



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
1322 PATTERSON AVENUE, SE SUITE 1000
WASHINGTON NAVY YARD DC 20374-5065

IN REPLY REFER TO

29 August 2003

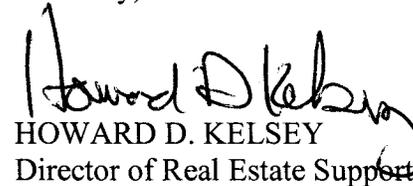
The Honorable Duncan Hunter
Chairman, Committee on Armed Services
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The following real estate report is submitted pursuant to the provisions of
10 U.S.C 2828:

Acquisition Report No O-57 – Naval Support Activity, La Maddalena, Italy

Sincerely,


HOWARD D. KELSEY
Director of Real Estate Support

Enclosure (75 copies)

Copy to:
The Honorable Ike Skelton

DEPARTMENT OF THE NAVY
SUBMITTED BY:
COMMANDER, NAVAL FACILITIES
ENGINEERING COMMAND

ACQUISITION REPORT NO. O-57

Station Designation: Naval Support Activity, La Maddalena, Italy

Use: Family Housing

Acquisition: 78 units by lease

Estimated Cost: \$2,262,000 per annum including utilities and maintenance

1. The Department of the Navy proposes to lease, through competitive procedures, 78 family housing units located on island of La Maddalena, Sardinia, Italy. The units will be used for military families stationed in La Maddalena. The current family housing deficit at La Maddalena is 143 units.
2. The proposed lease is for a firm term of 10 years with four (4) five-year, unilateral renewal options. The annual basic rental for the units is \$1,650,000 and is fixed without increase for the 10 year initial term. At the beginning of each renewal period, the annual basic rental will be adjusted by 75% of the cumulative U.S. Consumer Price Index (CIP) variation for the preceding five (5) year period ending, not to exceed 15% for any renewal period. The adjusted annual basic rent shall remain fixed for the entire renewal period.
3. The annual maintenance cost for the 78 units is \$299,520 fixed for the initial 10 year term of the lease. At the beginning of each renewal period, the maintenance rent will be adjusted by 75% of the cumulative CPI variation for the preceding five (5) year period, not to exceed a cumulative 15% cap. The adjusted maintenance rent shall remain fixed for the entire renewal period.
4. Utility payments for the housing units will be paid directly to the utility suppliers under separate contracts. Costs will be adjusted based on local utility rates and usage. First year utility costs are estimated to be \$312,000.
5. This acquisition is being reported pursuant to the requirements of 10 U.S.C. 2828.

SUBMITTED TO ASCs

29 August 2003