Rates for Non-Personnel 3-Jan-00
 Date of SAF/FMC Issue : 6-Jan-00

USAF Raw Inflation Indices
 Based on OSD Raw Inflation Rates
 Base Year (FY) 2001

Fiscal Year	Military Compensation			Retirement (3500)	General Services & Wage Board Pay (3400)	Operations & Maint. Non-POL (3400)	Research, Develop., Testing, Evaluation (3600)	Military Construct. (3300)	Aircraft & Missile		Other Procurement (3080)	Fuel
	Pay Base (3500)	Other Expenses (3500)	Total (3500)						Procurement (3010/20)	Other		
1949	0.073	0.126	0.078	0.136	0.067	0.147	0.150	0.147	0.137	0.149	0.123	
1950	0.083	0.132	0.088	0.130	0.070	0.145	0.148	0.145	0.135	0.147	0.120	
1951	0.086	0.142	0.089	0.210	0.069	0.154	0.157	0.154	0.144	0.156	0.131	
1952	0.086	0.143	0.092	0.206	0.074	0.159	0.162	0.159	0.148	0.161	0.127	
1953	0.092	0.144	0.097	0.209	0.076	0.162	0.165	0.161	0.151	0.164	0.129	
1954	0.091	0.141	0.097	0.195	0.080	0.164	0.167	0.163	0.153	0.166	0.126	
1955	0.094	0.145	0.099	0.207	0.085	0.166	0.169	0.166	0.155	0.168	0.134	
1956	0.098	0.151	0.105	0.221	0.091	0.170	0.174	0.170	0.159	0.173	0.140	
1957	0.096	0.157	0.103	0.230	0.095	0.177	0.180	0.177	0.165	0.179	0.151	
1958	0.102	0.172	0.110	0.232	0.107	0.181	0.185	0.181	0.169	0.184	0.152	
1959	0.109	0.175	0.116	0.248	0.115	0.184	0.188	0.184	0.172	0.187	0.156	
1960	0.110	0.175	0.118	0.246	0.118	0.188	0.192	0.188	0.176	0.191	0.155	
1961	0.111	0.178	0.119	0.245	0.127	0.190	0.194	0.190	0.178	0.193	0.158	
1962	0.110	0.180	0.119	0.245	0.130	0.193	0.197	0.193	0.180	0.196	0.156	
1963	0.112	0.180	0.120	0.243	0.135	0.196	0.200	0.196	0.183	0.199	0.156	
1964	0.122	0.188	0.130	0.253	0.141	0.199	0.203	0.199	0.186	0.202	0.157	
1965	0.126	0.194	0.134	0.258	0.150	0.203	0.207	0.203	0.190	0.206	0.159	
1966	0.135	0.203	0.144	0.269	0.155	0.208	0.212	0.208	0.195	0.211	0.164	
1967	0.142	0.217	0.153	0.279	0.162	0.215	0.219	0.215	0.201	0.218	0.170	
1968	0.149	0.229	0.161	0.288	0.168	0.223	0.227	0.223	0.208	0.226	0.176	
1969	0.161	0.234	0.172	0.304	0.178	0.233	0.238	0.233	0.218	0.236	0.181	
1970	0.186	0.242	0.193	0.327	0.199	0.246	0.251	0.246	0.230	0.250	0.188	
1971	0.202	0.253	0.208	0.361	0.217	0.259	0.264	0.258	0.242	0.262	0.197	
1972	0.235	0.262	0.238	0.385	0.234	0.270	0.276	0.270	0.253	0.274	0.204	
1973	0.264	0.274	0.265	0.409	0.248	0.282	0.288	0.282	0.264	0.286	0.213	
1974	0.282	0.304	0.284	0.448	0.270	0.304	0.310	0.304	0.284	0.309	0.225	
1975	0.300	0.322	0.302	0.512	0.292	0.337	0.344	0.337	0.315	0.342	0.259	
1976	0.316	0.341	0.318	0.568	0.316	0.361	0.368	0.360	0.337	0.366	0.279	
197Q	0.325	0.350	0.327	0.585	0.330	0.373	0.380	0.372	0.348	0.378	0.290	
1977	0.334	0.359	0.336	0.602	0.345	0.385	0.393	0.385	0.360	0.390	0.302	
1978	0.357	0.370	0.350	0.647	0.371	0.416	0.419	0.411	0.384	0.417	0.323	
1979	0.378	0.409	0.381	0.700	0.394	0.453	0.455	0.450	0.418	0.453	0.373	
1980	0.405	0.439	0.409	0.785	0.420	0.497	0.497	0.497	0.458	0.497	0.674	
1981	0.469	0.545	0.478	0.873	0.457	0.556	0.556	0.556	0.513	0.556	0.799	
1982	0.534	0.578	0.538	0.930	0.483	0.608	0.608	0.608	0.562	0.608	0.786	
1983	0.555	0.602	0.560	0.984	0.505	0.637	0.637	0.637	0.613	0.637	0.706	
1984	0.572	0.622	0.576	1.018	0.521	0.662	0.662	0.662	0.662	0.662	0.641	
1985	0.595	0.640	0.598	1.053	0.550	0.684	0.684	0.684	0.684	0.684	0.613	
1986	0.618	0.655	0.621	1.059	0.556	0.703	0.703	0.703	0.703	0.703	0.479	
1987	0.632	0.670	0.635	1.094	0.586	0.722	0.722	0.722	0.722	0.722	0.440	
1988	0.647	0.688	0.650	1.097	0.639	0.744	0.744	0.744	0.744	0.744	0.367	
1989	0.670	0.711	0.673	0.993	0.661	0.775	0.775	0.775	0.775	0.775	0.368	
1990	0.695	0.733	0.698	1.030	0.688	0.806	0.806	0.806	0.806	0.806	0.433	
1991	0.722	0.758	0.725	1.057	0.713	0.841	0.841	0.841	0.841	0.841	0.815	
1992	0.752	0.786	0.755	1.085	0.743	0.864	0.864	0.864	0.864	0.864	0.694	
1993	0.781	0.810	0.784	0.961	0.772	0.888	0.888	0.888	0.888	0.888	0.704	
1994	0.801	0.825	0.803	0.974	0.797	0.906	0.906	0.906	0.906	0.906	0.803	
1995	0.821	0.844	0.823	0.985	0.820	0.923	0.923	0.923	0.923	0.923	0.704	
1996	0.841	0.861	0.843	0.935	0.842	0.941	0.941	0.941	0.941	0.941	0.743	
1997	0.865	0.883	0.867	0.953	0.866	0.961	0.961	0.961	0.961	0.961	0.753	
1998	0.890	0.904	0.891	0.917	0.890	0.968	0.968	0.968	0.968	0.968	0.901	
1999	0.920	0.932	0.921	0.939	0.920	0.975	0.975	0.975	0.975	0.975	0.822	

Date of SAF/FMC Issue :

6-Jan-00

USAF Raw Inflation Indices
Based on OSD Raw Inflation Rates
Base Year (FY) 2001

Fiscal Year	Pay Base (3500)	Military Compensation		Retirement (3500)	General Services & Wage Board Pay (3400)	Operations & Maint. Non-PUL (3400)	Research, Develop., Testing, Evaluation (3600)	Military Construct. (3300)	Aircraft & Missile Procurement (3010/20)	Other Procurement (3080)	Fuel
		Other Expenses (3500)	Total (3500)								
2000	0.962	0.970	0.962	1.033	0.961	0.985	0.985	0.985	0.985	0.985	0.614
2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.037	1.031	1.037	1.034	1.037	1.015	1.015	1.015	1.015	1.015	0.851
2003	1.071	1.060	1.070	1.064	1.072	1.030	1.030	1.030	1.030	1.030	0.821
2004	1.106	1.088	1.104	1.095	1.106	1.051	1.051	1.051	1.051	1.051	0.831
2005	1.141	1.118	1.139	1.126	1.141	1.072	1.072	1.072	1.072	1.072	0.841
2006	1.178	1.148	1.175	1.158	1.178	1.093	1.093	1.093	1.093	1.093	0.851
2007	1.215	1.180	1.212	1.191	1.216	1.115	1.115	1.115	1.115	1.115	0.861
2008	1.254	1.212	1.251	1.225	1.254	1.137	1.137	1.137	1.137	1.137	0.872
2009	1.294	1.245	1.290	1.260	1.295	1.160	1.160	1.160	1.160	1.160	0.882
2010	1.336	1.278	1.331	1.295	1.336	1.183	1.183	1.183	1.183	1.183	0.893
2011	1.379	1.313	1.373	1.332	1.379	1.207	1.207	1.207	1.207	1.207	0.903
2012	1.423	1.349	1.416	1.370	1.423	1.231	1.231	1.231	1.231	1.231	0.914
2013	1.468	1.386	1.461	1.409	1.468	1.256	1.256	1.256	1.256	1.256	0.925
2014	1.515	1.423	1.507	1.449	1.515	1.281	1.281	1.281	1.281	1.281	0.936
2015	1.564	1.462	1.555	1.491	1.564	1.307	1.307	1.307	1.307	1.307	0.948
2016	1.614	1.502	1.604	1.533	1.614	1.333	1.333	1.333	1.333	1.333	0.959
2017	1.665	1.543	1.655	1.577	1.666	1.359	1.359	1.359	1.359	1.359	0.970
2018	1.719	1.585	1.707	1.622	1.719	1.387	1.387	1.387	1.387	1.387	0.982
2019	1.774	1.628	1.761	1.668	1.774	1.414	1.414	1.414	1.414	1.414	0.994
2020	1.830	1.672	1.817	1.715	1.831	1.443	1.443	1.443	1.443	1.443	1.006
2021	1.889	1.717	1.874	1.764	1.889	1.471	1.471	1.471	1.471	1.471	1.018
2022	1.949	1.764	1.933	1.814	1.950	1.501	1.501	1.501	1.501	1.501	1.030
2023	2.012	1.812	1.994	1.866	2.012	1.531	1.531	1.531	1.531	1.531	1.042
2024	2.076	1.861	2.057	1.919	2.077	1.561	1.561	1.561	1.561	1.561	1.055
2025	2.143	1.912	2.122	1.974	2.143	1.593	1.593	1.593	1.593	1.593	1.068
2026	2.211	1.964	2.189	2.030	2.212	1.625	1.625	1.625	1.625	1.625	1.080
2027	2.282	2.018	2.259	2.088	2.282	1.657	1.657	1.657	1.657	1.657	1.093
2028	2.355	2.072	2.330	2.147	2.355	1.690	1.690	1.690	1.690	1.690	1.107
2029	2.430	2.129	2.404	2.209	2.431	1.724	1.724	1.724	1.724	1.724	1.120
2030	2.508	2.187	2.480	2.272	2.509	1.758	1.758	1.758	1.758	1.758	1.133
2031	2.588	2.246	2.558	2.336	2.589	1.794	1.794	1.794	1.794	1.794	1.147
2032	2.671	2.307	2.639	2.403	2.672	1.830	1.830	1.830	1.830	1.830	1.161
2033	2.757	2.370	2.722	2.471	2.757	1.866	1.866	1.866	1.866	1.866	1.175
2034	2.845	2.434	2.808	2.542	2.845	1.903	1.903	1.903	1.903	1.903	1.189
2035	2.936	2.501	2.897	2.614	2.936	1.942	1.942	1.942	1.942	1.942	1.203
2036	3.030	2.569	2.988	2.688	3.030	1.980	1.980	1.980	1.980	1.980	1.217
2037	3.127	2.639	3.083	2.765	3.127	2.020	2.020	2.020	2.020	2.020	1.232
2038	3.227	2.710	3.180	2.844	3.227	2.060	2.060	2.060	2.060	2.060	1.247
2039	3.330	2.784	3.281	2.925	3.331	2.102	2.102	2.102	2.102	2.102	1.262
2040	3.437	2.860	3.384	3.008	3.437	2.144	2.144	2.144	2.144	2.144	1.277
2041	3.547	2.938	3.491	3.094	3.547	2.186	2.186	2.186	2.186	2.186	1.292
2042	3.660	3.018	3.602	3.182	3.661	2.230	2.230	2.230	2.230	2.230	1.308
2043	3.777	3.100	3.716	3.272	3.778	2.275	2.275	2.275	2.275	2.275	1.323
2044	3.898	3.184	3.833	3.366	3.899	2.320	2.320	2.320	2.320	2.320	1.339
2045	4.023	3.270	3.954	3.461	4.024	2.367	2.367	2.367	2.367	2.367	1.355
2046	4.152	3.359	4.079	3.560	4.152	2.414	2.414	2.414	2.414	2.414	1.372
2047	4.284	3.451	4.208	3.661	4.285	2.462	2.462	2.462	2.462	2.462	1.388
2048	4.422	3.545	4.341	3.766	4.422	2.512	2.512	2.512	2.512	2.512	1.405
2049	4.563	3.641	4.478	3.873	4.564	2.562	2.562	2.562	2.562	2.562	1.422
2050	4.709	3.740	4.620	3.983	4.710	2.613	2.613	2.613	2.613	2.613	1.439
2051	4.860	3.842	4.766	4.097	4.861	2.665	2.665	2.665	2.665	2.665	1.456
2052	5.015	3.946	4.916	4.213	5.016	2.719	2.719	2.719	2.719	2.719	1.473
2053	5.176	4.054	5.072	4.333	5.177	2.773	2.773	2.773	2.773	2.773	1.491
2054	5.341	4.164	5.232	4.457	5.342	2.828	2.828	2.828	2.828	2.828	1.509

Date of SAF/FMC Issue :

6-Jan-00

USAF Raw Inflation Indices
Based on OSD Raw Inflation Rates
Base Year (FY) 2001

Fiscal Year	Pay Base (3500)	Military Compensation		Retirement (3500)	General Services & Wage Board Pay (3400)	Operations & Maint. Non-POL (3400)	Research, Develop., Testing, Evaluation (3600)	Military Construct. (3300)	Aircraft & Missile Procurement (3010/20)	Other Procurement (3080)	Fuel
		Other Expenses (3500)	Total (3500)								
2055	5.512	4.277	5.397	4.584	5.513	2.885	2.885	2.885	2.885	2.885	1.527
2056	5.689	4.394	5.568	4.714	5.690	2.943	2.943	2.943	2.943	2.943	1.545
2057	5.871	4.513	5.744	4.848	5.872	3.002	3.002	3.002	3.002	3.002	1.564
2058	6.059	4.636	5.925	4.987	6.060	3.062	3.062	3.062	3.062	3.062	1.583
2059	6.252	4.762	6.112	5.129	6.254	3.123	3.123	3.123	3.123	3.123	1.602
2060	6.452	4.891	6.305	5.275	6.454	3.185	3.185	3.185	3.185	3.185	1.621

Dover AFB Housing Privatization

Draft Proforma Computations
Leverage

Cost Year: 2001

	Govt	Market
Contingency %	5.00%	5.00%
SI OH %	5.50%	5.00%
Design %	7.00%	5.00%
Total	17.50%	15.00%

Identical MILCON	Conveyed Unit	Renovation Units	Demolition Units	Construct Units	Hard Cost/Unit	Total Cost/Unit	Identical MILCON Cost
Eagle Meadows	298	298	0	0	38,570	45,561	13,577,122
Eagle Heights	152	0	152	152	5,075	5,995	911,216
New Construction	152	122	0	30	95,971	113,366	13,830,642
Total Units	602	420	152	182	Total MILCON Cost		28,318,980
Total Identical MILCON							28,318,980
Privatization Scoring							6,363,105
Leverage							4.5 : 1

New Construction Hard Cost	Infrastructure per Unit			Total
	Average Size (SF)	Cost/Unit	Total per Unit	
3-BD JNCO	1,440	\$78,926	\$92,809	\$11,322,685
4-BD JNCO	1,620	\$88,792	\$103,987	\$415,948
3-BD SNCO	1,710	\$93,725	\$109,576	\$2,848,981
Total				14,587,614.17
Average				\$95,971

Dover AFB, DE (Eagle Meadows and Eagle Heights)

Loan Information

Construction Loan		Second Mortgage	
Amount :	\$ 28,189,307	Type (Private\Limited Guar.\Direct) :	Direct
Points :	0.50%	Percent Guaranteed :	100.00%
Interest Rate :	8.75%	Percent of Debt Financing :	41.61%
Lender IRR :	5.58%	Amount :	\$ 12,273,321
First Mortgage		Amortization Period (Years) :	30
Type (Private\Limited Guar.\Direct) :	Limited Guar.	Points :	0.00%
Percent Guaranteed :	100.00%	Interest Rate :	2.25%
Percent of Debt Financing :	58.39%	Deferral Periods (Years) :	0
Amount :	\$ 17,394,115	Interest Rate During Deferral :	5.00%
Amortization Period (Years) :	30	Interest Paid During Deferral? (Yes\No) :	No
Points :	1.00%	Lender IRR :	2.38%
Interest Rate :	7.75%	Sinking Fund	
Deferral Periods (Years) :	0	Percent of Debt Financing :	0.00%
Interest Rate During Deferral :	5.00%	Amount :	\$ -
Interest Paid During Deferral? (Yes\No) :	No	Interest Rate :	1.00%
Debt Service Coverage :	120%	Amortization Period (Years) :	30
Loan to Value (enter zero to disable) :	30%	Deposit Acct. Interest Rate :	5.00%
Lender IRR :	8.70%	Lender IRR :	#N/A

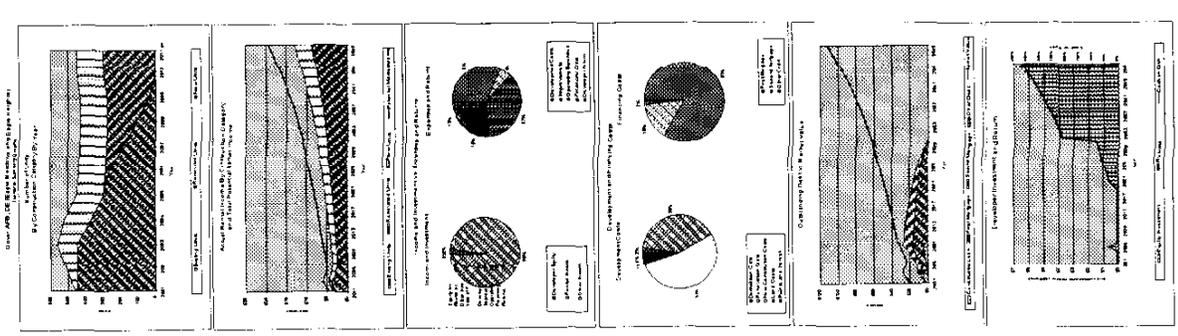


Figure 1. Cross-sectional diagram of a water body. Figure 2. Average Percent Dissolved Oxygen. Figure 3. Percent Dissolved Oxygen. Figure 4. Contribution of Various Sources. Figure 5. Concentration of Various Sources. Figure 6. Cross-sectional diagram of a water body.