

BASE REUSE REPORT

MAY

Economic Development, Planning and Redevelopment of Military Bases

1995

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Utility conference analysis: Transitioning service at military base closure sites

By Randall A. Yim

Randall A. Yim of Yim, Okun & Watson in Sacramento, Calif., specializes in toxics issues, military base reuse, and related business transactions and litigation. He is a member of the California Military Base Reuse Task Force, appointed by the governor as the task force member with expertise in toxic cleanup, and a member of the California Water Resources Control Board Underground Storage Tank Technical Advisory Group. A past chair of the Sacramento Environmental Commission, he currently represents Sacramento County regarding closure and reuse of Mather AFB, and provides legal services to the East Bay Conversion and Reinvestment Commission regarding the Alameda Naval Air Station closure. He joins the BASE REUSE REPORT this month as a Contributing Editor.

Utility service is a critical obstacle to rapid and successful base reuse. Generally, problems are not caused by recalcitrant parties: The military, utility companies, and local reuse authorities (LRAs) all want quick transfer of utility systems, but are constrained in their ability to deal with several key issues.

Issues

How, to whom, and for what price may utility systems be transferred from the military, taking into consideration the substantial capital improvements necessary to bring most utility systems up to current operational standards?

Who will, may and/or should pay for the cost of upgrading or replacing inadequate utility systems?

How may continuing utility services be assured to support interim reuse

pending final disposition of utility systems, particularly after the base closes?

A conference attended by over 250 people, representative of the Department of Defense, utility companies, legislators, local reuse authorities, and the California Public Utilities Commission (CPUC) was convened in San Francisco April 6 and 7, and hosted by the Governor's Office of Planning and Research, the CPUC, California utility companies, and the law firm of Yim, Okun & Watson.

The bottom line: money

The bottom line issue is money: Who will pay the substantial costs associated with maintaining, upgrading or replacing the utility systems, which at most bases are generally inadequate for current and future reuse needs?

"Money" can mean different things. Costs may be paid with:

- Real money, in terms of up-front capital, revenue streams, or revenue guarantees.
- "Soft" money such as non-economic incentives, payment deferrals, in-kind payments, or transfer of intangible property interests such as emission reduction credits or habitat mitigation opportunities.

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THE BASE REUSE REPORT



ANALYSIS

- Cost reductions, such as wholesale power rates, reductions or elimination of certain utility "standards," increasing the time for safety or other code compliance, or streamlined cooperative health and safety protocols for toxics issues.

Resolution of this bottom line issue will involve policy, financial and legal decisions, and much creative thinking. A clear understanding of the respective goals of each party, the competing and/or conflicting pres-

ures and restraints, and the common possible utility transfer scenarios, will assist.

Common utility transfers

Existing recognized public utilities expand operations, incorporating military base systems, providing upgrades or replacement and continuing service; no further CPUC certificates required, but such an acquisition must be financially viable.

A private entity obtains the utility distribution system, and applies to the CPUC to provide service within the territory; CPUC approves if in the public interest and issues a certificate of public convenience or necessity.

A public entity such as a municipal government, obtains the utility distribu-

Characteristics of Successful Strategies	Characteristics of Less Successful Strategies
1. Reuse plan already developed; widespread community consensus.	1. Reuse planning not completed or delayed. Lack of community consensus.
2. Major single user provides stable revenue base to support capital improvements.	2. No clear "anchor tenant" either interim or long term.
3. Early assessment of nature, location and condition of utility systems.	3. Lack of documentation, maps, records or other corporate knowledge of utility system; no one assumes cost of system assessment.
4. LRA and/or utility companies contract with DoD to be "caretaker".	4. DoD contracts caretaker to third party, unrelated to LRA or utilities, and who is unfamiliar with reuse plans.
5. DoD value appraisals utilize income or revenue projection approach.	5. DoD value appraisals emphasize depreciated cost approach.
6. LRA "participates" in negotiations with DoD and prospective utility transferees; LRA considers acquiring system itself under Pryor economic development conveyance.	6. LRA sits on sideline while DoD disposes of systems.
7. Financing mechanisms allow cost of utility replacement or upgrades to be spread beyond base boundaries (redevelopment areas, regional assessment districts).	7. Base users must bear full cost of line extensions or utility upgrades/replacements — economic disincentive to locate on base.
8. Early commitment made to replace utility systems with high tech backbone; utility design part of reuse planning.	8. LRA tries to make do with inadequate system over indefinite period.
9. Base reuse encouraged at key core locations; creates sufficient revenue base at specific locations to justify capital costs.	9. Reuse appears at scattered locations throughout base.
10. Revenue guarantee is provided by either LRA or military to utility companies.	10. Utility companies facing uncertain revenue streams exacerbated by prospect of deregulation and increasing competition.



ANALYSIS

tion system and forms a local municipal utility district, which then determines rates, subject to CPUC safety and other regulation; public entity could contract for provision of actual service with recognized utility companies.

Primary goals, concerns—competing interests expressed

Several themes were consistently expressed at the conference. Military representatives said their primary goal “is a quick transfer to a capable utility provider.” The Local Reuse Authorities contended that their best strategy is to “replace the inadequate utilities with high tech systems...but we must make interim use of the current system to incubate reuse.” Utilities asserted “no obligation to serve at no cost.” They also said deregulation “forces utilities to be risk-adverse; facing uncertain revenue streams,

we cannot finance the costs of upgrade or replacement, nor pay the military for parts of systems that are useless to our current and future needs.” The California Public Utilities Commission cited safety as “first and foremost. Base systems must be upgraded to meet our general safety orders.”

How to reconcile these sometimes competing interests was explored in a series of case studies.

Components of successful, unsuccessful utility strategies

Case studies presented during the conference illustrated both successful and

unsuccessful strategies to resolve utility issues (see chart, page 2).

Where do we go from here?

No magic bullets exist. The “obvious” solution of having the federal or state governments provide money to support the necessary utility upgrades or replacements may not be politically or financially realistic. No one single strategy will be appropriate for all base reuse settings. Case studies clearly indicate that “one size does not fit all” and that a hybrid or combination of successful strategies illustrated above must be custom tailored to a particular situation.

The following innovative approaches should be more fully explored:

- Reevaluate or relax DoD caretaking contracting rules so that the LRA and

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Marin's Hamilton AFB:

Model reuse plan took longer than Rip Van Winkle slept

By Morris Newman

In June 1995, Hamilton Air Force Base in Marin County, Calif., will have been closed for 19 years—nearly as long as Rip Van Winkle was asleep. In the same month, construction workers, a rarity in this area, will be seen building roads, leveling land for single-family homes, and sandblasting old aircraft hangars to be made over into fashionable office space.

Described by its developer as the first full-scale redevelopment of any closed military base, the \$500 million Hamilton project seems to embody all the ambitions that local governments have for moth-balled military facilities: New jobs, new homes, places of business, open space, and property tax revenues. But observers should also be aware that this happy scene took nearly 20 years, from the time the base closed until the time a developer started building.

Communities which are just starting the base reuse process can look at Hamilton as an example of a community that has gone through the conversion process, or at least completed a plan and started construction. But the story of the effort required to start construction might be enough to discourage even the most gung-ho enthusiast of base reuse. In fact, if Hamilton has any lesson, it is that the conversion of bases—like many other facets of planning—must be conceived in terms of decades.

Base conversion has been a slow grind at Hamilton, which was decommissioned in 1974 and closed in 1976. The first decade was apparently uneventful: In 1985, the U.S. General Services Administration carved off a 414-acre portion of Hamilton in 1985 and sold the option to buy the land to developer Skip Berg. In the mid 1980s, real estate development money was plentiful, and Berg thought big. He convinced the

Novato City Council to approve a master plan for 3,550 homes and 3 million square feet of commercial space.

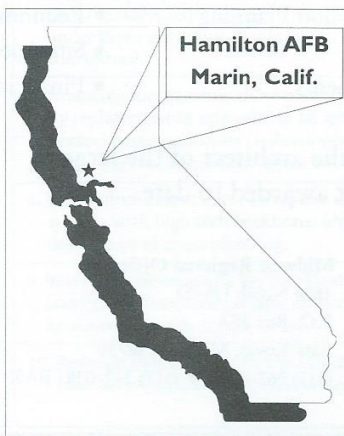
If the developer and the city council were thinking big, Novato residents were shocked by the scale of the project. Holding a referendum in 1989, city voters rejected the development agreement. Hamilton became a local embarrassment, as empty buildings continued to rot and weeds continued to grow.



CASE STUDY

"From the time we got involved, it took 18 months to get fully entitled. The reason was simple: We worked from the bottom up, not the top down."

—David Martin



BRR map by Elizabeth A. Johnson

Shortly after the ballot-box defeat, Berg sold his option to David Martin, a young Bay Area developer with a strong interest in adaptive reuse and urban issues. In the early 1990s, Martin decided that he must first build a constituency among Novato residents for the project, and began a series of public meetings about the project.

In general, Novato residents appeared to favor development at Hamilton, but wanted low density; several environmentalist city council members also pushed for further reductions in the number of homes and the amount of commercial space, until the council approved a plan for 850 homes and 550,000 square feet of commercial space—a fraction of what the earlier developer had envisioned.

Martin also plans to rehab existing hangars on the base, either as office space or for light industrial use, according to Todd Wright, Martin's project manager. In addition, the developer is donating 200 acres to the City of Novato for parks and playing fields. Even at its reduced scale, the Hamilton makeover is expected to be the largest commercial development in semi-rural Marin County.

Martin is believed to be the first developer to progress this far with any of the 200 closed bases nationally. "The city [Novato] and the feds argued for 18 years over this project," Martin told the *San Francisco Business Times* in January. "From the time we got involved, it took 18 months to get fully entitled. The reason was simple: We worked from the bottom up, not the top down."

With the development agreement in hand, the resourceful Martin went back to the feds to renegotiate the price of the land. Berg had agreed to buy the land (in principle) for \$35 million. Arguing that he should pay a lower price to reflect his diminished entitlements, Martin got the Pentagon down to about \$16 million. (Martin is actually buying the property in phases, and will pay about

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CASE STUDY

\$9 million for the first 100 acres, where most of the home-building will be concentrated.) To date, Martin has spent \$25 million at Hamilton for environmental cleanup and infrastructure.

What was possibly most innovative on Martin's part was his willingness to undertake some toxic remediation on the site, rather than wait for the slow train of Superfund to arrive.


Pentagon officials said it cost \$100 million and will take a decade to clean up a 46-acre field of hazardous substances. Using an encapsulation method involving a rubber sheet, Martin did the job for \$12 million in a little more than a year; completion is expected in July.

The toxic cleanup removes one of the last obstacles to genuine development. Martin's next step is to rebuild the aging infrastructure of the military base. The developer plans to spend the next eight

months essentially rebuilding much of Hamilton's infrastructure, including electrical services, sewers, and access roads.

Shortly after, the developer will begin work on 650 homes, ranging from affordable single-bedroom studio apartments to single-family homes. Affordable housing, a scarcity in Marin County, is a major goal at Hamilton. Home prices are expected to range from \$175,000 to \$330,000, a range which is considered low in one of the most expensive housing markets in the country.

For project manager Wright, the big lessons from Hamilton are political. In

an interview, he stressed the importance of "working from the ground up" and building consensus. "This is something that [developer] David Martin and I both feel very strongly about, that you have to work with the community," he said. If Hamilton's story has a moral, it may be that the biggest challenge of base reuse may not be the Pentagon, but the folks next door. 

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Reaching consensus: how to create effective local reuse authorities

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.

Base closures affect many interests at the state and local level, both public and private. Bases may lie within more than one local jurisdiction. In almost all cases, adjacent communities and other local jurisdictions will be impacted by the base closure and subsequent reuse plans. Various state agencies may also have a jurisdictional role in the implementation of reuse plans. Creating a workable consensus among all stakeholders is a paramount objective. Local squabbling leading to jurisdictional gridlock has been called "the most self-destructive characteristic of many stalled California military base reuse efforts" (Report of the California Military Base Reuse Task Force, p. 15).



LEGAL ISSUES

The response of the Governor and California Legislature to this problem is contained in legislation enacted in 1994.

One statute designates a single local reuse entity for each of 20 listed mili-

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tary bases, and establishes a procedure, including mediation, for the designation of local reuse entities for bases not listed (Cal. Gov. C., sec. 65050). The designated local base reuse authority is recognized by the state and all state agencies as the single base reuse plan-

ning authority for the area (Cal. Gov. sec. 65051).

Another 1994 statute enacted the Military base Reuse Authority Act (Cal. Gov. C., secs. 67800, et seq.), which provides the legislative authority for cities and counties, acting together, to establish a local reuse authority as a separate public corporation of the state independent of the local agencies creating the authority. The board of the authority is required to have members from each city and county with territory over the boundaries of the base and each city with a sphere of influence of all or a portion of the boundaries of the base. The authority thus created is empowered to adopt a reuse plan for the base consistent with "approved coastal plans, air quality plans, water quality plans, spheres of influence, and other county-wide or regional plans required by federal or state law, other than local general plans."

Local general plans and zoning must then be brought into conformity with the reuse plan adopted by the authority. Next, the city or county having jurisdiction under the general plan shall exercise the development review. The board of the authority, however, is designated as the principal local public agent for the acquisition, lease disposition and sale of the real property and facilities of the base, with the authority to dispose of such real property and facilities.

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LEGAL ISSUES

The board of the authority is also authorized to mediate and resolve conflicts between local agencies over public benefit transfers and has primary local responsibility for compliance with the McKinney Act low-income housing requirements. The board is given the ability to pursue state and federal funding resources and to establish local funding mechanisms for capital improvements.

The third major statute enacted in 1994 strengthened the role of the state's California Defense Conversion Council as a coordinating body and clearinghouse for all base closure activities in the state (Cal. Gov. C., secs. 15346, et seq.).

These statutes are an attempt to establish single reuse authorities and resolve jurisdictional conflicts at the local level.

In some cases, the local reuse authority will be a single city or county, in others a joint powers authority or public corporation. And, in some cases where cities and counties elect to proceed under the Military Base Reuse Authority Act, it will be a separate, independent local agency.

The local reuse process has the following broad objectives:

- Designation or establishment of a local reuse authority.
- Formulation of a reuse plan.
- General plan and zoning amendments by affected jurisdictions.
- Applying for and negotiating with the federal government for the interim and ultimate disposition of base lands and facilities for public benefit and/or private reuse.
- Securing federal or state funding or developing local financing mechanisms to pay for site preparation and infrastructure costs.
- Marketing buildings and lands under licenses, interim leases, long term leases, or sale to public and private parties.

The success of local reuse efforts ultimately will depend on achieving a working consensus of all stakeholders, something the statutes facilitate but cannot mandate. Early involvement of the private sector is important to assure the feasibility of a reuse plan from an economic and marketing standpoint. Decisions on when and how to phase development, whether to market to a master developer or multiple developers, whether to ground lease or sell parcels—as well as the economic feasibility of funding required infrastructure and public services and dealing with environmental constraints—require joint analysis by public and private sectors.

The establishment of a single reuse authority with the power to adopt and implement a reuse plan is an important first step, but it will not by itself guarantee success. Success will depend—as it does with other major land use decisions affecting myriad interests and multiple jurisdiction—on the consensus building skills of participants. Any process, at a minimum, should involve all stakeholders and should have a clear end point for final decisions and actions to implement those decisions. Lack of clarity over the ultimate decision making authority and resistance of local agencies to cede their land use and development approvals to a separate reuse entity has delayed local reuse efforts in many communities. The process of reaching a workable community consensus will in the end be more important than the particular structure of the reuse entity.



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INTERVIEW

BRR Interview:

Dr. Bernard Frieden

**MIT prof., urban renewal expert
sees parallels for reuse planners**

Dr. Bernard Frieden is the Associate Dean of Architecture and Planning and the Ford Professor of Urban Development in the Department of Urban Studies and Planning at the Massachusetts Institute of Technology in Cambridge, Mass. He is the author of numerous articles and books, including DOWNTOWN, INC.: HOW AMERICA REBUILDS CITIES (with Lynne Sagalyn) and THE ENVIRONMENTAL PROTECTION HUSTLE. He has served on many national panels and advisory boards, including President Lyndon Johnson's Task Force on Urban Problems, and as a consultant to legislative committees and governmental agencies, including the Advisory Commission on Intergovernmental Relations, the Agency for International Development, the U.S. Department of Transportation and the Department of Housing and Urban Development. He is currently writing a book about military base closures and conversions.

BRR: Your impressive body of research and writing has focused on rebuilding the urban cores of American cities. What are some of the differences, and the similarities, between urban redevelopment and the reuse of military bases?

Frieden: In both cases there is a long period of preparation before a project is ready to go, and the public sector usually has to get a project going before the private sector will come in. It takes a public agency with financial backing and the staying power to go through the engineering, the site studies, the market analyses; and to get some control over the surrounding environment. Private investors need assurances that the neighboring property is going to be compatible. Those are all functions that development agencies perform in cities, and they are functions that will have to be addressed on military bases.

Some differences are that environmental problems are usually much worse than in city projects. Bases have not been subject to state and local code requirements. There are buildings that don't meet local codes, don't meet requirements of the Americans with Disabilities Act. There are asbestos and lead paint problems, toxic chemicals in the soil, even unexploded ammunition.

*Unexpected
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But problems
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In time, planners
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their plans.*

BRR: A theme of DOWNTOWN, INC., is that creative new methods of government-private sector cooperation are necessary in urban redevelopment. How does that apply to the base reuse process?

Frieden: The next wave of public-private development is likely to be on military bases, especially the ones in urban areas. There are about 65 bases in or near urban areas slated for closing. Most of these have major redevelopment possi-

bilities, and their reuse could be important to the cities and to the country.

The early stages of base conversion can be very bureaucratic, with each military service operating under its own procedures. There is a need to simplify the process, to hold delays to a minimum.

Many of the approaches we see now in urban redevelopment are new—mixed-use projects, public-private risk-sharing, planning by negotiation. Real estate is not a field that changes quickly, and redevelopment planners have had to take risks and to try new approaches. Federal actions, such as mortgage financing programs, have often had big effects on cities, and people generally recognize that. In the case of military bases, I don't think many people have recognized the possible effects. If the redevelopment is handled properly, cities can make very good use of these bases.

BRR: Can you cite some success stories in base reuse?

Frieden: Many earlier base closings have generated community colleges, industrial parks, or civilian airports. An outstanding case is the Charlestown Navy Yard in Boston, where prospects looked really dismal at the beginning, but it's been a beautiful job of mixed-use development. The Navy Yard has a historic park and museum, granite buildings renovated for offices, housing ranging from low-income to luxury, and biomedical research labs. It's a long process, though. The base closed 20 years ago. Rebuilding will go on for years.

Among the recent closings, things are different. The real estate market in most areas is weaker now than it was in the 1980s. If you look at the changes from 1988 on, most are still in midstream. In time I think there will be plenty of success stories, because of what the bases offer: large sites for development, close to diversified labor markets and business services, and the cultural and educational resources of nearby cities.

BRR: What about negative examples of base reuse?



INTERVIEW

Frieden: In the Boston area, the reuse of the Chelsea Naval Hospital is only a limited success, because it is isolated, without many services. Hamilton Air Force Base north of San Francisco is a classic case of inaction, deadlocked for almost 20 years by local conflicts over reuse. (*Editor's Note: See Case Study, p. 4.*)

BRR: *Are jurisdictional disputes and legal problems endemic to reuse projects? What do you see for the future?*

Frieden: Unexpected problems come up all the time. These are fragile projects, subject to revision. But problems don't mean the project will be a failure. In time planners and developers get skillful about reworking their plans.

BRR: *Many local governments facing base closures fear that if they even talk about reuse, closure might be hastened. But many who have been through the process say reuse plans should start early. What do you think?*

Frieden: Politically it may be hard for people to work at both stopping a closing and replanning the base at the same time. In every other way, it's an advantage to get a head start.

BRR: *Should the federal government take a stronger role in the post-closure and reuse process?*

Frieden: The federal government should acknowledge a post-closure role. Many communities have been turning to the federal government for reuse help, and many are getting it. The federal role is emerging in practice, and base reuse planners ought to be aware of it.

BRR: *Is the money for reuse planning 'drying up', as some people say?*

Frieden: I hope not. That money is needed very badly. Without it, bases are going to be a drag on the communities for a long time. Somebody has to put up the money. Before there can be much development, public or private, the plans and the infrastructure have to be in place.

Local governments need help because most are fiscally stressed. These bases were mostly great economic assets while they were operating. Taking them away imposes real hardships.

BRR: *What recommendations do you have for improving the toxic cleanup process so that bases can be converted for civilian use?*

Frieden: There should be flexibility in cleanup standards. If the major use is going to be industry, it doesn't have to be as clean as if the major use will be housing. Cleanup levels can be adjusted. Contamination is serious, though, and toxic chemicals that are dangerous to public health, let alone live ammunition, need to be removed.

BRR: *What are the barriers to successful conversion of base housing?*

Frieden: There is a supply of housing on these bases, and many people who need housing. Unfortunately, what is there doesn't always comply with local codes or reasonable standards. Many buildings need renovation. In earthquake areas, many do not meet seismic codes. It's strange that the federal government has had lower standards than many states and local communities.

BRR: *What do you think about recent changes in the McKinney Homeless Assistance Act?*

Frieden: The McKinney Act changes are a big improvement. Under the original legislation, openings were created where homeless advocates could claim too much property in scattered locations. The new legislation looks much more workable because it puts an obligation on the local planning group to strike a balance between economic development and helping the homeless, with HUD providing oversight. Putting

it in the hands of the local reuse planners is a positive step.

BRR: *What are you learning in the course of your research that is new or surprising?*

Frieden: A lot of these planning groups think at the beginning that they're getting a blank slate, and that they can do almost anything with it. They discover that's not the case at all. They discover how closely regulated these bases are, by state and local regulations. Particularly in California, they find it's regulated, for example, by the coastal commission, the state lands agency. They discover the base is not empty, there are a lot of things worth saving—a day care center, for example, or recently built housing.

People emphasize how bad the infrastructure is, but there is also a lot they find they want to keep. They're not just drawing on a blank sheet of paper—they're making use of what is there. □

Sigrid Bathen is the editor of the BASE REUSE REPORT.

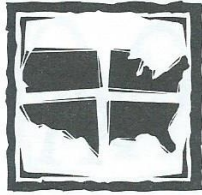


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Delegates argue to keep bases open

By Christopher Hart

Top political and military leaders from across the nation defended their base facilities during a series of hearings by the Defense Base Closure and Realignment Commission during the past two months.

At the Chicago BRAC regional hearing on April 12, 200 supporters of the St. Louis Aviation-Troop Command (ATCOM) travelled to the hearings to show support wearing blue T-shirts stating "Stupid is as stupid does. Without ATCOM, St. Louis becomes the city that was."

On April 19 in Dallas, Gov. George W. Bush argued that, "We know our military forces have to be restructured, and we're willing to do our fair share, but this round of closures unfairly af-

fects Texas." A particularly large group of 1,500 boosters in yellow T-shirts traveled to Dallas to support the Red River Army Depot, Tex.

When the terrorist bombing occurred in Oklahoma City on April 19, many of the city's local and state representatives were at the Dallas regional hearing that morning to defend Tinker AFB. In a quickly arranged switch, the Oklahoma delegation was allowed to present before Red River in order to return home as quickly as possible.

At the April 20 Albuquerque hearing, a large rally was held outside the site to support Kirtland AFB.

In California, 200 Long Beach Naval Shipyard supporters drove all day to

show their support at the April 28 San Francisco hearing, contending theirs is the only shipyard that can accommodate large vessels—and the only one that operates within its budget.

"If base closings have caused an economic riptide in other states, it has caused a tsunami in California," said Lee Grissom, director of the California Governor's Office of Planning and Research.

The presentations at the hearings shared some common themes. Many delegations criticized the Department of Defense's model (COBRA) that was used in preparing the proposed closure list. Delegates also challenged the accuracy of data and claimed numerous errors of omission. Several stressed the efficiency of their facilities or reminded the BRAC of their role in recent conflicts like Desert Storm. Others expressed concern over the continued down-sizing of the military and the specific risk to national security if their facility were closed.

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NEWS BRIEFS

Washington, D.C. GAO report highly critical of AF plan for repair depots

The U.S. General Accounting Office, the watchdog-auditing arm of Congress, issued a scathing report in April which criticized the Air Force plan to reduce its five logistics centers, some of which narrowly avoided closure in 1993.

"The Air Force's recommendations to realign rather than close any maintenance depots did not appear to be well thought out or adequately supported," the report said, adding that the service "did not fully address the problem of significant excess capacity in the depot system."

"We recommended that the (BRAC), at a minimum, require more complete plans for eliminating excess capacity and infrastructure from the Air Force before approving the recommendation."

The report stopped short of recommending that the Air Force abandon its plan and instead close one or more of

the five bases. But the GAO was highly critical of the Air Force and Navy for essentially rejecting "cross-servicing plans" which would permit repairs of fixed-wing aircraft in fewer facilities.

Sacramento, Calif.

Airborne Express plans to locate at Mather AFB as soon as Oct. 15

Miller-Stauch, a Kansas City, Kan. company that constructs facilities for Airborne Express, signed a lease agreement with Sacramento County April 6 to build a 32,000-foot sorting center at the former Mather AFB near Sacramento.

Jerry Dean, president of Miller-Stauch, told the *Sacramento Bee* the facility could be operational by Oct. 15. The move will permit Airborne, cur-

rently located at Sacramento Metropolitan Airport, to move out of its overcrowded facilities, although Airborne does not immediately plan to expand its 66-person workforce.

"We're happy the county and the Air Force finally got this straightened out," said Alan Tubbs, Airborne's manager at Sac Metro. Other carriers may follow.

Philadelphia

U.S. Navy to apply expertise in housing sailors to building homes

An agreement has been reached among the Navy, the Ben Franklin Technology Center and the Philadelphia Industrial Development Corp. to utilize Naval expertise on housing sailors on ships and apply it to home construction on land.

The *Philadelphia Inquirer* reported April 25 that the agreement will mean that the Naval Ship Systems Engineering Station will remain active after the historic Philadelphia Navy Base closes.

Written by Sigrid Bathen and Christopher Hart.

Utility conference analysis

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utility companies may joint venture, or in combination, undertake caretaking responsibilities on behalf of the military. Priority must be assigned to award the caretaking contracts to the LRA, who may then subcontract actual service to utility companies.

- Change utility tariff schedules or policies to allow spreading cost of necessary base utility upgrades or replacements over shareholders and ratepayers, on regional or statewide basis.

- Allow regional "assessment" districts extending beyond base boundaries to be formed to support capital costs of necessary utility upgrades or replacements (analogous to regional flood control districts).

- Make "disaster relief" or other low-interest loans available, at the direction of the Governor, to fund

necessary infrastructure replacement or improvements.

- Allow "in-kind" or intangible property transfers to utilities to offset capital costs:

- a. Make possible emission reduction credit transfers from aircraft emissions to utility companies.

- b. Provide utilities with habitat mitigation banking opportunities on base.

- c. Allow personal or real property transfers to utility companies (for e.g.: substations; may need change in public benefit conveyance rules).

- Directly address future utility relocation cost issues to "buy down" risks to utility companies:

- a. Establish protocols for conveying easements or other rights-of-way so that relocation costs are fairly allocated between LRA and utilities.

- Expressly endorse income-approach based evaluation of utility sys-

tems; acknowledge need to "write off" stranded investments:

- a. Recognize that overcapacity and redundant nature of military utility systems are not useful and therefore have no value to LRA or local utility companies.

- Explore model/pilot program analogous to California Leaking Underground Petroleum Storage Tank Fund, which surcharges the storage of petroleum products to provide "no fault" reimbursements for the cost of cleanup of leaking tank sites.



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UPCOMING EVENTS

'Covering the bases' BRR co-sponsors CUED conference on reuse

"Covering all the Bases," a national conference on strategies for military base reuse, will be hosted by the National Council for Urban Economic Development (CUED) on June 12-13 in Washington, D.C. The event will be co-sponsored by the U.S. Economic Development Administration, *Business Facilities* magazine and the BASE REUSE REPORT.

The conference, at the Madison Hotel in Washington, D.C., will include the first-ever release of a study detailing how all U.S. military bases that have been closed since the 1960s have been reused.

It will also feature presentations by major national authorities on base reuse, including Rodney Coleman, assistant secretary of the Air Force for Manpower, Reserve Affairs, Installations and Environment; Paul Dempsey, director of the Office of Economic Adjustment in the U.S. Department of Defense; Madeline McGee, executive director of the Charleston Naval Complex Redevelopment Authority in Charleston, S.C., and James C. Hankla, city manager of the City of Long Beach, home to the Long Beach Naval Shipyard, the only major base targeted for closure in California this year by the Defense Department.

Conference organizers advise participants to "not expect a lot of false optimism" at the event. "This conference will provide you with a clear understanding of the most effective planning, development, financing, organizational and marketing techniques that have been deployed by communities" in existing reuse efforts, as well as "other approaches that offer great promise."

Other featured speakers and panelists include a wide range of government and private-sector experts on military base closures and conversions from around the country, including Erik R. Pages, director of the Office of Economic

Conversion Information in the Economic Development Administration, David Baldinger, deputy executive director of the Philadelphia Planning Commission; Dennis Coleman, executive director of the St. Louis County Economic Council in St. Louis, Mo; William Cork, principal investigator for the U.S. Army Corps of Engineers in Champaign, Ill.; Karl Seidman, deputy director of the Massachusetts Government Land Bank; and David C. DeRoos, publisher of the BASE REUSE REPORT in Sacramento, Calif.

Panels will cover a wide range of topics on base reuse, with specific information on financing alternatives, organization, marketing and preparing key applications and forms. The conference will begin at 8:45 a.m. June 12 with an introduction by Dempsey, who will discuss how the Office of Economic Adjustment can help communities adjust to base closures, and how communities can maximize OEA funding. Other workshop and panel presentations June 12 and 13 include:

- Preparing an Effective Base Reuse Plan.
- Infrastructure and Environmental Planning.
- Organizing for Base Reuse.
- Creative Financing for Base Reuse.
- Requirements and Approaches for the Business Plan.
- Positioning and Marketing the Park.
- Preparing the Economic Development Conveyance Application.

The conference non-member fee is \$395 before May 19, \$470 after May 19. The fee includes a single registration, course materials, coffee breaks, the Monday lunch and reception. To register, call (202)223-4735.

Calendar of Events

June 4-7: National Business Incubations Association National Conference, Scottsdale, AZ (614) 593-4331

June 8-9: NAID Regional Seminar on Military Base Reuse Grant Proposals — Sacramento, CA (703) 836-7973

June 12-13: National Council for Urban Economic Development Conference on Base Reuse, Washington D.C. (202) 223-4735

June 12 & 13: Base Closure and Realignment Commission Hearings—Washington, DC (703) 696-0504

June 17-20: National Association of Regional Councils 29th Annual Conference and Exhibition, Washington DC. (202) 457-0710

June 22—BRAC Final Voting Begins, Washington, DC

July 13-14: Association of Federal Technology Transfer Executives, Third Annual Summer Meeting, Washington D.C., (304) 243-2535

July 13-14: NAID Regional Seminar on Military Base Reuse Grant Proposals — Dallas, TX (703) 836-7973

August 18-19: NAID Regional Seminar on Military Base Reuse Grant Proposals — Chicago, IL (703) 836-7973

August 20-22: National Association of Installation Developers (NAID) 1995 Conference, Chicago, IL (703) 836-7973

September 21-22: NAID Regional Seminar on Military Base Reuse Grant Proposals — Monterey, CA (703) 836-7973

Sept. 25-28: National Association for County Community and Economic Development (NACCED) Conference, Salt Lake City, UT (202) 429-5118.

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