

BASE REUSE REPORT

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Economic Development, Planning and Redevelopment of Military Bases

1995

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Keys to marketing military bases: Primary goal to generate prompt, productive reuse

By Benjamin Pollock

Benjamin Pollock is president of Pollock & Company, a real estate asset management consulting firm started in 1992. Pollock specializes in formulating and implementing strategies for public/private property development. Recently, Pollock represented the City of Sacramento in its successful conversion of the Army Depot to the 2 million square foot headquarters and main manufacturing facility of Packard Bell Corporation, one of the largest personal computer companies in the world.

Every community faced with a closed or closing military base should aspire to one goal: to generate from the facility—

as quickly as possible—productive uses that exceed its peak military employment. For many public officials, particularly those representing communities with the most recent closures, this challenge may seem daunting. But it has been surmounted before, and it will be again. The key to success is marketing.

Local, state and federal government resources are important but typically too limited to finance all the necessary expenses needed to upgrade an installation to surpass its former peak activity. Only the private sector has the capital to pay for all the infrastructure upgrades and

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DoD guide, manual offer help to local communities

By Randall A. Yim and Josh Kirschenbaum

Last month, *The BASE REUSE REPORT* featured an interview with Joshua Gotbaum, Assistant Secretary of Defense for Economic Security. Gotbaum discussed changes recently implemented to speed and improve the base reuse process, following up on the President's Five-Point Plan and the Pryor Amendment. These changes are described in two recent DoD guidebooks.

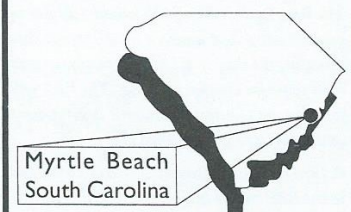
BRR Contributing Editor Randall Yim and Josh Kirschenbaum, Defense Conversion Coordinator for the University of California, Institute of Urban and Regional Development, this month begin a series of articles analyzing these changes. Differing perspectives from experts on the particular issues will also be presented.

(Editor's Note: This article contains excerpts from the Air Force Base Conversion Agency Conversion Process Updates, dated July 25, 1995.)

Congress, in cooperation with DoD and in response to comments from local communities, regulators and other government agencies, has made frequent efforts to improve the base closure and reuse process. Both the 1988 and 1990

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CASE STUDY

**THE
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The BASE REUSE REPORT is a primary source of current news and analysis of the issues surrounding the closure of U.S. military bases and their reuse for civilian purposes. The BRR will focus on the planning, economic development and redevelopment of closed bases.

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Myrtle Beach, S.C.

State-owned utility plays key role in resort community's base reuse

By Willard Strong

Willard Strong is a corporate communications specialist at Santee Cooper, South Carolina's state-owned electric utility based in Moncks Corner, S.C. Santee Cooper is the nation's fourth largest publicly owned electric utility, based on kilowatt-hour sales.

"Miscommunication between the local political factions in the early transition process created strong discontent."

When the Defense Base Closure and Realignment Commission included the Myrtle Beach Air Force Base in South Carolina on its list, one fact was certain: 3,988 acres of extremely desirable and developable property would suddenly become available for redevelopment.

That fact was not lost on either the public or private sector. Since the 1980s, the Myrtle Beach area has been a resort region in a state of transition. The seasonal influx of summertime vacationers has become a year-round destination resort and a prime golfing vacation hotspot. This "Grand Strand" area of South Carolina, as it's been known since the 1950s, is one of the fastest growing regions of the country. Within the last five years, it has become a country music entertainment mecca. The term "boomtown," surpassing that of

Branson, Mo., is not an understatement. Couple this with the traditional dynamic of seaside tourism, and it's no accident that tourism is now South Carolina's second largest industry. And with all of this, you have a base closure and loss of jobs.

While political and community forces rallied to save the base, once the realization became clear that closure was going to occur on March 31, 1994, several situations moved to the forefront. Miscommunication between the local political factions in the early transition process created strong discontent between the city of Myrtle Beach and Horry County. Such situations are certainly not atypical of base closure dynamics, regardless of location. One may easily say it comes with the territory. However, the ultimate goal of the community is a mutually agreeable reuse plan.

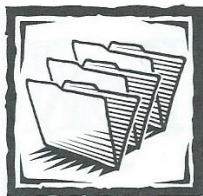
In September 1992, the situation changed. Then-South Carolina Gov. Carroll A. Campbell Jr. requested that Santee Cooper, the state-owned electric utility, investigate his proposal in which Santee Cooper would play a role in the management and redevelopment of the base.

Cooper's involvement, essentially as an agent for the state, came after Horry County and Myrtle Beach city officials failed to reach agreement by the Air Force's Sept. 15, 1993, deadline. This stalemate was the result of competing proposals from the county and city when only one plan was acceptable by the federal government.

At that time, officials had known for nearly two years of impending deadlines. But the county and city were continually at odds with each other, meeting separately to work on their respective plans. In September 1993, the county and city met together for the first time in nine months. They met several times after that, but failed to reach an accord over competing plans. It was then that the governor submitted a state plan to the Air Force.

Failing to agree on a plan put the governor's office and the federal Base Disposal Agency in a position to move forward to redevelop portions of the

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CASE STUDY

base, even if county and city differences could not be worked out as a whole.

What occurred was a land swap involving 1,555 acres of air base property to the state in exchange for 12,520 acres at the Poinsett Weapons Range near Shaw Air Force Base in Sumter County, S.C. This proposal was eventually approved by the Air Force, the South Carolina Forestry Commission, the state Budget and Control Board, and the Santee Cooper Board of Directors.


Increasing the size of the weapons range had been a priority for the governor and the state's congressional delegation, who contended that increasing the size of the range may keep Shaw AFB off the next base closure list. Additionally, an expanded range would better serve the new needs of more advanced weaponry. That has been accomplished thus far.

The initial phase of the land swap was completed in the fall of 1993. At that time, AVX Corp., a manufacturer of a high-tech electronic components, was allowed to expand on about 69 acres of former base property. AVX Corp. is Horry County's largest employer and has since moved its corporate headquarters to Myrtle Beach. This created 200 new jobs, represented a \$60 million investment and is helping diversify a tourism-based economy.

In November 1994, the Santee Cooper Board of Directors approved the authorization of a land sale comprising 1,043 acres to Timberland Properties Inc. for approximately \$9.6 million. TPI,

a local developer, has proposed building a \$500 million theme park.

As part of its contract with Santee Cooper, TPI has until Nov. 24, 1995 to buy the property. If TPI fails to secure adequate funding by that date, the land-option contract reverts back to Santee Cooper. The utility would then seek other suitable buyers for the 1,043-acre tract.

As of October 1995, the Base Disposal Agency is continuing to work with a now unified, local Myrtle Beach AFB Redevelopment Authority. Officials are moving toward completion by the end of 1995 for the transfer of all remaining property. 

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BRR FORUM

BRR Forum

Regional mitigation policies —Sharing for mutual benefits

By Randall A. Yim

Randall A. Yim, Contributing Editor of the BASE REUSE REPORT, is an attorney specializing in toxic and hazardous materials management. Mr. Yim provides legal counsel regarding military base closure, remediation and reuse. He is a member of the California Military Base Reuse Task Force and California Underground Storage Tank Technical Advisory Group. He writes a monthly column, the BRR Forum.

The impact of a military base closure extends far beyond its physical boundaries. Job losses, closing of businesses deriving revenue from base employees and military personnel, and environmental effects resulting from proposed civilian reuse, affect all communities surrounding the base.

The benefits of successful conversion also are regional. Jobs, economic multiplying effects of new businesses, impacts upon the housing market—all will occur beyond base boundaries. Thus, it is very appropriate that the costs of redeveloping the base be spread beyond the boundaries of the base, and that regional solutions to problems be a priority.

The best reuse plans evaluate and exploit opportunities for the entire region. Successful base reuse is a component of regional economic health, not a goal to be accomplished in and of itself. Litigation among regional communities is a natural by-product of isolated reuse planning. And, for the base itself, it should be integrated seamlessly into the surrounding area. Cyclone fences surrounding a base send a clear message of isolation, discouraging many new businesses which will depend upon the regional community for support.

The physical boundaries of a base should be considered artificial or

arbitrary. Too often, these physical boundaries confine thinking and options to solve problems. Just as air quality problems do not respect political or physical boundaries, the problems

"The best reuse plans evaluate and exploit opportunities for the entire region."

associated with a closing base impact well beyond its physical and political boundaries. In most cases insufficient "assets" exist on a particular closing base to offset the liabilities existing at that same base. Often obstacles to successful reuse cannot creatively be resolved if only the assets and liabilities of a particular base, including real property within a particular base boundary, are considered. Where assets and liabilities may be aggregated, creative solutions may be found.

A rational approach

A rational approach is to aggregate assets and liabilities among regions which share common characteristics with a closing military facility. For example, different political jurisdictions encompassing or surrounding a military base may be within the same air quality management district, flood plain, or share a central common characteristic, such as San Francisco Bay. Other military or federal facilities may also be nearby. LRAs should consider evaluating all such areas together as a "mega-base" or "regional facility" for purposes of

resolution of specific issues which may involve "trading" or mitigation off-site.

For example, mitigation of Tidelands Trust constraints, vernal pools or wetlands, endangered species and their habitats, or allocation of real property for McKinney purposes all may involve various trading mechanisms or offsite mitigation strategies. A particular base may not have enough flexibility to individually deal with the obstacles presented. However, a regional trading or mitigation policy which aggregates assets, opportunities and liabilities of logically connected areas or facilities into a "mega-base" or regional facility, particularly if these facilities share a common resource or characteristic, such as an air quality management district or river or bay, greatly expands the flexibility and options for solutions.

Limitations or obstacles on reuse are posed by the Tidelands Trust Doctrine, vernal pools and wetlands, habitats and endangered species, air quality and McKinney. Important strategies to overcome these obstacles include "trading" of resources. For example, wetlands can be "relocated," or unavoidable impacts mitigated elsewhere, typically at various "trading ratios" where wetlands are restored or created off-site, three or four acres for each acre destroyed. McKinney homeless needs can often be satisfied off-base through negotiation.

From an environmental standpoint, aggregation of resources into functionally significant units may be more valuable than the creation of isolated pockets of vernal pools or wetlands, functionally isolated from the surrounding land use, which may be of no environmental significance.

Regional solutions to environmental problems have been pioneered with such concepts as habitat banks or concentrated areas of vernal pools and wetlands, which may be protected. Providing such areas with a "functional



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significance" assures their long-term viability rather than creating isolated pockets which would be continually subjected to economic and political pressures for removal or degradation.

However, if a regional aggregation of liabilities or obstacles may be allowed, a concurrent sharing of the cost of incurring land use limitations, and the benefits of freeing property from such development constraints must be arranged. This is an expansion of the joint powers authority model, currently established at many closing bases. Such a concept would extend beyond political jurisdictions forming the JPA and be more akin to the Bay Conservation and Development Commission, or Regional Air Quality Management Districts, which encompass several political districts. Typical regional "Seaport Plans" are another good example.

Obstacles to implementation

Obstacles to implementation of such a regional approach include:

- Mechanisms to share the cost of maintaining or "holding" land subject to use restrictions as a result of environmental concerns such as wetlands and vernal pools, endangered species or Tideland Trust public easements.
- Assuming that a trading or mitigation policy may be adopted on a regional basis, certain property removed from developmental constraints will have enhanced reuse, market value or income-generating potential. This enhanced value could be shared among those

regions participating in the "mega-base" or regional facility concept to offset the increased cost or developmental constraints.

For example, if Hamilton Field in Marin County established a habitat bank, or vernal pool and wetland preserve, at which Alameda NAS could mitigate some of its impacts, some of the enhanced revenues of Alameda could be shared with Hamilton to offset its maintenance costs. Conversely, if Alameda's wetland areas were used as a regional habitat bank, other bases need to contribute to Alameda's costs, in terms of actual maintenance or caretaking costs or limitations on development, to justify the decision of Alameda to serve as a regional resource for solutions for closing military bases sharing San Francisco Bay as a common element.

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INTERVIEW

BRR Interview: Brian O'Connell

NAID director urges communities to learn from past experience

By Sigrid Bathen

Brian O'Connell is the Executive Director of the National Association of Installation Developers (NAID), a non-profit association of communities, organizations and individuals involved in the reuse of former military bases in the U.S. and Canada. Before becoming executive director of NAID in January, 1995, he was Deputy Director of the Office of Economic Adjustment (OEA) in the Office of the Secretary of Defense, working with communities in base reuse. He retired as a Captain in the U.S. Navy in 1993, having served in the Navy Civil Engineer Corps and as base commander of the Naval Construction Battalion Center in Port Hueneme, Calif. He was instrumental in implementing the Navy's 1988 and 1991 base closures and, before joining OEA, in 1993 was a consultant to several communities affected by the 1993 round of closures.

A registered professional engineer, O'Connell has a B.S. in Mechanical Engineering from Worcester Polytechnic Institute, an M.S. in Civil Engineering from Stanford University and is a graduate of the U.S. Naval War College.

BRR: NAID recently held its 20th annual conference in Chicago, attended by approximately 450 people. What were the

principle themes of the conference, and the response from participants? What do they want from NAID in base reuse planning and assistance?

O'Connell: Well, I'm kind of like the set director who can see the rips in the curtain from behind the stage—I don't have the best perspective. We have always said that the strength of this

"It was assumed that you could throw that stuff in the back—40 and all it did was go in the ground."

organization is in the experience of its members. What we would hope to do is to make available more direct contact between the experience cohort and the "fledglings" who are pressed at this stage and feel a little bewildered by all that needs to be done. There was a need for the newest members to soak up as much as they could. We had a specialty workshop for them one afternoon that had around 150 people.

BRR: The title of the conference was "Let's Get ONWith it!" which implies that communities are frustrated by bureaucratic delays and red tape.

O'Connell: It had a dual meaning. We no longer need to hear the sermons about the need to close bases, how difficult the choices were, instead we want to get on with it. That's the message to the Pentagon. Then, certainly in terms of the newest crop of victims, they need to move into the world of reality and get out of denial and get on with it.

BRR: Are some still in that denial phase, do you think?

O'Connell: No. In '88 and '91, that period of denial was very long, and it was exacerbated by the fact that many in DoD will even admit—that they too had a learning curve, and that things were kind of in disarray on this matter of how you foster reuse. But in '93 and again in '95, the observation, not only from me but also the people in the OEA, was that the new communities are ready to move. They're kind of like college freshmen who have taken advanced placement classes in high school.

BRR: How do the needs of today differ from, say, 20 years ago when these conferences started?

O'Connell: The pioneer days of the mid-'70s and the kind of dark years of the 1980s [were periods] when there was no new military base closure activity.

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INTERVIEW

We were focused more on what I call mutual aid and networking of bases that had already been converted and had pretty good prospects. Our more recent history really starts with BRAC in '88. The 1989 conference was the first one in which we had a new process to deal with. In the earlier times, military departments would simply close the base, turn the property over to the General Services Administration and wait X years for something else to happen. The world seemed simpler in terms of environmental requirements either for cleanup or for documentation. It's moved into a much more complex process. On the other hand, it has permitted the military department the authority to dispose of the property themselves, once they got past this learning curve of the early '90s. It seems to have made for an ability to better control the process.

BRR: Obviously, there is more reuse experience to share today, but is that information-sharing actually occurring?

O'Connell: We want to put that kind of information out to communities, because it's a frustration for all of us that experience exists, and yet there is a lot of reinventing the wheel. Admittedly, there is nothing like tailoring the reuse effort to the context of the particular closure. No one would ever suggest, and I certainly don't, that there is a cookie-cutter formula for successful reuse. But there are recurring themes and experiences that are useful at many stages along the way.

BRR: The cost and complexity of environmental cleanup on closed and closing bases remains a critical problem. Suggestions?

O'Connell: As a Navy engineer, I have seen how environmental cleanup has been frustrating for a lot of people over the years. People want the science to change, and science is science—you cannot will it to be better. You have to work within the context of whatever the contaminant is and come up with a cure. I use a medical analogy—you have to find out what the problem is and come up with a prescription, and then have a co-operative patient.

The problem with many of these older sites, the industrial sites in particular, over the years it was assumed that you could throw that stuff in the back-40 and all it did was go in the ground. And then they discovered the ground was connected to other things under the ground that we care about. So it has been a frustration for every engineer that whenever you try to explain the complexities of this, people throw up their arms and say you people are obfuscating and trying to make this sound complicated, now clean that stuff up! And so it seems that some of these estimates are horrendous, and they are, and not just in the base closure field.

A classic example is out in Kahoolawe, an island in Hawaii near Maui, which has deep spiritual significance to native Hawaiians. Unfortunately, for these many years, all branches of the military services have been pounding it with artillery shells, not all of which go off. One of the previous presidents, I think Bush, finally agreed to direct the Navy to terminate further use of that range. And then there was an effort in Congress to clean up the island and return it to safe use by native Hawaiians. The engineers just go crazy, because what you have to do, in effect, is go through and ensure there will never be any possibility of something blowing up later on. You'd basically have to tear up the whole island and put it back together. You can also anticipate that in the process of doing that, you're going to hear from somebody who wants to preserve the natural resources of this great island. And so it goes.

BRR: How is the cleanup technology—and the administration of it—improving?

O'Connell: Technology is being applied, and the process has been improved [with] people from EPA and the state regulatory entities on site so that they don't have to go through this paper shuffle. The [improvement] we find most encouraging—and it may require some legislative changes regarding hazardous materials—is that the cleanup standards should not be an absolute level of cleanup, but rather relate to the reuse

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Marketing bases . . .

Continued from page 1

building rehabilitation. Private capital will flow only when there are users or tenants to provide a profitable payback. The task of government is to reposition closed installations as real estate assets that will attract new users.

Aging military bases may present substantial obstacles to overcome. But closed or closing installations also have inherent advantages. They are usually the dominant real estate assets in their communities, with hundreds or thousands of acres of developable land and enclosed building areas measured in the millions of square feet. On scale alone, these assets command the attention of the private real estate community. Their size, coupled with the *focused* resources of all levels of government, puts military bases in an enviable position to compete.

There are many ways governments can attract businesses more effectively. Each base, however, requires a customized and detailed marketing program.

Jurisdiction significant

One of the first significant decisions is the designation of the Local Reuse Authority (LRA). Where bases are located in one jurisdiction, the LRA usually will be that local government. Decision-making then can follow the established procedures of that government.

Where multiple jurisdictions are involved, it is critical that they reach common ground quickly and empower a separate intergovernmental entity, such as a Joint Powers Authority, to make and implement decisions. If all major decisions must be approved by each jurisdiction, rather than at the intergovernmental level, then many reuse opportunities will be lost to more responsive private landlords.

Because the Department of Defense requires that the LRA approve a Reuse Plan before it will transfer military



REUSE DEVELOPMENTS

property, and local governments are eager to take visible action, they often focus initially on planning. The municipal planning department may be given overall responsibility for managing the reuse process. But planners usually do not have the training or attitude to be effective marketers.

Staffing the marketing team

Staff with substantial previous deal-making experience are best equipped to

"The backbone of a strong marketing program is intensive cold-calling and ongoing follow-up."

qualify and nurture tenant prospects, overcome hurdles, and close deals. Staff also should have pre-established strong relationships with elected officials and senior management. The ultimate decision-makers need to have enough confidence in their reuse staffs to delegate to them the authority to make representations and commitments to prospective users that will stand. Staff must have the confidence to be willing to commit up to the limits of their authority but also the wisdom to know what those limits are.

Private employers will take their business elsewhere if the LRA is unable to respond quickly—or presents bureaucratic obstacles to accomplish deals. But users and the real estate companies that represent them will be eager to do business if they perceive that the conversion staff is efficient and knowledgeable.

How and to whom DoD transfers control of base property is critical to the marketing effort. The Economic Development Conveyance (EDC) mechanism authorized by the Pryor Amendment in 1993 provides the most flexibility to structure transactions that will attract tenants.

Conveyance the key

The EDC allows the LRA to defer payments to the military, gain control with no money down, and sell or lease property. This creates several marketing advantages for the LRA:

- It can offer lease or sales terms not inflated to cover the cost of land payments to the military.
- Lease-purchase options can be offered that allow tenants to control their future occupancy costs with less up-front capital.
- More public funds can be allocated to onsite and offsite infrastructure upgrades that enhance value.
- Users can spend more on space improvements, thereby creating a more appealing environment to attract other businesses.

Although the EDC mechanism is useful, federal agencies may gain control of desirable parts of the installation first. Other portions of the base may become subject to Public Benefit Conveyance (PBC) applications or McKinney Act requests from homeless care providers. These requests, although well-intentioned, can be highly detrimental to marketability for two reasons:

- Security- or image-conscious private users may find these adjacent uses unacceptable.
- PBC and McKinney Act tenants may be unable to pay their pro rata share of common area maintenance charges, placing a greater burden on the LRA and private, for-profit users.

While federal agencies continue to enjoy priority status, regulations now

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REUSE DEVELOPMENTS

give the LRA significant influence over PBC and McKinney Act requests. The LRA should direct these requests offsite or to locations that will not undermine marketable portions of the base and should structure financial arrangements that require all tenants to pay their fair share of maintenance and operating expenses.

The reuse plan

Ratification of the Reuse Plan is a critical-path item to transfer of the property from DoD to the LRA. The military will not review the conveyance application or complete its own environmental impact documentation without an approved Reuse Plan. Thus, it should be prepared as quickly as possible. The Reuse Plan can be useful. But staff will learn more by exposing the base to the market than from planning and market studies.

The marketing program

Each installation should have a tailor-made marketing plan, but certain elements will be common to most bases. These include:

- **Reuse Objectives and Priorities.** The Reuse Plan probably will have identified a panoply of goals, but may not have established priorities where trade-offs are required. For example, maximizing lease revenue may conflict with maximizing leasing activity. Leasing and sales guidelines should be prepared to clarify priorities.
- **Marketing Strategy.** The strategy outlines how the installation will be converted. Initially, efforts may focus on the best-located and best-maintained structures and the strongest market segments (industrial, office, residential, retail, hotel, etc.) in order to generate activity. Once critical mass is achieved, more challenging portions of the facility may be tackled.

- **Materials.** A multi-colored brochure describing briefly the key attributes of the installation will be helpful. Each building and distinct land parcel should have an offering prospectus, containing a property description, availability of utilities, photographs, environmental reports and zoning and (probable) general plan designations. As conversion progresses, newsletters or other promotional literature describing progress may be produced.

- **Direct Mail Campaign.** Mailing lists will include targeted companies, firms in targeted industries, brokerage and tenant representation firms, developers, and trade associations. Customized data bases are available.

- **Canvassing.** The backbone of a strong marketing program is intensive cold-calling and ongoing follow-up and follow-through.

- **Trade Associations.** The meetings and publications of organizations like the National Association of Corporate Real Estate Executives (NACORE), National Association of Industrial and Office Parks (NAIOP), the Society of Industrial and Office Realtors (SIOR), the Industrial Development Research Council, and the Urban Land Institute (ULI) provide excellent opportunities to expose bases to decision makers.

- **Facility Tours.** Although many more prospects will kick the tires than actually locate at a base, all employers that do relocate will first tour the installation. Showing the base, therefore, is a critical selling tool.

- **The Media.** Media coverage can be a useful and inexpensive way to market the facility. The press should be notified of

each milestone in the conversion process, such as formation of the Reuse Commission, adoption of the Reuse Plan, the NEPA Record of Decision, DoD's Finding of Suitability to Transfer, and major leases or sales.

Implementation of the Marketing Plan requires significant staff time and expertise, which is why outside contractors may be worth retaining.

Marketing reps, developers

Delegating marketing responsibility to outside firms may be necessary if suitable staff is not available and the property is large, varied, and in a demanding location. Bringing in outside help, however, separates the staff from its customers, the space users, so communication with the intermediary company must be excellent.

If staff decides to retain outside help, two different types of firms may be of service: developers and marketing organizations. Which to use will depend on circumstances unique to each installation and community. Developers do not typically generate prospects themselves, but are experienced in subdividing property, negotiating transactions, and managing design and construction.

Brokers and tenant representative firms are marketing experts, usually with national referral networks and current transactional data. Larger marketing organizations may offer construction and asset management capabilities and professionals familiar with a wide range of property types.

Each installation poses unique challenges. But all communities will achieve their reuse goals sooner if marketing is at the forefront of their conversion efforts.

Contact:

Benjamin Pollock, President, Pollock & Company, 1634 First Avenue West, Seattle, WA 98119 (206) 282-0397, FAX (206) 282-9971.



LEGAL ISSUES

DoD guide, manual . . .

Continued from page 1

base closure laws have frequently been amended, most significantly through provisions contained in the National Defense Authorization Acts for fiscal years 1992–93, 1993–94, and 1995. These Acts also contain self-implementing provisions that affect the base closure and reuse process even though they are not part of the base closure statutes themselves.

Virtually all aspects of base closure and reuse have been affected by these amendments, but in general the provisions may be classified into four broad categories:

- The base selection and approval process, including the operation of the Base Closure Commission.
- The property disposal process (including homeless assistance).
- Opportunities and mechanisms for community involvement and assistance in achieving productive reuse.
- Environmental remediation responsibilities.

By far, the most comprehensive and far reaching sets of amendments were contained in Title XXIX of the National Defense Authorization Act for fiscal year 1994 (The Base Closure Community Assistance Act also known as the "Pryor Amendment") and the Base Closure Community Redevelopment and Homeless Assistance Act of 1994. Both of these laws added significant new language to the 1990 base closure law, most of it in the "implementation" section (Section 2905) that addresses the process for working with communities to achieve ultimate disposal of base property. This legislation provided the Department of Defense with tools it needs to carry out part of the President's Plan.

In April 1994, DoD issued an interim final rule, codified at 32 CFR Parts 90

and 91, which provided guidance to the military departments for implementing the Pryor Amendments, specifically real property screening to aid disposal planning, economic development conveyance, interim leasing, personal property and minimum maintenance levels necessary to support civilian reuse.

In response to public comments, Joshua Gotbaum, the Assistant Secretary

*"Experience shows
that one size
did not fit all."*

of Defense for Environmental Security, convened a BRAC implementation working group with representatives from the military departments and from the office of the Secretary of Defense. Substantial public comment was received to develop needed revisions for the final rule. In October 1994, an interim final rule was issued by DoD that addressed the requirements for economic development conveyances.

In October 1994, Congress enacted the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Public Law 103–421). This law, in amending Public Law 101–510, exempts most closing bases from the McKinney Homeless Assistance Act and establishes a new process by which homeless assistance needs may be satisfied in base closure communities.

In July 1995, the Department of Defense issued Final Regulations for Revitalizing Base Closure Communities addressing public comments to the interim final rule. In conjunction with the

Department of Housing and Urban Development, DoD also issued an interim final rule to provide a uniform regulatory framework for implementing the new homeless assistance procedures.

The final regulations were accompanied with two handbooks or manuals, supplementing the existing rules and providing guidelines for federal decision makers and staff and others involved in implementing base reuse. According to DoD: "This manual does not instruct the LRA or the general public, but allows them to understand the instruction and guidance that the military departments are required to follow."

The two documents are:

DoD Community Guide to Base Reuse containing five chapters:

- Roles in Base Reuse—Assuming Responsibility.
- Reuse Overview—Understanding the Process.
- Local Redevelopment Authorities—Organizing for Success.
- The Base Redevelopment Plan—Charting a Course for Economic Recovery.
- Implementation—Working for a Sustainable Reuse.

Appendices include lists of federal, state and national resources, base points of contact, and acronyms and abbreviations. Copies of this document may be obtained through the Office of Economic Adjustment, 400 Army–Navy Drive, Suite 200, Arlington, Va. 22202, phone (703) 604–6020.

Reuse Implementation Manual

The manual offers guidance for implementing the Base Closure Community Assistance Act of 1993 and the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (July 1995). It covers the following topics:

- Base reuse process overview.
- Identifying interest in real property and reuse planning.

THE BASE REUSE REPORT



LEGAL ISSUES

- Personal property (inventory and transfer, including emission reduction credit trading guidance).
- Leasing for reuse (including interim leasing guidance).
- Maintenance, utilities and services (including maintenance levels and transfer).
- Economic development conveyances.

Appendices include laws and regulations affecting base reuse implementation; base closure and reuse laws and amendments; implementing regulations; model lease provisions and guidance documents; regulations for real property transfers and public benefit conveyances, DoD environmental policies and guidance, and federal points of contact for base reuse.

The manual is available via the Worldwide Web (<http://www.acq.osd.mil/es>) or by writing the Defense Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161 (\$44).

The *Community Guide* is a broad overview of material contained in the *Base Reuse Implementation Manual*. Issues are discussed in much greater depth in the manual. (An additional useful reference document is the Air Force Base Conversion Agency "Conversion Process Updates" presented at the Site Managers meeting in Denver, Colo., on July 25, 1995. Site managers or base transition coordinators should be able to provide copies of these documents.)

These documents are designed to promote site-specific solutions and common sense decisions reflecting the administration's effort "to create a flexible process that works better and costs less."

"Provisions that are intended to cover all situations could straight-jacket federal employees and confuse the public," according to DoD. "This manual is written to maintain flexibility while providing guidance to military department

implementors, by offering examples of how to address specific problems."

DoD has learned valuable lessons during the process of promulgating regulations addressing the Pryor Amendment and the President's Five-Point Plan. Initially, regulations were issued in very detailed form; experience showed that one size did not fit all, that site-specific solutions were necessary and regulations could not easily be changed and thus were too confining. Issuance of regulations disguised as "guidance documents" provides DoD much greater flexibility in maintaining some uniformity, but

"waiving" or bending rules to fit the needs of particular communities and unique situations.

The BASE REUSE REPORT, with Contributing Editor Randall Yim and Josh Kirschenbaum, will coordinate analyses of these documents, with expert input with those actively involved in these issues.

The editors hope that the following series of articles discussing these important changes will trigger significant discussion among the LRAs and result in suggestions for continued improvement of the process. To this end, extensive community exchange of ideas and dialogue is encouraged. Please provide your comments by e-mail to either Randall Yim (ryim@ix.netcom.com) or Joshua Kirschenbaum (convert@ced.berkeley.edu). The November column will address economic development conveyances.

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LEGISLATION

Legislative Update

Conference committee confers on Defense Authorization Act

By Josh Kirschenbaum

The BASE REUSE REPORT is adding a new information resource for our readers to keep track of federal legislation related to the base conversion process. The Legislative Update will be provided by the Institute of Urban and Regional Development at the University of California at Berkeley. Beginning next month, it will contain summaries of new legislation introduced in both the House and Senate and summaries of Notices and Rules and Regulations listed in the Federal Register. All updates will contain source information so the full text of Bills and Federal Register listings can be obtained through a local repository of federal records.

A Conference Committee was established Sept. 9 between the House and Senate to decide the final details of the National Defense Authorization Act for Fiscal Year 1996. Our next update will contain a summary of this Bill and any other Bills that become law during this session of Congress.

The Institute of Urban and Regional Development

Over the past two years, the Institute of Urban and Regional Development has mobilized its resources to assist communities and groups in coping with base closures and defense downsizing and to develop a campus-wide defense conversion research and community-outreach program. Convened by Director Judith Innes and Defense Conversion Coordinator Josh Kirschenbaum, the Institute's defense conversion program supports a multitude of regional conversion activities throughout the Bay Area, the State of California and the country.

The Institute has secured a position for the university to provide a non-partisan setting to allow for creative research and for reflective evaluation of conversion activities. The Institute's community outreach and research proposal development have been supportive of the Institute's goals to provide intellectual leadership, high quality technical assistance, and updated information to the many conversion initiatives.


Through the Institute's coordination efforts, we have been able to develop and maintain a resource system to facilitate the development of research projects. These activities enabled the Institute to become a key agency in disseminating conversion information. As a focal point for information on the conversion process, the Institute maintains its data base of people and organizations involved in conversion on- and off-campus, tracks federal and state legislation, maintains a comprehensive library of conversion literature, and publishes a newsletter. In addition to the existing resources, we are designing an electronic World Wide Web server to provide access to these materials over the Internet.

Details of our existing resources include:

- **Federal legislative tracking system** for defense conversion legislation and Federal Register listings. The Institute maintains one of the only active defense conversion legislative databases in the state. This information is updated weekly and used daily by conversion groups and researchers to understand the quickly evolving legislative environment that governs the base conversion process.

- **An electronic database of faculty names, interests and expertise.** This list of approximately 500 on- and off-campus regional defense conversion participants, researchers, consultants, state and federal agency staff, and state and federal legislators is used to support community and faculty research access to the conversion resources at the University. Information on the personnel and projects in the database can be searched by keyword to maximize its efficiency.

- **Extensive library** of conversion literature and programs from federal, state and local perspectives. The materials include a historical perspective of conversion and case studies of the conversion process. This collection of documents is continually updated and accessible to the public and university community for research and community organizing.

- **Defense Conversion Update.** A newsletter describing the University's and region's defense conversion activities for on- and off-campus communities. This publication has a circulation of over 500 and is published three times a year. The newsletter serves as a major way of informing University researchers of community conversion projects and offers the off-campus community an opportunity to know what types of conversion research are being conducted at the University. 

Contact:

Josh Kirschenbaum, Defense Conversion Coordinator, Institute of Urban & Regional Development, UC Berkeley (510) 642-8728, convert@ced.berkeley.edu.



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BRR FORUM

BRR Forum . . .

Continued from page 5

No such mechanism exists for aggregation of assets and liabilities into a mega-base concept, and the sharing of revenues and costs on a regional basis.

This concept could be expanded to allow the creation of regional assessment districts for infrastructure improvements, regional air quality strategies that cross-cut local air pollution control districts, because of the impacts of transporter and receptor air districts, and McKinney Act screening which may involve mitigation or trading of property beyond a particular base boundary.

In addition, a regional NEPA or CEQA document covering habitat and endangered species, Tidelands Trust and air quality, and possibly the socioeconomic impacts of McKinney, could be developed to avoid duplication in the NEPA/CEQA process for each closing military base sharing a common asset, such as San Francisco Bay.

This regional concept may also allow facilitation of regional infrastructure improvements, principally highway improvement projects. Transportation management systems adopted on a regional basis could also tie into this regional concept.

Assessment districts


Currently, there are limitations upon the nature of "assessment districts". Case law

and statutory prohibitions restrict the creation of assessment districts beyond the areas which are impacted by the benefits of the projects funded by the assessment. An expansive definition of "areas benefitted" in the military base concept, particularly with the creation of "mega-base" or regional facility concept could greatly facilitate financing, and more appropriately apportion the cost of development of military bases among the end users and beneficiaries.

As a possibility for a regional NEPA/CEQA document, the state could serve as a lead agency. State-funded NEPA/CEQA documents, which could be utilized by each base sharing common assets, would reduce costs to the local entities, save time and avoid duplication of efforts. Such a concept, if properly implemented, would allow forging innovative regional solutions following extensive public comments and thus serve a critical goal of the NEPA/CEQA process. In fact, such a mega-base concept may facilitate public discussion of important regional issues.

Where Do We Go from Here?

LRA's and DoD should consider:

- Detailed investigation of the possibility of creating regional trading or mitigation policies, which would be supported and approved by the environmental regulatory agencies.
- Development of a regional trading policy for compliance with McKinney Act Requirements.
- Development of regional trading or mitigation policies for allocation of emission reduction credits, or to achieve air conformity determinations.
- Investigate the possibility of a regional NEPA/CEQA document available for use by each closing military base and explore the possibility of developing regional NEPA/CEQA mitigation strategies. Investigate the state serving as the lead agency for preparation of such a NEPA/CEQA document or for funding of preparation of such a regional NEPA/CEQA document.
- Identify a "joint powers" or regional council model for evaluation and implementation of regional trading or mitigation policies.
- Explore funding options to support activities of such a regional council. 

Contact:

Randall A. Yim is Contributing Editor of the BASE REUSE REPORT. He can be reached at (916) 368-1591.

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NEWS BRIEFS

News Briefs

Seattle, Wash.

Navy bids farewell to Sand Point; \$65 million reuse effort planned

On September 28, the Navy bid a farewell salute to the decommissioned **Naval Station Puget Sound at Sand Point** with a public ceremony. The 151-acre property will become a multi-use community separated into zones for housing, art, community activities, education, and parks and recreation.

The cost of reusing the facilities is estimated at \$65 million. Much of the money would come from the city, perhaps through a neighborhoods-improvement levy.

The city received \$5 million from the federal government to fund the centerpiece of the plan—low-cost housing. The housing program will refurbish 27 apartment units with two and three bedrooms, 50 single-occupant rooms for the homeless, and three group homes—two for transitional youth and one for pregnant women and single mothers.

Later, where the base's bowling alley now stands, there will be a cluster of "urban cottages" for small families with low incomes. The vacant community-center-style facility on the base will be used as just that. At 50,060 square feet, with a 650-seat theater, it would be the city's largest community center. The 29,000-square-foot brig may also be converted into a community center. Another building, a 144,000-square-foot hangar, would become one of the largest movie-production sound stages outside of Hollywood.

While many of the reuse purposes have been determined, other details are still being worked out. The Navy's environmental-impact statement is due this fall. City officials continue to work on an agreement with the **Muckleshoot Indian Tribe** which effectively eliminates the tribe's bid for the property (see *BRR News Briefs*, August 1995). It is expected that the transfer to the city will probably not occur until next year.

Source: *The Seattle Times*

Alameda, Calif.

Debate over Superfund listing between EPA, community officials

The **U.S. Environmental Protection Agency** is pushing to list the **Alameda Naval Air Station** and the **Mare Island Naval Shipyard** as Superfund toxic cleanup sites, but local officials are resisting out of a concern that the stigma of such a designation could hamper efforts to attract new enterprises.

City officials say they are pleased with the Navy's cooperation on cleanup planning, but they are wary of bringing the Superfund bureaucracy into a conversion process they are trying to keep as streamlined as possible. The state is expected to use its authority to reject the federal push for the two Superfund sites.

"To my knowledge, there has not been a problem in terms of the Navy performing," said **Ed Levine**, facilities manager for the **Alameda Reuse and Redevelopment Authority**. "We don't need additional clout. If anything, being listed as a Superfund (site) would create unfavorable perceptions of the property. For that reason, it's undesirable."

For proponents of the Superfund option, it is not a question of the Navy's day-to-day cooperation, but of its long-term accountability. Communities with contaminated bases are relying on the Navy to perform for 20 years or more. **Saul Bloom** of **Arc Ecology** said Superfund designation best provides the stability to withstand personnel changes and defense budget politics. Bloom said the Navy's long-term budget plans are insufficient for a cleanup of the magnitude required for closed bases.

Lieutenant Commander Mike

Petouhoff, the Navy's environmental coordinator at Alameda, said cleanup at the base is being managed by a team made up of representatives of the Navy and the state and federal environmental agencies.

Of the 23 contaminated sites on the base, cleanup has begun at two of the least contaminated and is planned at three others. The worst sites require more research. By 1998, Petouhoff said, the team should have a plan to clean up all the sites by 2020.

The Navy has projected it would cost more than \$300 million to clean up Mare Island, which is scheduled to close next spring; and \$200 million for Alameda, which is scheduled to close in April 1997. Source: *The San Francisco Chronicle*

San Francisco, Calif.

Mayoral candidates disagree about Treasure Island casino

San Francisco candidates for mayor are squaring off on a proposal to reuse a closing military facility as a casino. Although California has a state lottery, pari-mutuel horseracing, card rooms and gaming on Native American reservations, casino gambling is prohibited.

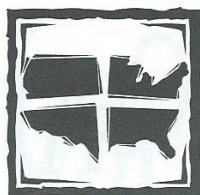
Mayoral candidate **Willie Brown** stated that, "I would lobby the state to change the law, and I would vote to authorize gambling. This is a highly regulated industry. A casino such as this should be for adults only. It should have a dress code. It should be like Monte Carlo . . . It would create summer jobs and would provide money for new law enforcement programs, the public schools and for AIDS research."

Mayor Jordan said he was "irrevocably opposed to allowing casino gambling" on **Treasure Island** or anywhere else in **San Francisco**. "I want to bring in good, solid companies such as multimedia interests, international trade, biotech health care companies . . . Other things come with gambling, such as skyrocketing crime rates, corruption and greed. I refuse to gamble with San Francisco's future."

San Francisco is scheduled to receive **Treasure Island**, which has spectacular and unparalleled views of the city, when the Navy vacates in 1997. A citizens' reuse committee is discussing proposals to convert the base to civilian use.

Source: *The Santa Rosa Press Democrat*

THE BASE REUSE REPORT



NEWS BRIEFS

Sacramento, Calif.

Legislation allows compliance period for California base facilities

On September 8, Governor Pete Wilson signed state legislation that authorizes a local government to allow structures located on a closing military base to meet compliance with state building standards in a graduated manner over a 10-year period.

Long Beach, Calif.

Feuding cities reach accord on Long Beach Naval Hospital site

The mayors of Long Beach and the City of Lakewood in southern California have announced agreement in a bitter dispute over the reuse of the Long Beach Naval Hospital.

In a joint statement Sept. 26, **Lakewood Mayor Wayne E. Piercy** and **Long Beach Mayor Beverly O'Neill** said they are "proud to announce that our communities have come together in agreement for the development of the naval hospital. Now we can focus on the common challenges that unite—and not divide—our city councils, staffs or residents."

"Working constructively to expand the regional economy, fostering higher public safety levels, protecting the port and Douglas Aircraft Company, and revitalizing Long Beach Airport are goals that unite us. These are the goals that are worthy of our energies."

Long Beach had been at odds with Lakewood and other surrounding cities over plans to build a 100-acre "power center" or "mega-mall" on the site of the former Navy hospital. Surrounding cities, primarily Lakewood, had argued that they were left out of the planning process by both the Navy and Long Beach city officials and should have been consulted, given the impact of the proposed center on traffic and the local economy.

Both cities also agreed "while preserving their right to comment on related development issues in the future," they would not litigate against pending retail development projects in either city.

Source: *D.J. Waldie, Public Information Officer, City of Lakewood*

California

State trade agency selects bases for tax breaks, other incentives

The **California Trade and Commerce Agency** has chosen three former military bases to receive certain "enterprise-zone-like" tax breaks and financial incentives, according to the September issue of the *California Planning & Development Report*, a Ventura-based newsletter on planning issues.

The three former bases—**George AFB, Castle AFB** and **Mare Island Naval Shipyard**—will receive the incentives under the Local Agency Military Recovery Area program.

Participating companies would receive tax and wage credits for locating or expanding their businesses on designated bases. Business incentives include credit for up to \$20 million in both sales and use taxes spent on equipment and machinery, hiring credits for employee wages and a 15-year net operating loss "carryover." The eight-year program is contingent on certain conditions to be met within 120 days of selection.

Source: *California Planning & Development Report*

Written and compiled by *Sigrid Bathen and Christopher Hart.*

Clarifications

In an article in the August issue of the *BASE REUSE REPORT*, material from a July 20 *Riverside Press-Enterprise* story by Dan McAuliffe on a dispute between Air Force officials and the March AFB Joint Powers Commission over control of equipment on the closed base, was used without attribution. The author's error was inadvertent, and the BRR apologizes for the oversight.

In the September issue of the *BASE REUSE REPORT*, Joshua Gotbaum, Assistant Secretary of Defense for Economic Security, who was interviewed in a Q & A for the *BRR Interview*, was quoted as saying that "the Department of the Air Force had said [it] would like to close McClellan and Kelly." Two key words were dropped from that important quote which should have read: "The Department of the Air Force had said [it] would like to **restructure not** close McClellan and Kelly." The BRR regrets the error.

Calendar of Events

Oct. 22-26: NSIA Management Systems and Cost Scheduling Conference, (202) 775-1440

Oct. 18-20: National Council for Public-Private Partnerships conference on Market-Based Governments—Chicago, IL (202) 467-6800

Oct. 25-27: Council of Development Finance Agencies Conference on Specialty Financing for Economic Development—San Francisco, CA

Nov. 13-14: Executive Enterprises, Conference on Military Base Reuse—San Francisco, CA (212) 645-7880

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INTERVIEW

Continued from page 7

to be made of that property ... The more marketable properties are the ones that should get the priority effort—with the only stipulation that if life safety is truly at risk, it's got to be a priority.


BRR: *I know you're still working on it, but can you tell us something about the NAID strategic plan that was discussed at the conference?*

O'Connell: The '91 BRAC rounds brought a tremendous increase in the demands on NAID. There was great unhappiness [in communities] with the application of the process to that point. Then the new Administration in '93 directed some effort at what became the five-point plan. We were invited in to be the voice of experience, to articulate what wasn't working and how we can fix it. That led to the five-part program and to the Pryor Amendment. In 1993 and 1994, this tremendous growth in demand, membership and activity was

all done in a reactive manner under what we might call emergency conditions. Finally, in 1995, we saw enough daylight that we could step back and give it some strategic perspective. It's not quite finished, but it consists of three parts—mission, the division of where we hope we will be in an unspecified future state, and what goals we have in the midterm. When we emerge from it, we will formulate a work-plan for 1996 and probably '97.

One of the goals is to help communities achieve successful property reuse. Well, what does that mean? Part of the helping is making available this experienced group of people to come in on a consultative basis, and then not even be a physical presence but being available

over the phone, or providing as we do technical manuals with experiences that have been accumulated in other locations, and say, okay, here are some applications that turned out successfully in other venues and you may have some interest in doing likewise if the venues match up.

This idea of helping communities achieve successful reuse, part of that is the advice-giving to develop a strategy that makes sense for them—and has a chance of getting there. NAID's members have a wealth of experience on the challenges of military base reuse and want to share that experience with others. 

Sigrid Bathen is the editor of the BASE REUSE REPORT.

Contact:

National Association of Installation Developers, 1725 Duke St., Suite 630, Alexandria, VA 22314, (703) 836-7973, FAX 836-8273.

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