

BASE REUSE REPORT

JANUARY

Economic Development, Planning and Redevelopment of Military Bases

1995

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Coming in February: The BRR Interview with former BRAC Chair James Courter.

1995 Military Base Closures: 'Past the Fat, the Meat-to the Bone'

By Tom Philp

Communities in California with military bases must come up with a "better mousetrap" as they craft campaigns to keep their bases off this year's list of facility closures.

That's the warning from the state's chief strategist, Judy Ann Miller, who warns that potential devastation of the local economy should not be the only argument to keep the base off what is expected to be an extensive list of closures. Communities must stress the "military value" of the local bases as well, she said.

"We have to consider all (bases) vulnerable in the state of California," Miller said. "We're past the fat. We're past the meat. We're to the bone."

The elaborate process to decide on the closures is scheduled to begin in earnest this month with the naming of the 1995 Defense Base Closure and Realignment Commission.

Meanwhile, officials in charge of each military branch have been coming up with their own lists of recommended closures. On March 1, Defense Secretary William Perry is scheduled to present that list to the commission.

"Everyone is potentially on this list," said Wade Nelson, a spokesman for the commission. "There is hardly anything left that is not a significant military installation. Most people would say that the easy ones have been closed in the first three rounds of this process," referring to the closures announced in 1988, 1991 and 1993.

As the stakes have risen for the communities clinging to their military bases, so has the sophistication of their lobbying campaigns.

Representatives of more than 100 communities with active military bases have already traveled to the commission's headquarters, in an office building in Arlington, VA, to begin the homework for their 1995 campaigns.

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BRR Interview: Alan Dixon

New BRAC chair urges greater concern for post-closure impact

By Sigrid Bathen



Illustration by Gaylord Bennett

A former U.S. Senator and Illinois state legislator, Alan J. Dixon was confirmed by the U.S. Senate last October as chairman of the Defense Base Closure and Realignment Commission. A member of the Senate Armed Services Committee and chairman of its Subcommittee on Readiness, Preparedness continued on page 2



INTERVIEWS

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and Support – which oversees more than one-third of the U.S. defense budget – Dixon was also Democratic Chief Deputy Whip in the Senate from 1988-93.

Dixon, 67, is a senior partner in the corporate and business department of the St. Louis-based law firm of Bryan Cave.

BRR: The next round of base closures has been described as more devastating than the previous three rounds of closures. Is that an accurate assessment?

Dixon: As I've said repeatedly, my view is that we should do whatever is necessary to reduce the bases in this country in accordance with the need to do so, having in mind our national security interests. In addition to the budgetary exercise, the question is what is best for our national security interest . . . Obviously, the budgetary and force-level reductions have been larger than the base reductions in the past, which is why we're looking at another round. But, number one, we ought to consider national security issues as well as budgetary issues. Number two, I don't think we ought to look at this as the last exercise. We are going to recommend to the Congress some kind of method for revisiting this from time to time in the future.

BRR: Do you feel the closure process has generally been handled in a non-partisan way?

Dixon: My predecessor, Jim Courter – he's a fine guy, a former Republican Congressman – he handled the '91 and '93 rounds, and I think he did absolutely first-class work. I can only say that I hope people, when I'm finished with mine, say the same thing of Alan Dixon. Now, look, it is as apolitical an instrumentality as you can create for this work, in the framework of our society,

which is to say our society is governed by political principles. The people that come to this place have had some kind of political life in many cases – Alan Dixon had a life of politics in several different roles in the U.S. Senate.

There will be others who come to this commission – I've looked at the lists and I can't tell you who they are, but I can tell you there will be other people there who have a political background. There will also be people there from the business community – chief executive officers of major corporations, and other things . . . What we have here is the best effort we can to make an apolitical process and then we pray that the people who participate in it are honorable, fair, reasonable people. I hope in Alan Dixon you believe you have that. And I can say in the past that the evidence shows pretty well that you've had that.

BRR: Will the Republican victories in Congress have any impact on appointments to the commission?

Dixon: The Republican victories will have an impact in the sense of the confirmation of the commission . . . We ought to deal with the realities that have occurred in the political marketplace and give the Republicans the right to recommend two from each house, in effect giving them more on the commission than would have been earlier contemplated perhaps, but my view was that was a thing we ought to do to ensure a comfort level everywhere in the Congress about what's been done. And it remains to be seen what's going to be done on that . . . Everyone I've ever come into contact with on this commission, has been the kind of person who has been really sincere about trying to do a fair and equitable and decent and honorable job, and I feel that will continue.

BRR: Communities which have already experienced base closures are said to be more sophisticated about the closure

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FINANCE & ECONOMICS

The 'Ripple Effect':

When military bases are shut down or scaled back, much more is lost than soldiers

by John Howard

When military installations are shut down or scaled back – the favored bureaucratic euphemism is “placed in transition” – much more is lost than soldiers, weapons or on-base civilian jobs. A military base is a nexus of economic activity, sustaining a myriad of local businesses, and the ripple effects of closure are felt far beyond the barracks. “Each closure is different, painful in its own way. You learn lessons on a case-by-case basis. Making the transition can be very, very painful,” said one local official familiar with the closure of Fort Ord in Monterey County, Calif.

To date, those transitions appear to have been most painful in California: For decades, the state has taken 21 cents of every defense dollar. Now, as the U.S. retrenches from the Cold War, California and other states are feeling the pinch.

Twenty-two bases have been ordered closed or realigned in California in five years. More cuts will be announced in March by the Defense Base Closure and Realignment Commission, which will decide which of the nation's 470 remaining military installations – including 67 in California – will be closed or down-sized.

More than two-thirds – about 69 percent – of Defense Department personnel cuts nationally have occurred in California. Although estimates vary, the impact on the Golden State could total about \$7 billion in lost personal income and entails the loss of the equivalent of about 33,000 medium-sized businesses. This, on top of a painful recession and the highest unemployment of any major industrial state.

“When future closures are coupled with job losses stemming from the already announced based closures,

hardly a community in the state will not feel the negative economic impact,” says a grim state Chamber of Commerce report.

Moreno Valley is a case in point, the victim of a double-whammy of base realignment and recession. There, the ripple effect was dramatic.

During the 1980s, the western Riverside County community near March Air Force Base literally exploded in population – from 20,000 at the beginning of the decade to more than 120,000 by 1990, the fastest growth rate in the United States. But the boom was deceiving: About half of all adult residents commuted out of the area to jobs, many to defense-industry jobs in

“They gave away the family jewels to finance the mall.”
– ART PICK

Orange and Los Angeles counties. Then, the recession sent unemployment spiraling. Defense industries closed, mortgage failures increased and retail sales plunged. Economic conditions in the sprawling bedroom community deteriorated.

A long-awaited regional mall a mile from the the base finally geared up in 1992 after years of anticipation, but by then the recession had taken its toll and the hoped-for tax revenues fell far short of projections. Too short, in fact, to pay the interest on a \$13 million debt, forcing local authorities to scramble for high-interest refinancing. The transition of March to a reserve

base means the loss of about 4,000 jobs – people who spend money at the mall. The scaling back of March, a fixture in the region since 1918, has had a destabilizing effect on the entire area.

“The overall downsizing of the defense industries had a dramatic impact on Moreno Valley,” said Art Pick, head of the Greater Riverside Chambers of Commerce. “The impact was more profound because Moreno Valley didn’t have a stable base to begin with, to the point that our unemployment was much higher than our neighboring county to the north.” Dreams of March as the linchpin of a stable economy faded. It is typical of the staggering economic impact of a base closure on the surrounding region.

“They gave away the family jewels to finance the mall,” Pick noted.

In contrast, the Fort Ord closure reflects a happier tale, largely because of the natural advantages of Monterey County. There, the base – which is being closed rather than realigned – has been converted to a state university campus. It will accept its first class, 600 to 900 students, in the fall of 1995. Businesses near the base were affected negatively, but the city of Monterey is weathering the storm, partly because the region is attracting a professional, academic and research contingent focused on the base and other military institutions that remain, such as the Defense Language Institute and the Naval Post-Graduate School. Although the loss of several thousand personnel caused a softening of Monterey’s rental market, new renters from Salinas, Watsonville and other nearby areas came into the community to fill the gap—former commuters lured by the chance to live, as well as work in Monterey, which has a permanent population of about 32,000.

“What we’re seeing now more than anything else is the evolution of a number of businesses and new business

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BRAC '95

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"The groups are not only examining the past, but examining the files of the facilities with which they see themselves to be in competition," said Nelson. "Most have retired admirals working for them now. They work the Pentagon. The work Capitol Hill. If they can get into the White House, they work the White House too."

The increased sophistication of the California campaign mirrors this national trend.

Miller heads an office that didn't exist during the previous three rounds of closure – the California Office of Military Base Retention. Miller has 11 years of Pentagon experience, including seven years as a Deputy Assistant Air Force Secretary who oversaw the closure of that branch's bases.

Miller's message to city officials at a California military base conference in December was candid. A favorite argument in 1993 – that the local economy would be devastated by a base closure – alone is not sufficient. Also, it is bad strategy to avoid private discussion of planning for the possible conversion process. Communities that are less prepared to deal with closure, she said, are no more likely to avoid it.

The planned 15 percent cut in facilities represents the same percentage cut in the three previous closure processes combined. If California lost another 15 percent of its facilities, that means that about 6 of the existing 22 major bases would be on the list.

Established by Congressional legislation in 1990, the base closure process is as politically bulletproof as any Washington process. By stripping the ability of either the President or Congress to modify the commission's closure list and giving them the choice of ultimately rejecting or accepting it in its entirety, the effectiveness of conventional lobbying techniques is limited.

BRAC DEVELOPMENTS

That is not to say that there are no politics in the closure process. "Politics with a little 'p,' as opposed to a big 'P,'" said Miller. And if there is a political advantage for communities to secure, "it would behoove us to secure that edge," said Miller.

Meanwhile, for the 17 bases already in some stage of closure in California, there is plenty of uncertainty as well. But one key official said there is a silver lining for bases already in the closure process as opposed to those that will surface on the 1995 list.

"The planning money and economic development money is going to dry

*"Long-term,
I'm feeling
bullish."*

– BEN WILLIAMS

up," said Ben Williams, who oversees the conversion of California's military bases in Gov. Pete Wilson's Office of Planning and Research. "The federal money is going to get squeezed tighter than it has been."

With or without federal help, Williams is confident that most bases will ultimately thrive with new uses.

"Long-term, I'm feeling bullish," he said. "Short-term, it will be a mixed bag. There will be some that will have problems for some time to come."

In Southern California, the former Norton Air Force Base finds itself on the verge of securing an ambitious future.

A Taiwanese group wants to set up a mammoth trade center somewhere in the U.S. where its American corporate purchasers can view and buy their new

products. The idea is to expand an American market that otherwise relies on expensive overseas travel. And the potential site is Norton.

Losing a base "is like losing a loved one," said William Bopf, executive director of the Inland Valley Development Agency, the joint powers authority that is in charge of converting the base. "First there is shock, then denial, then acceptance. And then they go on with life."

Norton is a prime example of the key role a redevelopment agency can play in the reuse of a base.

Because of special state legislation, the Inland Valley Development Agency is receiving about \$1.7 million in property tax increment funds. How: The boundaries of the Norton redevelopment agency span three miles in every direction beyond the base, into private industrial and commercial lands that are now producing property taxes.

With this revenue source, Norton has parlayed that \$1.7 million into more front money – a \$25 million bond sale. And then even more – \$16.5 million in matching federal funds for about \$20 million in total infrastructure improvements.

And with new and better roads, Norton positioned itself to attract the Taiwanese group, which plans to come up with financing for its ambitious plans—a \$350 million complex with a 1.2 million square-foot exhibition hall and 1 million square-feet of warehouses.

"Where (closing) bases have succeeded," said Bopf, "states have given them the tools to do it. You need up-front money."

Williams expects that virtually every closing base will have a redevelopment agency of some form or another. This government tool to spur economic development, he said, will become even more important if federal dollars dry up in the future.

In Northern California, one promising base conversion is in Sacramento, where a former Army



BRAC DEVELOPMENTS

Depot is about to become the new corporate and manufacturing headquarters for Packard Bell Electronics. (See Case Study below)

And near Monterey, Fort Ord is on its way to becoming the latest member of the California State University system. Despite the state's ongoing budget crisis, Williams is convinced that money for CSU/Monterey "is not a big question mark. Money was put in the budget this year, which was unprecedented. Additional campuses are absolutely going to be necessary."

The bases furthest along in the reuse process, while fortunate to have found major corporate suitors, share one thing in common. The planners managed to resolve local community differences quickly, and move on.

Where local communities continue to struggle to find a consensus, the closing bases invariably are not as far along in the conversion process. At El Toro Marine Corps Air Station, for example, Orange County has withdrawn from a joint powers agency. Now this agency and the county may make separate bids to the Marines for future control of the base. The primary dispute is over the future role of the base airport.

And at the former George Air Force Base in San Bernardino County, a litigious struggle among local communities over control of the base has stalled conversion plans.

"Litigation is terrible," said Bopf. If communities decide to settle their differences in court, he added "nobody is going to win."

Meanwhile, all eyes are on Washington, where huge political changes have made the base closure process even more unpredictable.

If previous closure processes are any indication, California and other states will soon get the first hints of what they truly face.

"There are usually leaks between January and March," said Nelson of the

closure commission. If the Defense Department has recommended closure of a local base, "people start to hear that in January and February. Or they hear rumors." BR

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Army Depot-Packard Bell Conversion: A Success Story

By Tom Philp

In mid-summer of 1994, Sacramento officials seemed bold with their goal to quickly find enough rent-paying business tenants to pay the \$1.3 million annual maintenance bill for the city's one-time Army Depot. Once the site of 3,000 solid federal-paying jobs, the base, on the 1991 closure list, was nearly empty.

Then the telephone rang. It was the kind of nibble that cities dream of. It was a major corporation seeking a new home — fast.

By the beginning of September, the deal was almost done. Packard Bell Electronics, whose Southern California headquarters was damaged in the 1994 Northridge earthquake, was moving to the former Army Depot and planned to reuse virtually the entire base. Sacramento had prevailed over a competing bid from Utah and also over some Southern

California communities who courted Packard Bell, but who couldn't come up with the site or facilities that were as ideal as the Army Depot.

"I don't think that type of success story will be the norm," said Ben Williams, the director of base retention and deputy director of the state Office of Planning and Research.

However, Sacramento officials say other communities can apply many of the same techniques that helped to seal the deal with Packard Bell. Examples:

1. Teamwork with local and regional trade groups. The Sacramento Area Commerce and Trade Organization first sold Packard Bell on the competitive advantages of the region. "When it was time to talk about the specific property, that's when (SACTO) handed it off to us," said city Economic Development Director Bill Farley.

2. Friendly relations with fellow governmental agencies. Once Packard Bell showed interest, city officials quickly worked behind the scenes with Army officials to deal with other state and federal agencies that wanted pieces of the base. "The strategy was to first ask these other agencies to voluntarily withdraw their requests for property, which they did," said City Councilman Darrell Steinberg.

3. State legislation to provide tax credits that would give Sacramento the advantage over an alternative site in Utah.

4. And a realistic reuse plan that anticipated the \$19 million in renovation expenses, money the city will loan to Packard Bell.

"It is really important for the community to have a vision for the reuse and to stick to that vision," Steinberg said. BR

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1995 Base Closures

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process. How has this increased sophistication affected the BRAC process?

Dixon: My advice to everybody has been that if you think you have a base near you that is possibly imperiled, you certainly ought to be making every effort to present your best case to the BRAC, and you ought to be getting the necessary representation to do a good job. Always be prepared – that was my advice, like the Boy Scouts.

Now, for those, notwithstanding able presentations and preparation, who still end up being closed or realigned, I have said, look, my concern here is post-closure . . . I've been concerned that the post-closure process has not worked as well as it ought to, and we're going to spend a lot more time on that. We're going to have someone on our staff who (will) make recommendations to the Congress about what we think ought to be done about that.

BRR: Would this require legislation, since that (post-closure) process is currently handled by the Department of Defense?

Dixon: It would require some legislative response, yes. I think there has been a lot of improvement in post-closure, particularly in the last year. This administration has had these transitional chiefs everywhere in the country working with people . . . Then they passed some legislation to modify the McKinney Homeless Act application this last session of the Congress. So a lot of things are being done to recognize the problems. But more needs to be done, clearly.

BRR: You have cited community dissatisfaction with the post-closure process. Could you elaborate?

Dixon: There is a lot of feeling at the community level that they don't have enough opportunities to interface with the federal government and to be able to work with the federal agencies in connection with their reuse plans. And I think more needs to be done about that . . . At the end of the game, when

we make our report to the Congress after July 1, we will have a person in place throughout this time that we're doing the base closing exercise – a person I've already indicated I want to hire, who was with me when I was a U.S. Senator, Sylvia Davis-Thompson, who's just an outstanding woman, who really knows what she's doing and is very good at this kind of stuff. We're going to be interfacing with her throughout this whole exercise, working on what we're going to recommend to the Congress. She comes aboard in January.

BRR: What suggestions would you make to communities undergoing the closure process? Are there lessons to be learned from previous closures?

Dixon: After I left the Senate, and before I came back in this position as chairman of BRAC, I had a year and a half in which as a private attorney I represented some communities that had problems. Let's talk specifically about Glenview, near Chicago. It's a fine, affluent community, right outside the city of Chicago, that suffered the closure of their Naval Air Station there. I represented them in connection with a variety of things in their post-closure experience. They had outstanding people in their community – and that's the first thing. You have to have a strong community attitude about it and the right kinds of committees and representative people in place – conservative leaders, liberal leaders, business leaders, labor union leaders, all the people who are part of the community's economic and cultural activities. To get the thing moving in the right direction and have your plans and work with the government. I would say this: what happened early



INTERVIEWS

on was that there just wasn't much communication. Now that they have the transition people in place in the communities, that's helped a lot.

BRR: Turning to the issue of toxics contamination at bases. Do we know the full extent of that contamination at closed bases or potentially closed bases?

Dixon: Obviously, the environmental problems are pretty serious, and as you know, the mandate of the law is that you can't use a base for new purposes until the environmental concerns have been met. On the other side of the coin, we take the position that you can't not close a base because it's a dirty base . . . That wouldn't be fair for all the bases that are in better shape.

You have bases with spent ordnance (so) you get into, not just toxics questions, but questions as to whether you could accidentally blow somebody up for God's sake. So there are some pretty serious problems there. But notwithstanding that, we go ahead with the process. That isn't part of the consideration in the process for closure, but obviously you wouldn't reuse an area for other purposes after closure until the cleanup had taken place. We even provide by law now, which was done while I was still chair of the Readiness Subcommittee of Armed Services, that you can reopen part of a closed base after cleanup, but restrict another area if some more work needed to be done . . . The probabilities are very, very high indeed that the cost of cleaning up all the bases that have been closed or contemplated for closure is well more than what is contemplated in the budget exercise up to this point in time. ^{BR}

Next month: BRR Interviews
Former BRAC Chair James Courter

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FINANCE & ECONOMICS

The 'Ripple Effect'

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activity ramping up to support the university," said Fred Cohn, an assistant to the Monterey city manager. "The transition is painful, but we've sensed that when the evolution is complete we'll be healthier than before. But, of course, the evolution is painful."

The closure also reflected a pattern emerging throughout the country. Those businesses close to the closed base suffered the most, particularly the limited, mom-and-pop operations dependent for their trade on base personnel. But the larger companies, especially those linked to national chains, did better. And those with a regional customer – such as major automobile dealerships – did best of all. Moreover, new residents who live on campus can avoid the costly local housing market.

Merced County's Castle Air Force Base, too, has taken a pro-active approach in its closure. As buildings become vacant, a joint powers authority with close links to the Washington, D.C.-based National Association of Installation Developers, markets the facilities to attract businesses, hoping to supplant an economic base that once supported a total of 14,000 base personnel and dependents. The goal, one Air Force official noted, "is to get the facilities leased out before the military leaves."

"The closure of a military base that includes a large scale of civilian

employment leaves a gap in the regional economy that must be filled with alternate basic employment," notes a study by the Real Estate and Land Use Institute of the California State University.

Filling that gap is the whole ball game. 

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LEGAL ISSUES

The Law and Base Reuse:

LEARNING THE PROCESS

By Joseph E. Coomes, Jr.

Joseph E. Coomes, Jr. is a senior member of the Sacramento law firm of McDonough, Holland & Allen. He is a member of the firm's redevelopment-land use section. A former Sacramento City Attorney, Coomes is one of the state's leading redevelopment practitioners and in over 30 years of practice has been instrumental in developing California's redevelopment laws and practices. His firm is currently involved in a number of base reuse projects in northern and southern California. His column will be a regular feature of the BASE REUSE REPORT.

Fifty years ago, America began the process of recycling its old urban core. The first two decades of federally funded urban renewal were a learning process. Public agencies learned what didn't work, such as going through extensive public planning without analyzing market needs or getting developer input. They learned that they should not establish land prices for the blighted properties they acquired without considering what the private sector could afford and how it wanted to develop them.

Public agencies also learned what did work. These methods included general redevelopment plans that allowed agencies to take advantage quickly of private sector opportunities, expedited disposition processes, coordination and leveraging of public and private financing, and creation of public-private partnerships. At the federal level, emphasis shifted to giving local agencies more flexibility in determining redevelopment objectives with a greater emphasis on local economic development strategies, and a targeting of federal aid programs such as the very successful Urban Development Action Government Program. At the

local level, public and private deal-making developed to a fine art.

The development of a satisfactory process of military base closure and reuse is following a similar pattern, hopefully on a somewhat faster track. The base closure and reuse process to date has been frustrating to local communities and plagued with delays caused by environmental remediation issues and a lack of federal and local coordination.

In July of 1993, President Clinton announced a major new policy to speed the economic recovery of com-

*"The process
will continue to
be cumbersome
and time-
consuming."*

munities affected by base closures and realignments. As part of a "Five Point" plan, the President requested Congress to provide additional authority to expedite the reuse of closing military bases. This resulted in the passage of Title XXIX of the National Defense Authorization Act of 1994, providing, among other things, authority to the Secretary of Defense to transfer property to local redevelopment authorities at or below fair market value or at no initial or a deferred payment on negotiated terms, for purposes of economic development and job creation.

Other aspects of the President's Five Point plan included a program to speed up the environmental remediation of the military property and the

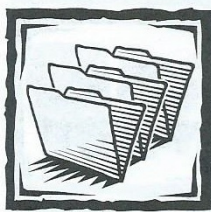
establishment of a federal ombudsman to assist communities in dealing directly with the Department of Defense and other federal agencies. The Department of Defense implemented this authority through a new form of conveyance, called the Economic Development Conveyance. This new authority is contained in interim final rules published April 6, 1994, as amended on October 26, 1994, and currently applicable. (Final rules will be published in early 1995, to be followed by a federal guidebook.)

In October, 1994, Congress also removed a major impediment by exempting future base closures from the provisions of the McKinney Homeless Assistance Act and providing greater local determination under homeless provisions which remain applicable. The challenge for all levels of government is to make the most of this new policy direction for flexibility and expedited processes.

With greater flexibility now provided to the Department of Defense to transfer property under an economic development conveyance to a local redevelopment authority, what must states and local communities do to take advantage of this new federal policy directive?

States: In addition to other economic development tools and tax incentives, states should enact legislation to expedite the adoption of redevelopment plans for base closures. In California, for example, this has traditionally taken the form of special legislation authorizing adoption of general redevelopment plans for specific base closures under expedited plan adoption processes to (1) eliminate the need for a local government to determine that the military base property is blighted, (2) eliminate requirements that the property be predominantly urbanized in order to be eligible for redevelopment, (3) defer environmental analysis documentation until specific develop-

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CASE STUDY

Mare Island

Vallejo officials get high marks from base closure experts

By Daniel C. Carson

When two researchers took a hard look at the City of Vallejo back in 1985, they discovered an economy dangerously overreliant on its biggest civilian employer – the naval shipyard at Mare Island.

"Vallejo has always been and remains a one-company town," reported Judy Schneider and Wendy Patton. "Its fortunes, features, composition, and resources have been tied to production at Mare Island shipyard," they warned, and the town faced dire consequences should it ever be closed.

Last year, such long-held fears about the fate of the 136-year-old base in Northern California gave way to the harsh new realities of base closure. The decision of the U.S. Base Closure and Realignment Commission to shutter Mare Island in April 1996 has left the community scrambling to remedy the financial and human damage caused by the base closure and to find new uses for the island (actually a 5,400-acre peninsula) that will resuscitate an ailing economy.

After losing a last-ditch lobbying fight to save the base, local officials are getting high marks from base closure experts and others for moving aggressively to deal head-on with the social problems and economic challenges that can result when 7,700 civilian and 1,800 military jobs disappear. U.S. Secretary of Labor Robert Reich publicly praised those efforts as a model for the nation during a recent visit to the base.

Within 13 months after the decision to close Mare Island was finalized, the Vallejo City Council adopted a Reuse Plan for the base that is destined to become part of the community's General Plan. Rather than strive for a single new use, the Reuse Plan divides the island into 13 sub-areas and calls

for a mixture of housing, heavy and light industry, and educational uses.

The headlands at the southern tip of the island, with their scenic vistas across San Francisco Bay, would be added to a nearby regional park, and the existing base golf course would be expanded and improved. Some of the older buildings and drydocks would be become part of an historical quarter.

Some lowland areas would continue as a dumping ground for dredge spoils – a surprisingly valuable commodity to ports which are hard-put to find any place to unload such environmentally hazardous materials.

"Vallejo has always been a one-company town."

The plan was fashioned with the help of economic and marketing consultants, but its main impetus came from a 52-member committee appointed by Mayor Tony Intintoli. A city known in the past for its warring political factions came to a surprisingly easy consensus about how best to transform its military ugly duckling into a future economic golden goose. Only one other base in the 1993 round of U.S. base closures finished that task more quickly.

With the reuse plan in place, city officials have pushed ahead with negotiations with the Department of Defense to assume control of the island, first with a master lease and eventually through a land transfer. The locations and extent of toxic contamination are being inventoried so that clean-up can begin even before the base is shut down.

Military equipment and property that might be turned to civilian use are also being cataloged so that swords can be turned into plowshares.

Plans are afoot to set up a non-profit marketing organization to convince developers and businesses to take advantage of the island's harbor and railway lines and other assets. The city has already kicked off its marketing of Mare Island, wining and dining its strongest prospects for relocation there at an October lunch at the officer's club.

If it has done well in dealing with the real estate issues, the community has also taken an innovative approach to the social and human fallout.

With the help of an \$8 million grant from the U.S. Department of Labor, Private Industry Councils from Solano and Napa counties have collaborated in the establishment of an on-base center to train hundreds of shipyard steamfitters, shipwrights, and boilermakers for new careers. In addition to learning new skills, the center offers counseling, job and relocation assistance.

Thousands of shipyard workers are taking advantage of the U.S. Department of Defense's Priority Placement Program, which moves them to jobs at other defense installations, or electing to accept financial incentives for early retirement. As a result, two rounds of layoffs have been cancelled and base officials are hopeful that no more than 900 will be laid off in 1996.

The Solano Economic Development Corp. (SEDCORP), a local economic development agency, was commissioned to study which off-base businesses and workers will be caught in the economic wake as Vallejo's largest local payroll evaporates. A task force created by the mayor is determining how to leverage a \$2.3 million federal grant and shore up the city's "safety net" of social welfare programs that are at risk of being overwhelmed with unemployed and emotionally distressed families.

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Law Column

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ment plans are proposed, and (4) defer obligations to provide affordable housing in order to expedite economic development and job creation. In 1994, the California Legislature did adopt a general base closure redevelopment statute. However, that statute is so cumbersome and restrictive that communities will likely follow the general redevelopment law or continue to seek special legislation.

Localities: (1) Local communities should be prepared by outlining a strategy to quickly move through the designation of a local reuse authority to coordinate the efforts of affected local jurisdictions to formulate redevelopment or reuse plans, to develop local economic development programs and financing mechanisms, and to market the reuse of buildings and lands through licenses, interim leases, long term ground leases and eventual disposition for public and private uses. This should be accomplished initially through coordinated staff planning in instances when the community is fighting a base closure decision and does not want to weaken its position with a public discussion of reuse alternatives. Some communities have lost major reuse opportunities because of jurisdictional infighting or the inability to expeditiously move ahead with a local reuse plan.


(2) Communities should closely monitor federal base closing activities, including methods of dealing with environmental problems and remediation plans. They should take full advantage of federal planning and coordination assistance and make sure that federal environmental review includes consideration of local reuse objectives. Environmental issues and remediation plans will continue to be major delaying factors for the ultimate disposition of base properties, and localities must be prepared to aggressively pursue interim leasing and other strategies.

THE BASE REUSE REPORT



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(3) Communities must involve the private sector in determining reuse and economic development strategies that are market-driven and economically feasible. With the new flexibility to negotiate terms for economic development conveyances, opportunities may exist for profit-sharing and flexible terms for private reuse.

The base closure reuse process will continue to be cumbersome and time-consuming, and the learning process will continue. Hopefully, the new policy directives for flexibility and coordination between the federal government and states and localities will speed the learning curve. 

Next month: Specific aspects of the Reuse Process.

News Briefs

Louisiana ENGLAND AFB PROVIDES LESSON IN COOPERATION

Other states facing base closures could learn a lesson from the 1990 closure of England AFB near Alexandria, La. There, local business leaders and elected officials got together long before the base actually closed and crafted a plan to use the 2,282-acre installation's runway, hangars, hospital, school – even the officers' club.

With the blessing of the Louisiana Legislature, they formed a joint powers authority over the economic development of the base and surrounding region. Then, they promoted the plan and aggressively marketed the base, once home to 4,000 military and civilian personnel. The result: Today, there are 13 major tenants at the base, including

J.B. Hunt Transport Inc., one of the nation's largest trucking companies, which uses the tarmac and dormitories for its training school.

Sales tax revenues in the area are up 9 percent, unemployment is steady at 6 percent, and a once rural and largely agricultural economy has been significantly diversified.

Alexandria Mayor Ned Randolph, who initially viewed the closure with "fear and trembling," told the *New York Times* that the community benefited from the conversion, which "will bring diversification to our economy."

Washington D.C. SENATE REPUBLICANS CONSIDER BLOCKING BASE CLOSURES

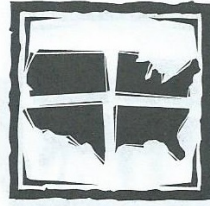
Aides to Republican senators told the *Washington Times*, in a Nov. 30 story, that Senate Republicans are considering blocking the next round of base closures in 1995 unless the Clinton administration reduces the number of facilities targeted for closure and appoints more GOP nominees to the Base Closure and Realignment Commission.

"The story on BRAC right now is that the Republican Congress would have to have its head examined to allow BRAC to go ahead in '95, given recent events in the Clinton administration," a Republican aide who was not identified but was reportedly familiar with defense issues, told the *Washington Times*.

Colorado Springs THE LESSON OF FORT CARSON: 'BE PREPARED OR IN TROUBLE'

In a massive, six-part series, "The Fate of Fort Carson," the *Colorado Springs Gazette-Telegraph* quoted numerous experts on base closures and explored several commonly accepted "myths" about how to keep a base open. The focus: an intense effort to keep Fort Carson off the 1995 base closure list.

According to the series, which began Oct. 2, 1994, the local "Keep Carson" campaign, begun nearly two



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years ago, has raised \$400,000 to try and save the 50-year-old Army base, which *Gazette-Telegraph* Editor **Jon Stapleton** said pumps \$600 million into the Colorado Springs economy each year, employing 21,000.

Several experts quoted in the series urged that communities be thoroughly prepared when attempting to halt a base closure. "Time is your enemy," said **Paul Hirsch**, a former BRAC Commission staffer. "If you wait until next spring, it's already too late." Communities like Colorado Springs, the series noted, begin months – and even years – in advance to develop strategy, raise money, hire lobbyists and travel to Washington D.C. to meet with BRAC staff.

"The BRAC Commission is not your enemy," **Capt. Peter Bowman**, a retired Navy officer and BRAC commissioner, told the *Gazette-Telegraph*. "It can be your best friend – if you know how to use it."

Denver DENVER'S LOWRY AFB: 'HAVE A CONTINGENCY PLAN'

On the site of Denver's 1,800-acre, 59-year-old **Lowry AFB**, which was closed Sept. 30, 1994, conversion plans are well underway. Redevelopment officials don't claim an immediate turnaround – after all, 12,000 government and civilian jobs were lost – but hope eventually to generate more than 10,000 jobs on the base.

Thus far, an 800-student community college campus has been established on the grounds, utilizing existing Air Force training classrooms. A museum has been opened, and base housing is being refurbished to attract new tenants (100 of the 687 base houses have already been rented). The commissary has been converted into offices and labs for a blood center. Other business tenants on the base include two private schools and the Denver Public Library.

"We went through a terrible reces-

sion in the '80s before the rest of the nation did," **Bonnie Turner** of the Denver Office of Economic Development told the *Sacramento Bee*, which sent reporter **Sam Stanton** to Denver to see how officials there were handling a major base closure. "We've now been coming out of that, so the closure is actually happening at a time when our economy is expanding."

Lowry's base closure survivors urge other communities to plan ahead. "There was not a contingency plan in place," redevelopment coordinator **Jim Meadows** told *The Bee*, which tweaked Sacramento officials for failing to have a contingency plan if **McClellan AFB** is closed. "You're much better off to have a contingency plan."

Stanton, who researched and wrote the Christmas Day, Page One Lowry piece, observed: "Such talk is heresy in the halls of power in Sacramento . . . Rather than discuss what might be made of McClellan if it falls under the ax of the 1995 round of base closings, officials in Sacramento are adamant that such talk must not be heard, not even in whispers."

Washington D.C. GAO SAYS PENTAGON FALLING SHORT IN PROPERTY SALES

The U.S. General Accounting Office concluded in a recent report that the Pentagon is falling far short of revenue projections from the sale of closed property. According to the GAO, the Department of Defense had hoped to gain \$4.1 billion from those sales, but less than \$70 million has been realized.

"It is taking more and more defense dollars now to close bases in the hopes of saving money five, six years downstream," a Senate staffer, who was not

identified, told the *Washington Times* in a Nov. 30 story.

Ohio GAO URGES GOVERNMENT TO RECONSIDER OHIO CLOSURE

Congressional investigators said last month that the government should reconsider closing **Newark AFB** in Heath, Ohio. In a copyrighted account originally published in the *Cleveland Plain Dealer*, the Associated Press reported Dec. 18 that the unusual circumstances plaguing the planned privatization of Newark should prompt officials to reconsider.

"We believe that the problems being faced in implementing this decision are of such an unusual nature to warrant revisiting planned closure and privatization," said the General Accounting Office report. Citing budgetary overruns (the base closure group has settled on \$62.2 million for the closure budget, nearly double the original \$31.3 million estimate), the GAO also recomputed the BRAC estimate of the "payback period" in which the savings of closure would "cancel out" the costs, saying the payback period could be 17 to 100 years.

San Diego U.S. MAYORS, CALIFORNIA GOVERNOR CONSIDER BASE CLOSURES IN CONFERENCES

In two separate conferences back-to-back in San Diego, Calif., last month (Dec. 1994), the U.S. Conference of Mayors and the Office of California **Gov. Pete Wilson** pondered the impact of base closures on their states and communities.

Former U.S. Sen. **Alan Dixon**, recently appointed chairman of the Base Closure and Realignment Commission, was a featured speaker at the Mayors' Conference (see *BRR Interview*, p. 1), while BRAC staffers held forth at Gov. Wilson's widely publicized conference, "BRAC '95: Holding the Line."

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Gov. Wilson made a brief appearance, saying California has been disproportionately affected by the previous three "Draconian rounds of base closures." He also urged that a California resident be named to the 1995 commission.

Washington D.C. BASE CLOSURES GENERATE WORK FOR CONSULTANTS

The growing base closure process has nurtured "a thriving mini-industry of consultants" specializing in representing communities where bases are threatened with closure, according to a Dec. 16 report by *Gannett News Service* in Washington, D.C.

"Communities recognize that the 1995 base closure process is going to be so competitive that they are looking to consultants to assist them in making sure they get proper representation in Washington," said **Paul Hirsch**, a consultant with the Harris Group in Virginia.

BRAC staffers involved in base closures who have contact with consultants estimate there are at least a dozen firms in Washington D.C. that specialize in base closures. They charge approximately \$125 per hour, and communities facing large base closures can expect to spend between \$125,000 to \$500,000 to mobilize efforts against closure.

South Carolina ADMIRAL MUM ABOUT CAROLINA BASE CLOSURE

As rumors flew about the possible closure of the **Marine Corps Air Station** in Beaufort, S.C., the *Atlanta Constitution* reported Dec. 17 that **Admiral Mike Boorda**, chief of naval operations, said during a news conference at the Charleston Naval Base that Navy cuts wouldn't be as severe as last year's, when the Charleston base and shipyard were ordered closed, as were numerous other Navy facilities. [E]

— Compiled and written by Sigrid Bathen,
Christopher Hart and John Howard

Mare Island

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If Vallejo and other local agencies are moving with unusual haste, it may be because they are so worried about what the closure of the base will mean to the community.

The other communities surrounding Mare Island are also the home for hundreds of civilian workers who commute to six other military bases in the Bay Area. Those bases are also slated for closure within the next three years. A SEDCORP study found that the four-county area around the base faces a staggering loss of \$775 million in economic output, \$647 million in earnings, and 16,600 to 17,700 jobs once all the bases are gone from the map. Taxable retail sales dropped more than \$42 million last year in the City of Vallejo alone.

John Lynch, author of two landmark studies on base closures and an adviser to the Washington D.C.-based Urban Land Institute, who advised the City of Vallejo on the reuse plan, said that while most military bases are not huge economic generators, the loss of so many high-wage civilian jobs at Mare Island is cause for worry.

"It's very hard, with those wages, to turn things around immediately," said Lynch. [E]

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Daniel Carson is a veteran Sacramento journalist who now is a consultant for SEDCORP.

Classified Ads

Administrative Analyst I ~ City of Vallejo ~ The City of Vallejo, California (Pop. 116,000), a San Francisco Bay Area community, is seeking an Administrative Analyst I to perform professional work in support of the conversion of the Mare Island Naval Shipyard to non-military use. The position will be needed for approximately two to five years. Requires a Bachelors degree in business or public administration or a related field. Increasingly responsible administrative and analytical experience within a local government environment is highly desired. Salary range is \$40,085 to \$48,724 per year (includes required 7% employee retirement contribution). Application packets are available from the City of Vallejo, Department of Human Resources, 555 Santa Clara Street, Vallejo, California, 94590, Job Hotline (707) 648-4364, TDD (707) 648-4437. Application filing deadline: February 6, 1995. The City of Vallejo is an Equal Employment Opportunity/ Affirmative Action Employer.

Community Development Analyst I ~ City of Vallejo ~ The City of Vallejo, California (Pop. 116,000), a San Francisco Bay Area community, is seeking a Community Development Analyst to perform professional work in support of the conversion of the Mare Island Naval Shipyard to non-military use. The position will be needed for approximately two to five years. Position requires a Bachelors degree in economics, planning, public or business administration or a related field. Professional community development, economic development or redevelopment experience is highly desirable. Salary range is: \$44,484 to \$54,072 per year (includes a required 7% employee retirement contribution). Application packets are available from the City of Vallejo, Department of Human Resources, 555 Santa Clara Street, Vallejo, California, 94590, Job Hotline (707) 648-4364, TDD (707) 648-4437. Application filing deadline: February 6, 1995. The City of Vallejo is an Equal Employment Opportunity/ Affirmative Action Employer.

For information regarding placing an advertisement, please contact Kelly Moore or Chris Hart at (916) 446-1510.