

**DEFENSE BASE CLOSURE
AND REALIGNMENT
COMMISSION**



REUSE HEARINGS

MARCH 16TH, 1995

**ROOM 216
HART SENATE OFFICE BUILDING**

WASHINGTON, D.C.



**Frank Cirillo
Air Force Team Leader**

DEFINITIONS

- CERCLA:** The Comprehensive Environmental Response, Compensation, and Liability Act, also known as the Superfund, is the legal framework for the identification, restoration, and transfer of contaminated private property. In 1986, CERCLA was revised to include all federal property, including military installations.
- CERFA:** The Community Environmental Response Facilitation Act. It amends CERCLA and requires identification of uncontaminated parcels at closing bases and allows the clean parcels to be transferred while long-term cleanup of contaminated parcels continues.
- EDA:** The Economic Development Administration is to provide economic development grants to help communities implement their economic development plans.
- Fast Track Cleanup Program:** The Administration's program to expedite cleanup at closing bases. This is an element of the Five-Point Program.
- McKinney Homeless Act:** The (Base Closure Community Redevelopment and) Homeless Assistance Act of 1994 amends the McKinney Act and exempts closing bases from the requirements in Title V of the McKinney Act. Title V gives the homeless a preference to obtain surplus federal property. Under the 1994 amendment, communities are now required to integrate needs of the local homeless into their broad redevelopment plan.
- OEA:** The Office of Economic Adjustment in DoD is in charge of helping communities plan for base and defense plant closings. The Office also provides planning grants to impacted communities.
- President's Five-Point Plan:** Announced in July 1993, this plan is designed to expedite reuse, economic recovery, and environmental restoration. Among other provisions, it provides for economic development planning grants to base closure communities, improves access to transition assistance for displaced workers, and establishes environmental cleanup teams for each closing base.
- Pryor Amendment:** Added to the 1994 Defense Authorization Act, it incorporates parts of the President's Five-Point Program to ease the impact of base closings on communities. Among other provisions, it authorizes the Sec. of Defense to transfer parcels at a closing installation to the local redevelopment authority for less than market value or without compensation, and it modifies the McKinney Homeless Assistance Act.

**Transition
Coordina-
tors:**

On site Ombudsmen on every major base slated for closing.

Document Separator

Help to Communities



- **Transition Assistance**
- **Streamlined Property Disposal**
- **Faster Environmental Cleanup**
- **Planning Grants for Civilian Reuse**

The Former Chanute Air Force Base

Jobs 1160

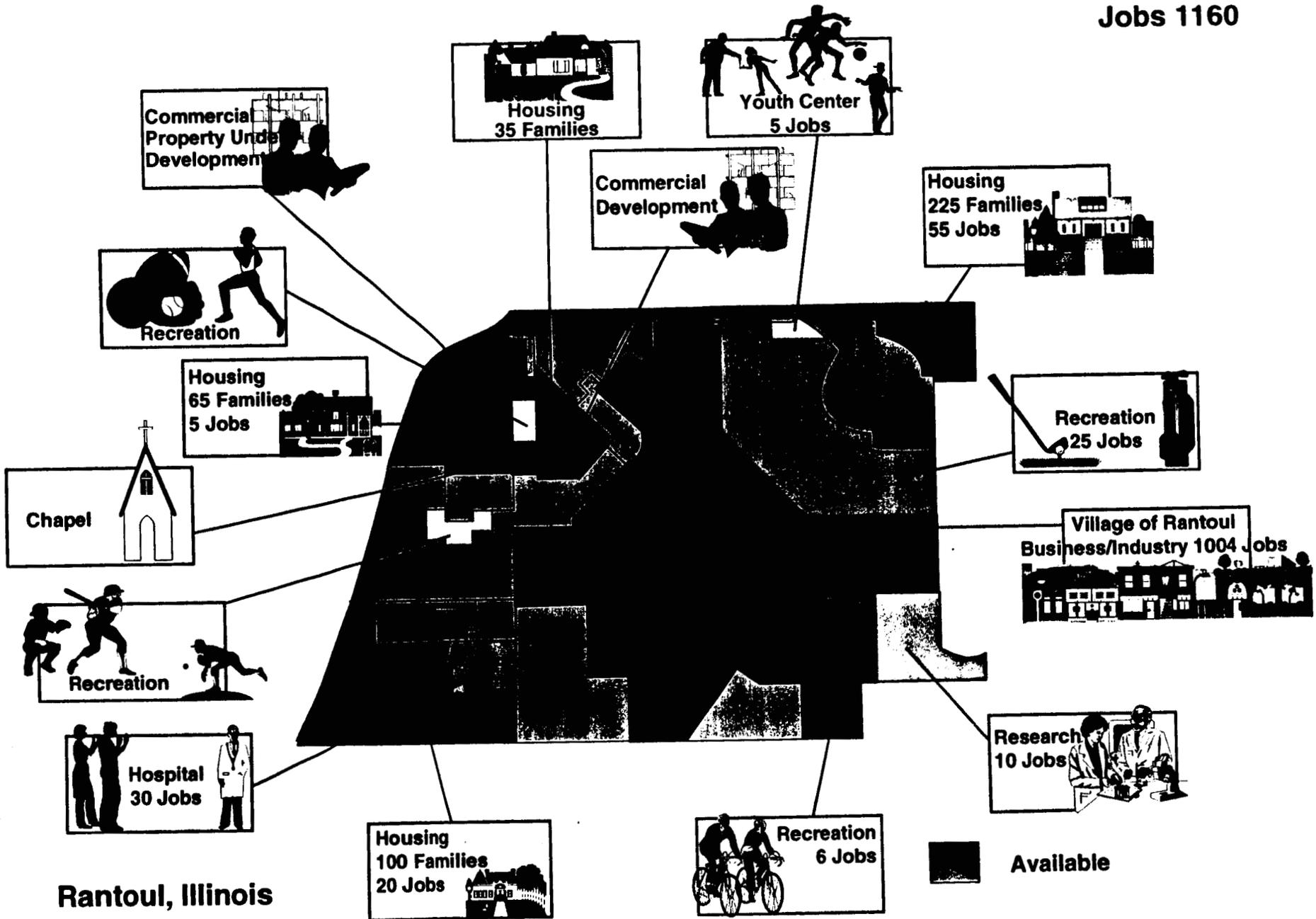


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**HEARING AGENDA
MARCH 16, 1995
SH-216 HART BUILDING**

I. MORNING HEARING:

9:00AM - 9:30AM: PANEL ONE:

The Honorable David Pryor
Senator, (D-AR)

9:30AM - 11:30AM: PANEL TWO:

Mayor Joseph A. Griffo (Rome, NY)
The United States Conference of Mayors

Councilmember John Maxwell (Myrtle Beach, SC)
National League of Cities

Commissioner Doug Bovin (Delta County, Gladstone, MI)
National Association of Counties

City Manager Walter V. Graham (Vallejo, CA)
International City/County Management Association

11:30AM - 12:15PM: PANEL THREE:

Mr. Brad Arvin
National Association of Installation Developers

Mr. William Tremayne
Business Executives for National Security

12:15PM - 12:30PM Press Availability

12:30PM - 1:30PM Lunch: SD-212

II. AFTERNOON HEARING:

1:30PM - 3:00PM: PANEL ONE:

Honorable Joshua Gotbaum
Assistant Secretary of Defense (Economic Security)
Department of Defense

Ms. Sherri Goodman
Deputy Under Secretary of Defense (Environmental Security)
Department of Defense

Mr. Alan Olsen
Director of Air Force Base Conversion Agency
Department of the Air Force

Colonel Dennis Cochrane
Chief, Base Realignment & Closure Office
Department of the Army

Rear Admiral Patrick Drennon
Director of Facilities & Engineering Division
Department of the Navy

3:00PM - 3:45PM: PANEL TWO:

Honorable William Ginsberg
Assistant Secretary of Commerce (Economic Development)
Department of Commerce

Mr. James Van Erden
Administrator, Work-Based Learning
Department of Labor

Mr. Timothy Fields
Deputy Assistant Administrator (Solid Waste & Emergency
Response) Environmental Protection Agency

3:45PM - 4:00PM

Press Availability





DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

OPENING REMARKS

OF

SENATOR ALAN J. DIXON, Chairman

Hearing on Re-Use

Morning Session

March 16, 1995

Washington, DC

GOOD MORNING, LADIES AND GENTLEMEN, AND WELCOME TO THE FIRST OF TWO HEARINGS TO BE CONDUCTED TODAY BY THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION ON THE SUBJECT OF THE RE-USE OF CLOSED MILITARY INSTALLATIONS.

WE HAVE AN OUTSTANDING LINE-UP OF WITNESSES BOTH THIS MORNING AND THIS AFTERNOON, BUT BEFORE WE BEGIN TO LISTEN TO THEM, I'D LIKE TO INTRODUCE THE MEMBERS OF THE COMMISSION. THEY ARE:

- * AL CORNELLA, A BUSINESSMAN FROM RAPID CITY, SOUTH DAKOTA.
- * REBECCA COX, A VICE PRESIDENT OF CONTINENTAL AIRLINES AND A MEMBER OF THE BASE CLOSURE COMMISSION IN 1993.
- * J.B. DAVIS, A RETIRED AIR FORCE 4-STAR GENERAL.
- * S. LEE KLING, A BUSINESSMAN FROM ST. LOUIS.
- * BENJAMIN MONTOYA, A RETIRED NAVY REAR ADMIRAL.
- * JOE ROBLES, A RETIRED ARMY 2-STAR GENERAL.
- * AND WENDI STEELE, A FORMER BUSH ADMINISTRATION OFFICIAL AND BASE CLOSURE COMMISSION STAFF MEMBER.

LADIES AND GENTLEMEN, LET ME GIVE YOU A BRIEF BIT OF BACKGROUND ABOUT WHY WE ARE HAVING HEARINGS TODAY ON POST-CLOSURE ACTIVITIES OF THE FEDERAL GOVERNMENT.

AS MOST OF YOU KNOW, THIS IS THE FINAL ROUND OF BASE CLOSURES AND REALIGNMENTS UNDER THE CURRENT LAW. UP UNTIL THIS YEAR, THE THREE PREVIOUS BASE CLOSURE ROUNDS HAVE RESULTED IN MORE THAN 70 MAJOR, AND ALMOST 200 SMALLER BASE CLOSINGS.

WHEN I APPEARED BEFORE THE SENATE ARMED SERVICES COMMITTEE LAST OCTOBER AT MY CONFIRMATION HEARING FOR THIS POSITION, I TOLD THE MEMBERS THAT I BELIEVED THAT IN ADDITION TO RECOMMENDING BASE CLOSURES AND REALIGNMENTS TO THE PRESIDENT THIS YEAR, THE COMMISSION SHOULD ALSO LEAVE RECOMMENDATIONS FOR CONGRESS AND THE EXECUTIVE BRANCH IN TWO IMPORTANT AREAS: FIRST, HOW TO HANDLE BASE CLOSURES IN THE FUTURE AND, SECOND HOW TO IMPROVE THE FEDERAL GOVERNMENT'S PERFORMANCE IN POST-CLOSURE ACTIVITIES.

RE-USE IS A COMPLEX AREA THAT PRESENTS US ALL WITH MANY CHALLENGES. EACH CLOSED INSTALLATION IS DIFFERENT. ENDLESS VARIABLES ARE PRESENT. UNPREDICTABILITY IS THE ONLY CONSTANT.

LET ME GIVE YOU AN EXAMPLE. WHEN I WAS MEMBER OF THE SENATE IN 1988, TWO BASES IN MY STATE WERE CLOSED -- CHANUTE AIR FORCE BASE IN RANTOUL AND FORT SHERIDAN IN LAKE FOREST. FOR THOSE OF YOU UNFAMILIAR WITH ILLINOIS, LET ME SIMPLY SAY THAT CHANUTE IS ENTIRELY SURROUNDED BY THE MOST PRODUCTIVE CORNFIELDS IN THE WORLD, AND FORT SHERIDAN SAT ON PIECE OF PROPERTY OVERLOOKING LAKE MICHIGAN, SURROUNDED BY SOME OF THE MOST EXCLUSIVE RESIDENTIAL PROPERTY IN THE UNITED STATES.

WHEN THOSE BASES WENT ON THE LIST IT WAS A FOREGONE CONCLUSION THAT RANTOUL WOULD DISAPPEAR AND THE FORT SHERIDAN PROPERTY WOULD QUICKLY BE REDEVELOPED TO THE BENEFIT OF ALL.

AS YOU PROBABLY KNOW, IT HASN'T WORKED OUT THAT WAY. AN AGGRESSIVE, CREATIVE LOCAL GROUP IN RANTOUL HAS BROUGHT HUNDREDS OF JOBS TO WHERE THE BASE ONCE WAS. AT FORT SHERIDAN, FOR A MULTIPPLICITY OF REASONS, A RE-USE PLAN HAS BEEN ELUSIVE.

THOSE ARE THE KINDS OF STORIES WE WANT TO EXAMINE AS WE TRY TO SEEK A CLEAR PICTURE OF THE APPROPRIATE AND EFFECTIVE ROLE OF THE FEDERAL GOVERNMENT IN RE-USE.

THE HEARINGS WE ARE HOLDING TODAY ARE AIMED AT GATHERING INFORMATION ON WHAT'S BEEN WRONG -- AND WHAT'S BEEN RIGHT -- WITH THE WAY THE FEDERAL GOVERNMENT HAS GONE ABOUT ASSISTING LOCAL GOVERNMENTS IN THE ENORMOUS TASK OF REPLACING MILITARY BASES IN THE LOCAL ECONOMY.

AS I SAID, OUR GOAL IS TO BRING ALL THE BEST THINKERS ON THIS SUBJECT TOGETHER AND TO DRAW UPON THEIR EXPERIENCE TO PRODUCE A SET OF OUR OWN RECOMMENDATIONS ABOUT POST-CLOSURE THAT WE CAN SEND TO THE PRESIDENT AND CONGRESS ON JULY FIRST.

THIS MORNING, WE WILL HEAR FIRST FROM MY FORMER COLLEAGUE, SENATOR DAVID PRYOR OF ARKANSAS, WHO HAS PROVIDED REMARKABLE LEGISLATIVE LEADERSHIP ON RE-USE ISSUES; THEN OUR SECOND PANEL WILL INCLUDE REPRESENTATIVES OF VARIOUS ORGANIZATIONS INVOLVED WITH RE-USE IN MANY DIFFERENT WAYS.

THIS AFTERNOON, WE WILL HEAR DIRECTLY FROM FEDERAL GOVERNMENT AGENCIES, WHO WILL DISCUSS THEIR EFFORTS IN THE RE-USE AREA.

LET ME ALSO SAY THAT THIS HEARING IS BEING HELD TO DISCUSS RE-USE AND PAST CLOSURE ACTIONS. WE ARE NOT HEAR TODAY TO HEAR TESTIMONY ABOUT THE MERITS OR DEMERITS OF THE 1995 CLOSURE AND REALIGNMENT LIST, WHICH IS PENDING BEFORE US.

BEFORE WE BEGIN WITH SENATOR'S PRYOR'S OPENING STATEMENT, LET ME SAY THAT, AS PART OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994, THE BASE CLOSURE AND REALIGNMENT ACT WAS AMENDED TO REQUIRE THAT ALL TESTIMONY BEFORE THE COMMISSION AT A PUBLIC HEARING BE PRESENTED UNDER OATH. SENATOR PRYOR, WOULD YOU RISE AND RAISE YOUR RIGHT HAND.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

THANK YOU. SENATOR, YOU MAY BEGIN.

MORNING SESSION - SECOND PANEL

OUR SECOND PANEL THIS MORNING FEATURES REPRESENTATIVES OF BOTH PUBLIC AND PRIVATE SECTOR ORGANIZATIONS WHO HAVE BEEN INVOLVED WITH BASE RE-USE IN A VARIETY OF DIFFERENT WAYS.

LET ME WELCOME:

- * MAYOR JOSEPH E. GRIFFO OF ROME, NEW YORK, REPRESENTING THE U.S. CONFERENCE OF MAYORS.
- * COUNCILMAN JOHN MAXWELL OF MYRTLE BEACH, SOUTH CAROLINA, REPRESENTING THE NATIONAL LEAGUE OF CITIES.
- * COMMISSIONER DOUG BOVIN OF DELTA COUNTY, MICHIGAN, REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES.
- * CITY MANAGER WALTER V. GRAHAM OF VALLEJO (VUH - LAY- HO) CALIFORNIA, REPRESENTING THE INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION.

WOULD YOU PLEASE RISE AND RAISE YOUR RIGHT HANDS?

DO YOU SOLEMNLY SWEAR AND AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

MORNING SESSION - THIRD PANEL

OUR THIRD PANEL THIS MORNING IS COMPOSED OF BRAD ARVINS, OF THE NATIONAL ASSOCIATION OF INSTALLATION DEVELOPERS AND WILLIAM TREMAYNE, OF BUSINESS EXECUTIVES FOR NATIONAL SECURITY.

GENTLEMEN, PLEASE RISE AND RAISE YOUR RIGHT HANDS.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

THANK YOU.



TESTIMONY OF
U.S. SENATOR DAVID PRYOR

before the

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

MARCH 16, 1995

Mr. Chairman and distinguished members of this Commission, I appreciate the opportunity to testify before the 1995 Base Closure Commission on the important subject of redeveloping closed military installations.

First, I applaud this Commission and its Chairman for having the vision and courage to address an issue that previous Commissions declined to confront; the issue of helping local communities rebound from the economic trauma of losing a military base.

By also focusing on so-called post-closure matters, some may feel that this Commission is straying too far from its nest. I, however, disagree with this notion. This Commission can fulfill its base closure responsibilities while at the same time, fulfilling its moral responsibilities by recommending ways to assist those who will be devastated by your actions and findings.

Distinguished Commissioners, we are about to complete our fourth and final base closure round. We have learned many lessons from the first three. The most obvious lesson is that base closings hurt.

Mr. Chairman, like yourself, I am personally aware of the pain caused by base closure announcements. The 1991 Commission closed Eaker Air Force Base, a B-52 SAC base located in Mississippi County, Arkansas. They also took away a majority of the work at Ft. Chaffee near Ft. Smith, Arkansas. Now this Commission must determine whether to close Ft. Chaffee, as the Army has recommended, and whether to close Red River Army Depot, located in the town of Texarkana on the Arkansas-Texas border.

For many cities where military bases are located, the military is the largest employer and the loss of a base can cause an economic tailspin. Such would be the case at Red River Army Depot, which accounts for 10 percent of the local economy in Texarkana.

To be certain, base closings are painful.

The first three base closure rounds have also taught us that the task of replacing lost military jobs through the civilian redevelopment of closing bases is difficult, costly, and often slow in producing good results.

However, finding a new use for an old base is a worthwhile endeavor, and like it or not, it is an effort that involves the federal government.

Since we began closing obsolete military installations in 1988, we have struggled over the appropriate role of the federal government in the closure, cleanup, and redevelopment of these bases.

I must admit that our original approach to post-closure matters failed miserably. In the 1988 and 1991 base closure rounds, the federal government, including this very commission, took a "hands-off" approach. The results were disastrous.

Job creation was virtually non-existent. Closure costs skyrocketed. Communities threw up their hands in frustration over the government's refusal to provide help when help was needed. When this process began in the late 1980's, the federal government was the primary obstacle to a quick recovery, due to our hands-off approach.

I believe that instead of standing in the way of progress,

government should form partnerships with local communities and work together with shared resources and know-how to replace lost military jobs.

We should not turn a cold shoulder to the people who helped us win the Cold War. Base closure communities deserve much more than a simple "thank you".

Fortunately, on July 2, 1993, President Clinton announced that the federal government would reverse its policy and begin pursuing partnerships with communities.

The President's five-point plan for helping communities included giving them greater access to base property, fast-track environmental cleanup, transition coordinators at every base to help cut through the red tape, larger federal grants for economic development, and holder job retraining and transition services for those who lose their jobs.

After the five-point plan was offered, it became clear that several changes in law would be necessary to fulfill the President's vision. As a result, the Senate Democratic Task Force on Defense Reinvestment, which I chaired, developed the necessary legislation during the summer of 1993.

The resulting legislation, commonly referred to as the Pryor Amendment, was accepted as an amendment to H.R. 2401, the Fiscal Year 1994 Department of Defense Authorization Act, and signed into law by the President later that year.

The Pryor Amendment ratified the President's five-point plan by making major changes to the base closure laws that would provide communities with desperately needed assistance. A summary of this

legislation will be submitted for the record with my prepared remarks.

The primary contribution of the Pryor Amendment is its recognition that the land and property on closing bases can be a catalyst for future development and economic growth. Our legislation gives the Secretary of Defense authority to transfer or lease base properties to communities below fair market value or, in some cases, for free.

Communities nationwide are currently using this legislation to enhance their chances for economic revival. Just last week, the U.S. Air Force recently conveyed 600 acres of land at Norton Air Force Base in San Bernadino, California at a reduced price. This land transfer will create 1,000 jobs immediately due to expansions in local manufacturing. I am also aware that the government of Taiwan wants to open a foreign trade center at Norton, creating almost 4,000 new American jobs.

I am pleased that communities like Norton are taking advantage of the government's renewed willingness to help beat swords into plowshares.

In 1994, our Senate task force was successful in passing legislation in Congress to exempt closed military bases from the Stewart B. McKinney Homeless Assistance Act.

The task force had been notified that some homeless assistance groups were trying to acquire base property through the McKinney Act even though local communities had already agreed to using the property for other purposes.

This disruption was truly counterproductive and an unintended

consequence of the McKinney Act.

Due primarily to the leadership of Senator Nunn and Senator Feinstein, we formed a consensus for passing legislation to exempt closed bases from the McKinney Act. Our bill, the Base Closure Community Redevelopment and Homelessness Assistance Act of 1994, established a new process for addressing local homeless needs in a way that is supportive of local redevelopment efforts.

I am proud to say that this legislation was supported by base closure community groups and homeless assistance groups, Democrats and Republicans. It was signed into law by the President late last year.

Each of these initiatives—the President's five-point plan for increased federal funds and assistance, the Pryor Amendment, and the McKinney Act exemption—represent a decisive shift in the government's response to base closings.

The good news for communities that will lose bases in this round is that the federal government is now ready and willing to help you beat swords into plowshares. We are much better prepared now to meet these challenges than we were in 1988 when the base closure process began. I applaud the Clinton Administration for its vision in this regard.

At the request of this commission, I have devised a few brief recommendations for communities that lose a base in this round.

First, begin planning early for the future. Communities that have found the most success are those that embarked on an early, aggressive effort to find civilian uses for their base.

For example, when England Air Force Base in Alexandria, Louisiana was recommended for closure in 1991, the community formed two committees. One led the fight to keep the base open, the other committee, which operated largely in secret, was laying the foundation for bringing in new business.

To date, England has created almost 1,000 new jobs on base, due mostly to the J.B. Hunt trucking company's decision to train truck drivers on the old runways.

I encourage local communities to follow England's example. If any of the towns with bases on the 1995 list chose to begin planning early, Congress has given the Department of Defense the authority to provide grants for such purposes. Also, last year Congress passed legislation prohibiting this commission from penalizing towns that chose to begin planning for redevelopment even as they are fighting to keep their bases open.

I also encourage communities to speak with one voice. Each of the federal programs I have outlined are designed to help communities help themselves, but it is difficult to help communities that are not unified.

For example, George Air Force Base in Southern California was closed in 1988 and immediately thereafter two nearby cities engaged in a power struggle over who was entitled to federal aid and future revenue from the base. A legal battle ensued and the matter was fought in the courts for almost five years. Businesses interested in locating on base went elsewhere. Today there is little to show for their efforts at George except missed opportunities and lost hope.

The government can do little to help communities unless they speak with one voice.

I have also been asked to make recommendations to this Commission on ways to improve the government's response to base closings.

First, the federal government should continue vigorously pursuing partnerships with local communities.

Every government employee, top to bottom, must be fully committed to forming successful partnerships.

While I am convinced that the top levels of government are committed, I question whether this cooperative spirit is alive at the working level.

Although we have made substantial improvements, local communities are still frustrated by the service they often receive.

Every day, government officials and community leaders must choose between working together hand-in-hand or engaging in hand-to-hand combat. I believe this Commission could explore ways to improve the cooperative spirit. Let me suggest a few.

First, find ways to remove the "government knows best" mentality. In most cases, government attorneys and government bureaucrats are making key decisions on private sector development issues with little or no consultation with local experts who know their region best. We must remember that communities are in the best position to inform us of responsible ways for government to contribute.

Second, the Commission could explore ways to make government more nimble, capable of making decisions quicker and delivering

services more rapidly.

The interim leasing process exemplifies the dangers of moving too slowly. Currently, the military services are taking about 6 months to complete a lease agreement. This is entirely too long. Without a lease, businesses interested in locating on base go elsewhere. We should explore ways to speed up the leasing process and the delivery of other important services.

One suggestion for making government more nimble is to empower the workers in the field. Give them more flexibility and greater authority to make decisions on the spot.

The commission could explore this and other ways for speeding up decisions and results.

Finally, we must not undo the tremendous progress we have worked so hard to achieve. Specifically, I urge this Commission to caution Congress against cutting funds for base closure assistance programs, especially environmental cleanup, planning grants, and EDA grants for infrastructure improvements.

Although Congress has provided the necessary funds in recent years, this year these monies are at risk.

If Congress cuts base closure assistance funds, communities would experience paralysis. Economic development would suffer and the cost of closing bases would skyrocket. Such funding cuts would be counterproductive, and I hope this commission will see the merits of fully funding these base closure assistance programs.

Again, I applaud Chairman Dixon and this commission for accepting its moral responsibility and exploring ways to help

**communities rebound from the economic pain of base closures.
I thank the commission for the opportunity to give testimony at
today's hearing.**



**REUSE HEARING
MARCH 16, 1995**

MORNING HEARING

Proposed Questions For Panel One:

Senator David Pryor (D-AR)

(NOTE TO COMMISSIONERS: The Pryor Amendment to the 1994 Defense Authorization Act and the Administration's Five-Point Program speed up the base closure process. Included in the Act are provisions which: 1) permit the Secretary of Defense to transfer base parcels to local redevelopment authorities for less than market value or without compensation; 2) limit the time span for federal agency and homeless-providers review, and 3) accelerate decisions on redevelopment grant proposals.)

-- Senator Pryor, on a number of occasions you have called to the attention of the Congress major concerns about issues relating to the federal approach to military base reuse.

QUESTIONS:

1. Now that the Pryor Amendment has been enacted, how would you evaluate current federal practices regarding reuse and economic recovery?

--more--

2. Has there been a significant improvement in the way the reuse process is conducted? ^{OS} ✓

3. What additional changes would you propose to improve the reuse process? ^{OS} ✓

-- The Department of Defense's Transition Coordinators are at each base closing to act as liaison and coordinators among local communities and federal agencies. ✓

QUESTION:

1. What is your assessment of the effectiveness of the Coordinators? ✓

-- A lack of coordination of federal regulatory activities and policies seems to be a significant public concern.

QUESTION:

1. In your view, is there public confusion about federal agency roles in the reuse process? If yes, what solution do you propose to solve this problem? ^{OS} ✓

2. Since this Commission intends to include in its recommendations to the President a section on reuse and proposals to improve the reuse process, do you have additional recommendations for the Commission? ✓

--more--

-- Senator Pryor, on January 19, 1995, you called to the attention of your Senate colleagues the findings of a 1992 Special Task Force which you chaired to study "what the federal government should be doing to help with our nation's ongoing transition from swords to plowshares." The Task Force concluded that "the end of the Cold War had caught our nation by surprise, and that we were late in devising a national strategy for helping our Cold War workers, communities, and companies find a new direction."

QUESTIONS:

1. In your view, does the current national strategy of the reuse of military property help provide adequate assistance to workers, communities, and companies affected by the reductions in our defense establishment?
2. Do you see opportunities in military base reuse to assist defense industries to find a new direction for development?



A NATIONAL ACTION PLAN ON MILITARY BASE CLOSINGS

**Recommendations from the Mayors' Task Force on
Military Base Closings & Economic Adjustments
to the President of the United States and the 104th Congress**

February 27, 1995



**The United States Conference of Mayors
1620 Eye Street, NW
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A NATIONAL ACTION PLAN ON MILITARY BASE CLOSINGS

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The United States Conference of Mayors

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THE UNITED STATES CONFERENCE OF MAYORS

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February 27, 1995

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Mayor of San Diego

KAY GRANGER
Mayor of Fort Worth

MIKE JOHANNIS
Mayor of Lincoln

JAN LAVERTY JONES
Mayor of Las Vegas

FRANK JORDAN
Mayor of San Francisco

JOHN MCCARTHY
Mayor of Everett

PATRICK McMANUS
Mayor of Lynn

RITA MULLINS
Mayor of Palatine

JOHN O. NORQUIST
Mayor of Milwaukee

MEYERA E. OBERNDORF
Mayor of Virginia Beach

DONALD PLUSQUELLIC
Mayor of Akron

SAUL RAMIREZ, JR.
Mayor of Laredo

SHARON SAYLES BELTON
Mayor of Minneapolis

KURT SCHMOKF
Mayor of Baltimore

PAUL SOGLIN
Mayor of Madison

BRUCE TODD
Mayor of Austin

WELLINGTON WEBB
Mayor of Denver

Executive Director:

J. THOMAS COCHRAN

The Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

With the pending BRAC 1995 process, meeting the challenge of defense conversion is a high priority for the nation. While we recognize the Administration's need to downsize the Department of Defense's base structure, arming cities with the tools they need to combat the negative impact of this downsizing is equally important.

In 1993, you announced a five-point plan to ease the impact of military base closings on local communities. Following your announcement, the United States Conference of Mayors began a series of steps to assist communities responding to the challenges of a military base closure. These steps included appointing a Mayors' Task Force on Military Base Closure and Economic Adjustments, and holding two national meetings to help solicit ideas to improve the process and ease the difficult transition following a military base closing.

Copies of our recommendations are being delivered today to the BRAC Commission, to all members of your Cabinet, and to the leadership in both the House and Senate. These recommendations are being released today to coincide with the list of base closings which is expected to be released tomorrow.

As co-chairs of the Mayors' Military Base Closing and Economic Adjustments Task Force, which represents all Mayors of cities that are currently trying to convert former defense facilities to private uses, we would like to demonstrate that defense conversion can happen. However, in the

absence of the reforms we have proposed, we are concerned that successful conversion will never truly be achieved. It is our hope that you will actively support these recommendations, which are necessary to ensure that "defense conversion" is no longer a buzz word, but a reality.

Respectfully,



Susan Golding, Mayor
San Diego
Task Force Co-chair



Edward Rendell, Mayor
Philadelphia
Task Force Co-chair

Foreword

At the U.S. Conference of Mayors annual meeting in Portland, Oregon, June 11, 1995, the Conference adopted two resolutions regarding military base closures. Following our Annual Meeting, Conference of Mayors President, Knoxville Mayor Victor Ashe, appointed a Task Force for Military Base Closings and Economic Adjustments. Mayors Susan Golding of San Diego and Edward Rendell of Philadelphia were appointed co-chairs of this Task Force.

With the help of a grant from the Economic Development Administration of the U.S. Department of Commerce, the Conference of Mayors held two meetings to assist Mayors in preparing for the next round of base closings scheduled to be announced in February 1995. Approximately 150 communities were represented at the two meetings. The first was held in San Diego on December 8-9, 1994 and the second was held in Washington on January 24, 1995 in conjunction with the mayor's winter meeting.

The attached recommendations are an outgrowth of those meetings, as are the quotes that appear in the margins.

On behalf of our officers, members and staff, we thank those Mayors and city representatives who attended the two meetings, and especially appreciate the tremendous assistance given to us by the Economic Development Administration and the Office of Economic Adjustment at the U.S. Department of Defense. Without their help this historic Conference initiative would not have gone forward.

In addition, I would like to thank our co-chairs, Mayors Golding and Rendell, for their outstanding leadership on the task force.

We also recognize Mayor Jerry Abramson of Louisville, Past President of the Conference of Mayors, for making this issue of base closings a priority for the Mayors last year, as well as current President Victor Ashe who recognized the importance of this issue and kept military base closings a top priority for the Mayors, even though he had no military bases in his community.

Michael Kaiser, our Conference Staff Director, deserves special thanks for his determination and hard work in following through to make our first post-Cold War initiative on base closing and economic adjustments a success for our members as we confront the challenges of economic conversion in the year ahead.



J. Thomas Cochran
Executive Director

The United States Conference of Mayors

Resolution on Base Closings

Adopted at the 63rd Winter Meeting
January 25-27, 1995
Washington, DC

WHEREAS, The United States Conference of Mayors has formed a military base closing and economic adjustment task force, and

WHEREAS, this task force has held two meetings in San Diego, California and Washington, DC to help Mayors effectively deal with the consequences of military base closings, and

WHEREAS, Mayors attended these two task force meetings in San Diego December 8-9, 1994 and in Washington January 24, 1995 in conjunction with the Conference of Mayors Winter Meeting,

NOW, THEREFORE, BE IT RESOLVED, Mayors call for several actions necessary to ease the impact of base closings on various communities to return the land to economically productive civilian use, including:

- providing and continuing federal funding for communities affected by defense downsizing, including, but not limited to, the support of the Economic Development Administration (EDA) and the Office of Economic Adjustment (OEA);
- streamlining the process for transfer and clean-up of military facilities scheduled for closure; and
- securing local control of decision-making relating to infrastructure and resources;

BE IT FURTHER RESOLVED, The United States Conference of Mayors will issue a formal report to the White House and Congress prior to the next round of base closings scheduled to begin March 1st to address these actions.

Recommendations from the Mayors' Task Force on Military Base Closings & Economic Adjustments

Affected Communities

Mayors ask that the federal government respond to a base closing as they would to any *natural* disaster. Mayors call for federal agencies to respond as quickly as *FEMA* (Federal Emergency Management Agency) to assist communities affected by base closings. Financial and technical support should be given immediately upon designation of a base closing. This *impact aid* should be awarded without excessive paperwork or time delays.

Local Compliance with the Base Closure Community Development and Homeless Assistance Act

"We need immediate funding for communities without all the hoops and applications and time that we have to wait now..."

Under the Base Closure Community Redevelopment and Homeless Assistance Act, cities must work with homeless assistance providers and local redevelopment authorities to develop a local reuse plan for surplus federal properties. The Department of Housing and Urban Development (HUD) must then approve the plan, and the Department of Defense (DOD) then acts in accordance with HUD approval. Mayors believe that the requirements of this statute, particularly the requirement of HUD approval, essentially represents another unfunded federal mandate. *How* facilities are reused should be entirely a local decision.

Transferring Title and Control of Property to Local Governments

As a result of the President's five-point plan and emphasis on community input, there have been tremendous improvements in the property transfer process. However, much more needs to be done.

"One federal agency can jump in and muck it up for everyone else... We need someone — an Ombudsman — who can step in and facilitate federal agencies..."

Because existing efforts have not been effective, Mayors call for the President to appoint an official *Ombudsman* at the National Economic Council in the White House, who can respond in a timely fashion, improve coordination and communications between federal agencies, and cut the red tape to facilitate property transfer and economic development of military bases.

Additionally, Mayors call for a *revision clause* for properties considered for public benefit. In many cases, the property was given freely by the local community to the federal government when the bases were first built. This property therefore should be given back to the local community, not sold back.



Reuse Plan

There are different points of view among federal agencies about what constitutes a reuse plan. For example, current law requires that a reuse plan be completed within nine months. But this time is not sufficient if the definition of a reuse plan includes environmental impact studies and relating documentation.

The law must also recognize the variety and differences among military bases. A standard nine month period may be appropriate for smaller bases, but it is not enough time for larger bases where multiple jurisdictions are involved or where environmental contaminants are more difficult to identify. A range therefore of 6-12 months should be considered rather than a standard nine months for all bases.



Automatic Enterprise Zones

"DOD should not be telling us that our reuse plans are adequate... We should be telling them..."

If bases were automatically designated as "*Enterprise Zones*," it would give cities many advantages to undertake economic development projects. For example, special enterprise zone designation for military bases would allow communities to use tax credits for hiring out-of-work federal employees.

Military Base Conversions Federal Environmental

Mayors call for better coordination between state and federal governments to eliminate the needless duplication of efforts required for environmental compliance. The cost and time involved in trying to comply with both federal and state regulations are enormous. Many of these regulations are duplicative. The federal government should agree to find compliance with state regulations that are substantially equivalent, provided that the state agrees to meet federal timetables and provide a "single point" of contact.

"The local reuse plan is our responsibility... Cleaning up the mess that was made is their [federal] responsibility..."

Participation

The law remains unclear regarding which entities of the federal government have the authority to make claims on behalf of Native American Tribes. Some communities have spent months on reuse plans, only to have them stopped at the last minute by claims from the Department of Interior. Mayors call for better coordination among the armed services and the Interior Department's Bureau of Indian Affairs (BIA) to clarify the rights of Native Americans with regard to military bases.

Compliance with Building Codes, and Americans With Disabilities

"The military should not be allowed to take air emission credits out of the local community; otherwise, you may find that you do everything else right, but still can't do anything on the base."

Although all Mayors feel compliance with federal and local laws is important, immediate compliance with many federal building codes is simply impossible. Most military properties are not up to code. Unless the federal government is willing to pay to bring these properties up to code, Mayors ask that the time for compliance be lengthened, or that compliance be left to the discretion of local governments, which are responsible for enforcing these codes.

Transfer of Air Emission Credits from Military Base

All air emission credits should be classified as a local asset under the law especially in those cities where strict air emission limits exist. The federal government should provide for prompt transfer of any credits formerly used by the military in connection with base property.

"We should not be penalized for having a military base in our community."

Federal Government to Pay for the Removal of Obsolete and Economically Inefficient Structures and Fixtures on Closed Military Bases

As noted in Recommendation #8, many buildings on military bases do not meet building codes. In many cases it would cost more to fix up these buildings than it would to tear them down. Mayors ask that the federal government provide the funding to remove all obsolete structures and fixtures from closed military bases. Further, that these anticipated costs be considered among the criteria used by the Base Realignment and Closure (BRAC) Commission to determine whether or not a particular base should be closed.

of Bases

Although the law makes reference to dual use capability (i.e., military and civilian use of base properties simultaneously), the reality is that dual use is largely left to the discretion of the local base commander. Mayors call for clarification and consistency from the Department of Defense to permit dual use activities on all military bases and that a prescribed method be established for communities to actively present a dual use plan for those facilities considered to be surplus by the military.

Regarding Military Base

There is a deep lack of understanding among bond raters and insurers with regard to the impact of base closings on local communities. Although this is not a federal concern, the Mayors would like the federal government to be aware that they will send a delegation to Wall Street to meet with bond raters and insurers to help reduce the misunderstandings that result in lower bond ratings and difficulties for cities to obtain the necessary insurance coverage following a base closing.

***"If you can't
bond, or if you
can't insure, you
can't develop."***

Many communities have had the experience of not knowing *how* the federal appraisal of base properties was made, and have had no chance to react to it, challenge it, or offer an appraisal of their own. Since the property appraisal process has a tremendous impact on the local community, this process needs to include more local involvement. More importantly, this process needs to emphasize the exchange of properties for local conversion to promote private sector participation (i.e., provided that the local government retains ownership and then leases these properties to the private sector).

Support for Base Closure

"This [BRAC] is not an adversarial process... I think the people in the administration are working hard and have the same goal that we do... We all want economic conversion to be a success."

Mayors unanimously support the involvement of the Economic Development Administration (EDA) at the U.S. Department of Commerce and the Office of Economic Adjustment (OEA) at the U.S. Department of Defense in assisting those communities affected by military base closings and defense industry downsizing. The Mayors call for the continued support of these agencies and for increased funding, commensurate with the impact of the 1995 BRAC round, and any subsequent rounds.

Additionally, Mayors call for special consideration to be given to those communities hard hit by previous BRAC rounds and ask that the 1995 BRAC decisions take into account the cumulative economic impact on these communities. Whenever possible, the federal government should consider relocating other federal agencies/programs to these affected communities.

Military Bases

Military bases should be clearly defined under the law (i.e., what constitutes a military reservation for the purposes of BRAC). In addition, Mayors ask that GOCO (Government Owned Contract Operated) and munitions facilities be considered for inclusion under the BRAC law, should the BRAC law be extended beyond 1995. (NOTE: Currently these properties are evaluated under GSA and other federal rules and regulations.)

Prior Amendments

The local reuse authority should have the right to reserve – prior to any non-Department of Defense screening – all or part of a base for an economic development conveyance application. This application could occur prior to or during the planning process, but should not have to wait until the plan is completed.

Cleanup of Bases

There is no question that the federal government is responsible and liable for cleanup of military bases. However, it is clear that the federal government greatly underestimated the cost of cleanup. Since communities cannot develop sites until they are cleaned up, it is recommended that the federal government either allocate more money for cleanup or change the regulations for military bases. The federal government must adhere to a timetable for clean up, just as it imposes timetables on local governments and private contractors. Furthermore, communities in *all* states should be allowed to separate clean parcels of land from dirty parcels to allow economic development plans to move forward.

Job Creation

Many of the jobs created by a base closure are in the area of environmental cleanup, base security, utility improvements and the demolition of buildings. Priority should be given to local residents for these jobs/contracts. Also, special job training should be made available locally to ensure that federal employees who served the nation so well for so many years receive every possible opportunity we can give them, especially since many of these people are just a few years away from receiving retirement benefits.

“It may be prudent from a federal point of view to say, Well, we don’t have to clean up the bases all at once... But, then, who is to decide which bases get cleaned up...? Will it be your base, or my base...? And what happens to us in the meantime...?”

“If we can’t use it until it’s cleaned up, and we can’t find the money to clean it up, we’re in trouble.”

When the federal government closes a base, no mayor expects the federal government to police or maintain the base. But once the base is closed... It's ours to guard... It's ours to police... And it is ours to maintain."

Every piece of property should be considered for Public Benefit Transfer/Economic Development Conveyance (EDC) before the federal government begins selling to the highest bidder. As soon as a piece of property is identified for an EDC, a community should be allowed to approach local financial lending institutions to give interested parties quick access to these properties.

Federal Property

Mayors recommend that the federal government provide title insurance for all federal properties. Given the hazards and unknowns about federal properties, particularly from an environmental point of view, it is not going to do a city any good to have title to these properties, and then attempt to turn around and convey them – whether that be to a non-profit or private outfit – only to find out that they cannot get the title insured.



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**STATEMENT OF
JOHN MAXWELL
COUNCILMEMBER, MYRTLE BEACH, SOUTH CAROLINA**

on behalf of

THE NATIONAL LEAGUE OF CITIES

before the

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

MARCH 16, 1995

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STATEMENT OF

JOHN MAXWELL

COUNCILMEMBER, MYRTLE BEACH, SOUTH CAROLINA

Mr. Chairman, and members of the Defense Base Closure and Realignment Commission, I am John Maxwell, a Councilmember from Myrtle Beach, South Carolina. I am here today to testify on behalf of the National League of Cities which represents 16,000 cities and towns across the nation, as well as my own city, Myrtle Beach, S.C., which is in the process of closing our Air Force Base.

Myrtle Beach, like other communities, faced with closure of a base, asked "what now?" My city, in some respects, is more fortunate than some base communities marked for closure. The 3700 acres of our base lie just one-half mile from the Atlantic Ocean and there are over 1500 undeveloped acres. Before closure, the base functioned as a joint-use airfield.

The Office of Economic Adjustment and the Department of Defense walked us through post-closure planning and I am pleased to say that today my community is beginning to recover from the base closing. Post-closure planning, however, did not go smoothly. Our problem was jurisdictional infighting.

My written testimony will provide more detail on the jurisdictional, and other difficulties, which arose as we began the closure process. This morning I would like to respond directly to the questions in Chairman Dixon's letter of invitation.

It is the policy of the National League of Cities to encourage cities and towns to move forward immediately with base closure and reuse planning. We try to discourage our members from spending precious time and money fighting closure.

NLC maintains regular communications with pertinent congressional committees, DOD, EDA and other entities involved in the various aspects of

base closure. Through articles in our weekly newspaper and our bi-weekly "Legislative Update," we inform our members on base closure issues in a timely fashion.

(NLC's policy on base closure is attached to my written testimony.)

Let me identify several impediments Myrtle Beach, as well as other communities, have had to face while trying to accomplish base closure in a timely fashion.

Federal regulations and federal indecision continue to confound local authorities and hamper local recovery. Air Force personnel at the former Myrtle Beach Air Force Base have amassed a sixty-three foot tower of regulations and changes. If the Commission could call for the elimination of regulatory contradictions and the simplification of all regulations, this would be most helpful to all communities dealing with base closure.

There are several areas we believe the Commission should study and subsequently incorporate any solutions into the planning process:

1. Hold at bay, after closure, all federal agencies other than military ones. This would allow the local entity (city, county or region) time to formulate a reuse plan and then invite agencies to participate. In the case of Myrtle Beach Air Force Base, the FAA, with no input from the jurisdictional body (my city) and no community backing, sponsored a flawed study that asked for public benefit transfer of the whole base. The ensuing turf battle created and exacerbated an already difficult policy decision.
2. Throughout the closure process, permit flexibility to allow for more local control and decision-making. For example, what works at Fort Ord, Calif., does not necessarily apply or work at our base. A "one size fits all" approach is not workable.
3. Reduce delay and confusion by requiring:
 - a.) Military service site managers to become facilitators and not just conduits for paperwork as our's has been; and

- b.) Federal guidelines and disposal methods to be consistent.

The Pryor Amendments, and subsequent legislation, will go a long way to help clear up the confusion, but information must be disseminated more effectively at the local level.

- 4. Encourage state governments to play more responsible and constructive roles in helping communities deal with base closure. For example:

- a.) State governments should identify for DOD the legally responsible government entities, under state law, with jurisdiction over the land area of a closing base; and

- b.) States should contribute assistance for economic development to help communities with economic recovery.

South Carolina, after the initial land trade, refused to become involved.

- 5. Accelerate the role of regulatory agencies to:

- a.) Identify and categorize environmental problems to allow clean areas/parcels to transfer quickly and to avoid compounding problems through lack of action;

- b.) Coordinate remedial actions with state and local agencies; and

- c.) Allow other areas/parcels, with minor environmental problems, to be available for use under interim leases during the period of remediation.

For example, at our base several clients wanted to lease the large aviation hangars. The clients would not have added to or impeded the clean-up of base drainage systems. The local agency, Horry County Airports, would have been responsible for the protection of the site from future contamination, while garnering income through an interim lease. Unfortunately, this did not occur at our base.

- 6. Require the General Services Administration (GSA) to establish a fiduciary role prior to a base's closure. The GSA should assess property

values and identify marketable assets early. This is the only way to quickly release property and to allow it to become income producing. Leaving assets unused can accelerate deterioration, decrease their value and create unnecessary expenses for the military service involved.

The Myrtle Beach Experience

Jurisdictional Problems

Prior to closure, the county, with FAA sponsorship, devised a plan to seek all 3700 acres to be used as a major airport site. Immediately a "turf" battle began. The clandestine plan of the county flew in the face of rational planning for reuse and recovery. The city, which was never consulted, took umbrage at this plan to develop a major airport in our tourist oriented community.

Myrtle Beach is no different from other cities. The prospect of base closure spawned multiple reuse proposals. Often, this is the way the best possible reuse plan emerges and local consensus begins to build as ideas are shared and debated.

Unfortunately, in Myrtle Beach, the county, with federal agency support, pre-empted reuse discussions. The question, "Who has local jurisdiction?," was never asked by the U.S. Air Force nor by the Office of Economic Adjustment.

Finally, local planning became a mute point. The Air Force, unhappy with the lack of progress, struck a deal with the State of South Carolina to replace local authority with a legislatively created authority. This was supposed to speed up and improve the decision-making process. Instead, it exacerbated the situation.

Progress Began with the Myrtle Beach Redevelopment Authority

From the outset, Myrtle Beach backed the idea of having an autonomous local authority. After a while, the county, lacking financial data to support its plan, drifted out of the picture. Finally, progress began with the appointment of the Myrtle Beach Redevelopment Authority. The authority has nine

members: three from the city, three from the county and three from the state.

Major Developments

The State of South Carolina exchanged 12,000 acres of forest land, located close to Shaw Air Force Base, for 1500 acres on our former base. This move partially protected Shaw Air Force Base from consideration for future closure.

Sixty-nine acres of base acreage was sold to the AVX Corporation, an innovative electronic capacitor manufacturer. AVX recently opened (Fall '94) the first of three buildings in its new research and development center.

South Carolina, using Santee Cooper, a state owned utility, will soon sell 1,000 acres to Timberland Properties, Inc.. Timberland has plans to construct an upscale theme park/resort, "Isle of America", on the site. When open, the resort is expected to attract three million visitors a year. Construction is slated for late spring of 1995 after environmental clearance.

To maintain a viable airport, the Horry County-operated airport will acquire more than 1200 acres through public benefit transfer. The city, pleased with the airport concept, has worked to increase air service to the community. By April 1995, three new carriers will begin using the jetport. The county and city now have a productive and mutually beneficial partnership.

Base Golf Course to Become Municipal Course

The city followed the community plan adopted by the Authority. We convinced the United States Air Force to allow its Whispering Pines Golf Course to become a municipal golf course. With the blessing of the Authority, Myrtle Beach reapplied for public benefit transfer of the golf course. Due to help from the Department of the Interior and the National Park Service, Myrtle Beach received word from Senator Thurmond's office in January that we will receive the course for municipal use. This is precedent setting. It represents the acknowledgement by the federal agencies involved that green space and quality of life go hand in hand with economic redevelopment.

The Future Now Looks Bright

Myrtle Beach Air Force Base, after closure two years ago, shows strong signs of recovery. Job creation has begun. The AVX Corporation, the jetport, and Timberland Properties will soon replace the 4000 jobs we lost at closure. Over 73% of the total acreage (3700) has been transferred to private or public hands. Only 700 acres are left to be redeveloped. This includes over 800 housing units and most of the base community support facilities.

Much of what has occurred since closure was governed by pre-existing regulation. In late 1993, President Clinton and Congress responded to the 1993 BRAC Commission's request for regulations to help the military and communities speed up transfer of closed facilities. The hearings your Commission held two years ago were timely and appropriate. President Clinton's five point program, and subsequent legislation, were designed to facilitate recovery. In fact, the concept of Economic Development Conveyance created in Title XXIX, and the Interim Final Rule (59 FR 16123), bridge the funding gap that was hampering conveyance.

Although the new legislation required the Myrtle Beach Authority to "shift gears" and discard previous requests, the bill allowed the Authority to re-think how to pay the Air Force for assets. The legislation will accelerate future closures. I applaud your Commission for hearing our concerns. Our military-community partnership has enhanced redevelopment.

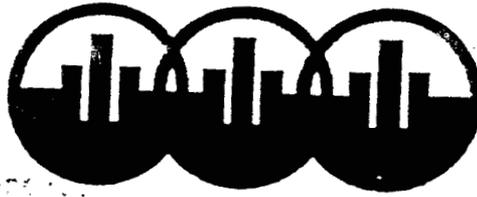
Mr. Chairman, we understand and accept the draw-down of military forces and installations. While base closure presents many problems for communities across America, the challenge can be met.

In closing, as members of the Base Closure and Realignment Commission, please continue to be cognizant of our cities' concerns. With your help, affected cities can recover from a closure and develop strong diversified economies that will contribute, once again, to the well-being of our residents and to the national economy as a whole.

Thank you for this opportunity to testify before the Commission. I will be pleased to answer any questions you may have.

Attachments:

- The National League of Cities policy on base closure and economic conversion.
- Memo to Chairman Dixon from John Maxwell
- MBAFB Redevelopment Comments
- Recommendations from the Myrtle Beach Air Base Redevelopment Authority



NATIONAL LEAGUE OF CITIES

1995 NATIONAL MUNICIPAL POLICY

COMMUNITY AND ECONOMIC DEVELOPMENT

Revised at the Congress of Cities

December 1994

Minneapolis, Minnesota

6. *Financial Institutions*

Banks involved in expansion should provide, at minimum, bank services in underserved areas and should meet with local communities to assess local needs before entering into new geographic areas. NLC supports federal oversight of the business activities of credit unions to ensure that they meet sound and safe investment criteria to protect any risk of loss to shareholders. To ensure that small cities and their residents can secure loans that are less risky, more desirable and have a lower interest rate, NLC calls on local communities to identify needs and other resources such as consortium borrowing.

Expand and strengthen CRA activities to include interstate and branch banking, if applicable under the banking reform bill. Banks must use their profits for risk investments in nontraditional areas and not individuals' deposits. NLC urges state leagues to work with state banking commissions and other appropriate state bodies to ensure that proper oversight of credit union activities is carried out on the state level.

7. *State Chartered Banks*

NLC encourages state municipal leagues to work with state regulators to ensure that FIRREA provides for proper regulatory oversight over state chartered banks and that state chartered banks are fulfilling their obligations to their communities.

C. **Economic Development through Waste Diversion Activities**

Waste management problems tend to be more serious in urban areas, due to the decreasing availability of nearby disposal sites and to the problems associated with siting facilities in dense urban areas. However, urban areas are perfectly situated for the development of waste diversion programs (recycling, composting and source reduction). They generate large amounts of recyclables which can be used as raw materials for local processing and manufacturing industries, offer opportunities to reduce the costs of collection programs due to economies of scale, and have purchasing power which can be utilized to create demand for the recycled products manufactured from local recyclables. The development of local recycling infrastructure made up of many smaller businesses not only provides a more desirable alternative to large mixed waste disposal facilities, but also creates more jobs than their disposal alternatives and provides better equity in the siting of facilities throughout urban neighborhoods.

Integrating the development of recycling collection, processing, and marketing activities into a wider variety of community development programs will aid municipalities in solving their solid waste problems, create needed local jobs, reduce dependence on more distant disposal facilities, aid in meeting state recycling goals, and provide another step towards creating more sustainable urban communities. As with energy conservation, urban conservation and waste diversion programs such as recycling, composting and source reduction are parallel and complementary concepts.

D. **Economic Conversion**

The defense industry has become a vital element to the economic growth and stability of the nation's cities and towns. Thus, the recent reductions in military spending, and the subsequent base closures, and cancellation of defense contracts have had a devastating impact on employment and economic development opportunities in our municipalities.

NLC calls upon the federal government to develop five major program areas corresponding to specified federal agencies which will administer the program funding for economic conversion. The proposed major programs are:

1. Assistance to public/private entities or consortiums to assist firms in the economic conversion process with emphasis on dual-use technology applications and manufacturing extension;
2. Assistance to dislocated military and civilian workers impacted by defense-related downsizing or base closures and realignments;
3. Assistance to communities adversely impacted by defense-related cuts for community planning and redevelopment;
4. Assistance to communities adversely impacted by defense-related downsizing or base closures in the form of technical assistance or planning grants; and
5. Establish a national Economic Diversification Council, composed in part of municipal officials to serve as an advisory board to both the Congress and the White House on the most constructive means to assist communities most severely impacted by base closures or reductions in defense-related contracts.

In addition, NLC calls upon the federal government to assist communities and regions to meet federal matching requirements in community development planning programs, such as

those administered by the EDA, related to defense-related downsizing.

In maximizing the use of existing municipal resources, federal, state, and local governments must convert those industries which are no longer viable under their current practices into productive businesses. Several areas of concentration should be covered. They are as follows:

1. Research and Development:

The federal government has a program to assist workers and aid communities affected by the closure of military bases. Included is an innovative approach to supporting dual-use R&D--the Technology Reinvestment Project (TRP). The TRP aims to encourage research into commercial or dual-use products (i.e. items that can be utilized for both military and civilian purposes.)

Further, NLC supports a TRP program or a program run by the SBA or EDA that:

- a. encourages coordination and collaboration between business, government, academia, and non-profit groups.
- b. provides seminars on accessing private capital and exploiting new market opportunities. These efforts represent a very positive, low-cost method to support conversion.
- c. provides tax incentives that encourage private initiatives which spur entrepreneurship.
- d. enhances the availability of capital for defense-related diversification projects.

2. Base Closures

The downsizing of the military has closed bases which for some communities, provided critical economic benefits.

NLC calls on the federal government to adopt the following policies to guide its activity related to military base closings:

- a. Impacted cities should have a minimum of 30 days' notice prior to official public announcements of base closures or military spending reductions or realignments;
- b. Communities should have at least 12 months after a decision has been made to close a base before actual closure proceedings begin;

- c. The U.S. Department of Defense should provide an environmental assessment and economic impact analysis to affected communities which quantifies the impact of defense base closure plans in order to minimize local economic impacts;
- d. Ownership of closed military installations should be transferred at no cost to cities wishing to redevelop these facilities for alternative uses;
- e. If impacted municipalities decline to acquire closed military facilities, then impacted counties or states should be allowed to acquire these facilities at no cost to the acquiring jurisdiction;
- f. When closed military facilities are acquired, the acquiring entities should be required to maintain these facilities in compliance with local ordinances;
- g. The federal government should make annual appropriations of funds to pay all environmental cleanup costs associated with closed military bases prior to transfer of ownership to cities, counties, or states. The federal government should assume perpetual responsibility for all environmental problems on these bases resulting from past military actions and operations; and,
- h. If reuse plans are not prepared and implemented within ten years after the transfer of ownership, then the properties should revert back to the federal government.

3. Technology Reinvestment

Because many defense-related firms were not initially designed to compete in the civilian marketplace, internal conversion is a challenge for them to achieve. Defense-related firms generally operate in a unique corporate culture which complicates defense diversification efforts. Traditionally they sell only to one customer: the U.S. Government. In addition, these firms manufacture products in limited numbers tailored to meet their customers' stringent technical standards and needs. In many cases, this requires hand-tooling rather than the automated production that characterizes non-defense-related manufacturing.

Given the current challenges facing defense-related firms, NLC supports:

- a. *Defense Conversion Adjustment Program (DCA)*, which provides retraining and readjustment assistance for workers affected by defense-related cutbacks.
- b. *Defense Diversification Program (DDP)*, which re-trains workers both military and civilian, affected by defense-related downsizing.
- c. *Economic Adjustment Program in the Economic Development Administration (EDA)* which helps states and local areas implement strategies for adjusting to situations that threaten serious economic dislocation -- including defense downsizing.

4. Business Development

Existing federal programs have made important strides in assisting defense firms seeking to diversify into civilian markets. Yet, by limiting support to funding of dual-use research and development, these initiatives do not offer remedies to the credit crunch that has severely impacted small and medium-sized defense firms. NLC calls upon the federal government to support:

- a. A Business Development Program that supports small business incubators and provides hands-on marketing and business planning assistance.
- b. An expansion of existing export promotion activities with special emphasis on outreach to small and medium-sized businesses.
- c. The use of tax incentives to encourage partnerships between large and small defense firms and to encourage private initiatives which spur entrepreneurship.
- d. Creation of a Fund for Defense Conversion to enhance the availability of working capital for small and medium-sized defense firms.
- e. Expansion and support for small business incubator and management training services.
- f. Continued expansion of its export promotion activities. The President's National Export Strategy, announced on September 29, 1993, takes a step in the right direction by eliminating outdated export controls and expanding Washington's export promotion activities.

- g. Continued action to enhance the availability for defense diversification projects.
- h. Creation of an advocate position for small, minority, and women-owned business with the primary responsibility for furthering the interests of these groups in the economic conversion process.
- i. Reduced accounting and procurement regulatory barriers to implementing dual-use technologies.

3.03 Housing And Neighborhood Conservation

A. Needs and Goals

Our nation's commitment to providing a "decent home and suitable living environment for all Americans" is now nearly four decades old. Prior to this decade, our nation had made substantial progress in meeting this commitment by investing in and assisting with the development of housing for all Americans. The Federal government's 75 percent reduction in housing assistance has created catastrophic consequences for 7.5 million households in America that need federal housing assistance.

The housing needs and problems of low and moderate income Americans represents a crisis of national proportions. Contributing to the creation of this crisis is a combination of forces in the general economy, specific trends in private housing markets, and changes in public policy.

Together, these crisis-contributing factors threaten the continued availability of decent quality housing for low and moderate income persons and cause the cost of available units to increase significantly. The consequences of the housing crisis are evident in the countless numbers of homeless families and individuals living in parked cars, under bridges, or in the streets and parks of our nation's cities, as well as in overcrowded and/or substandard dwellings. Estimates are that by the year 2000, 19 million people will be homeless. Unless a comprehensive, cost-effective housing policy is implemented immediately, efforts to reduce that number will be fruitless. We applaud as a first step in the right direction the enactment of the Stewart B. McKinney Homeless Assistance Act, which will provide much needed help to homeless families and individuals.

As a result of the housing crisis, local governments, in partnership with numerous private and non-profit organizations, have assumed responsibility for addressing the housing needs of their citizens. Despite an array of innovative efforts and initiatives by states and local governments,

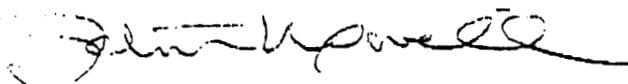
MAYOR
CITY MANAGER
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City of Myrtle Beach

MEMORANDUM

TO: Chairman Dixon

FROM: Councilman John Maxwell 

RE: Attachments to my testimony

DATE: March 9, 1995

Please attach the following statements to my testimony. I do not wish to have them made part of my formal testimony, however, I would like them to be attached for informational purposes only.

MBAFB REDEVELOPMENT COMMENTS

Resources. The Air Force Base Conversion Agency should provide more resources to each base to get the conversion work done faster. These resources could be in the form of additional staff, or in the form of contractual services for property appraisals, leases, real estate research, legal services, and title and deed preparation work. Redevelopment opportunities are being lost due to the slow pace of the work.

Temporary Uses of Facilities. Some technique needs to be created that will allow a reuse client to move into a building and use that building on a temporary basis (provided that no environmentally sensitive areas will be disturbed). Possibly the local redevelopment authority could accept the responsibility for environmental protection during the temporary occupancy period until the property can be permanently transferred.

Obsolete Facilities Demolition Program. A program should be created to assist the local redevelopment authority fund the removal of obsolete military facilities. At the MBAFB there are ten 3-story enlisted dormitory buildings plus an aviation fuel farm that are obsolete and must be demolished and removed. The redevelopment plan can not be implemented for these areas unless these facilities are removed. The large size of these military facilities precludes their removal by normal private redevelopment sources. Unless assistance is obtained for their removal, these facilities will be a blight and a road block on the redevelopment efforts by the community for decades to come. DoD should develop a special funding source for an Obsolete Facilities Demolition Program as soon as possible to help communities expedite the redevelopment process.

Written by: Cliff Rudd, former Executive Director of the Myrtle Beach Air Base Redevelopment Commission. Now a member of the City's Planning Department.

Attachment 1 to Testimony of Councilman John Maxwell



State of South Carolina
Myrtle Beach Air Base Redevelopment Authority
1181 Shine Avenue, Myrtle Beach, SC 29577
1-803-238-0681 Fax: 1-803-238-0579

Recommendations:

1. Bases marked for closure should be closed with all deliberate speed. The service department, i.e., the Army, the Air Force, or the Navy, would find it most economical to transfer the property swiftly from the entity, i.e., the service department that does not want the property to the entity, the local redevelopment authority, that is anxiously awaiting the property. For the service department, there would be considerable savings in terms of the costs of administration, care and maintenance, liability, and so forth. For the redevelopment authority, there would be the opportunity to take advantage of the pent-up interest of investors, public service groups, and, even, non-profits that want to obtain land or facilities on the Base. Once this interest is "quashed" by interminable delays, it is very difficult to generate enthusiasm for establishing businesses on the Base. In fact, a local authority has to start from scratch again. This is the experience we have in Myrtle Beach, South Carolina.
2. Never again should the personal property, especially that which is attached to the buildings and facilities, be removed when the service departs. It is exceedingly difficult to market property, to generate enthusiasm for a building, when the permanently installed coat hangers, clocks, temperature gauges, fire extinguishers, and even entrance and exit signs are torn from the walls, leaving nothing but an eye-sore to view.

More than this, elaborately installed kitchen equipment, hospital equipment,

hangers for maps and civil engineering records, goal posts in gymnasiums, and so forth, are far more expensive to restore once they are removed. These should stay.

3. At, or near the time of awarding a master lease, or a conveyance of the property of a Base to the local redevelopment authority, the service should negotiate with the Authority and agree to transfer a percentage, or even designated facilities or land, to the local authority without cost, thereby enabling the authority to meet critical needs of the local community. In effect, this is the same as what we generally recognized to be a "public benefit conveyance," but it puts disposal of the Base on a fast track by removing those very local concerns from the service department, and placing them on the shoulders of the members of the local authority, who have first-hand knowledge of the needs, the agencies that would work to fulfill those needs, and the tract-records as well. The transfer could be to the local Authority, with it having the responsibility to convey the property, but on the condition that if ever the property is not being used as intended, it would revert to the Authority without cost.
4. There should be established a priority for all property being transferred to the community by the local redevelopment authority, e.g.:
 1. government agencies
 2. non-profit agencies with established tract-records, such as the American Red Cross, YMCA, etc.
 3. Other non-profit agencies with recognized programs local to the community, such as clinics, art and children's museums, and education offices.

Written by: Aubrey Gasque, Vice Chairman
Myrtle Beach Air Base Redevelopment Authority

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**Statement of the
Honorable Douglas Bovin,
Commissioner, Delta County, Michigan**

**Before the
Defense Base Closure and Realignment Commission**

Regarding Post-Closure Activities at Military Installations

**on Behalf of the
National Association of Counties**

**March 16, 1995
Washington, D.C.**



Good morning Mr. Chairman and Members of the Base Closure and Realignment Commission. I am Douglas Bovin, a County Commissioner for Delta County, Michigan. I am testifying today on behalf of the National Association of Counties (NACo)* for which I am the First Vice President.

I also am testifying as a Commissioner from an area that has a closing military base -- K. I. Sawyer Air Force Base -- and as a member of the reuse commission for that facility. K. I. Sawyer was in the 1993 round of closures and is scheduled to close in September of this year.

I am pleased that the federal response to communities facing the closure and realignment of military bases has improved over conditions when NACo testified before this Commission on the 1993 round of closures. We thank the President for addressing many of our concerns in his July 2, 1993 five-part program to revitalize base closure communities.

The greatest change that was enacted in the 1994 Base Closure Community Assistance Act is the recognition of economic development as a public benefit transfer. As a result of this change, communities can acquire land and buildings for economic development at less than fair market value and even at no cost.

* The National Association of Counties is the only organization representing county government in the United States. Through its membership, urban, suburban and rural counties join together to build effective, responsive county government. The goals of the organization are to: improve county government; act as a liaison between the nation's counties and other levels of government; and achieve public understanding of the role of counties in the federal system.

up. The Army has not proceeded to declare any property excess and does not appear to be considering non-federal uses. Local officials suspect that the Army has a different reuse plan from the one envisioned by the community.

Our experience with K. I Sawyer Air Force Base falls somewhere in between . The Governor of the State of Michigan has appointed a conversion authority, and a committee is reviewing our reuse plan. The five units of government -- the state, three townships and Marquette County -- are working cooperatively on this project. The Office of Economic Adjustment has assisted us with planning. We are seeking grants to implement our plan. We are negotiating with the Air Force to replace the central heating plant with climate controls for individual buildings that better conforms with civilian uses. We also are working with the U.S. Department of Transportation on highway improvements.

I believe there are lessons to be learned from these different experiences on base closures.

- 1. Continuation of assistance through the Office of Economic Adjustment and the Economic Development Administration is critical.**

The assistance through the Office of Economic Adjustment has been invaluable to our efforts to plan reuse activities at our closing air force base.

The cost of environmental cleanup at K. I. Sawyer alone is projected to be \$48 million. The Air Force began clean-up operations a year and a half ago and expects to complete remediation in 1999. Even though the majority of the property is "clean", many potential users will not touch the property because of fear over liability for environmental contamination.

As many as 48 of the 59 major bases proposed for closure or realignment this year have significant environmental contamination. Fourteen of the bases on the list are on the Superfund's National Priority List of the most seriously contaminated sites in the country, and another 34 have ongoing cleanups which could take anywhere from five to twenty years. If you add in the 65 other bases which are heavily polluted and are being closed or realigned from the previous BRAC rounds, you get an idea of the staggering scope of environmental contamination which dramatically complicates economic redevelopment of closing facilities.

In light of this sobering reality, county officials are concerned that Congress is considering the rescission of some fiscal year 1995 funds that were appropriated for environmental restoration. DoD has only recently begun to spend more money on actual cleanups rather than studying the problem. Hence, for communities seeking relief from military downsizing, it is essential that funding be increased, not cut for base closure cleanups. We urge the Commission to recommend adequate levels of funding to cleanup military bases.

Superfund reform, that Congress has been unable to enact, could aid in the environmental remediation on these properties. For example, we urge enactment of Superfund provisions which would permit the DoD, like other

COMMUNITY & ECONOMIC DEVELOPMENT

2.5 CHALLENGES AND LOCAL IMPACTS OF BASE CLOSURE

The adverse economic impacts of military base closures are devastating for small or rural communities and metropolitan areas. Base activities often play a dominant role in local and regional economies. Many communities have witnessed the departure of ten to 30 percent of their population as a result of a base closure. Economic downturns and slow economic growth over the past several years have hurt the ability of large and small communities to adjust to base closures, particularly when they must grapple with the cumulative effects of cuts in other federal programs. For an impacted community of any size, the transition of a closing military base to civilian use is a long, difficult and costly process.

- **Job Loss.** The most immediate impact felt by a base closure community is the loss of both military and civilian jobs at the base, followed by secondary jobs, particularly retail and service positions in the surrounding community. These job losses then lead to population loss as people leave the area in search of new jobs. The Department of Defense (DoD) often does not allow local businesses to provide environmental testing and cleanup services that would create jobs in communities in which bases are closed.
- **Eroding Tax Base.** Local sales and income tax revenues decline as population and incomes drop, and the decline in real estate values reduces property tax revenues. This erosion of the tax base reduces the ability of local governments to provide needed services -- job training, job search assistance, health services, substance abuse counseling, domestic violence prevention, and possibly welfare assistance -- just as the need for them increases.
- **Increased Local Government Costs.** Local governments can incur substantial long-term costs as a result of a base closure within their jurisdiction. These costs include maintenance of roads, buildings and other infrastructure and provisions for police and fire protection on the base. These services may be provided by a caretaker force until the base property is transferred, but the local government will have to provide services to the area after transfer. It

facilitating swift civilian reuse of the installation while minimizing adverse impacts on the community in which the facility is located.

2.5.2 Economic Adjustment Assistance—To maximize the fiscal benefit of base closure, the federal government must assist in the rehabilitation of substandard base facilities and provide creative financing terms to purchasers or developers of closed bases. In addition, DoD must recognize that many facilities, such as airfields, will lose substantial value if they are unused and unmaintained or if key equipment is taken from the facility for use elsewhere.

- Economic adjustment assistance, from the Office of Economic Adjustment or the President's Economic Adjustment Committee, is absolutely necessary. Such funding should not be limited to reuse planning, but should also be available for special projects on a discretionary basis and for preparing strategic marketing plans, including development, printing and distribution of marketing materials. Funds currently available for planning are inadequate. The cost of preparing general and specific land use plans, while different throughout the United States, exceeds, in every instance, the amount of funds available for reuse planning from the Office of Economic Adjustment.
- "Bridge funding" to enable communities to assume responsibility for large airfields and other military facilities with civilian uses should continue for several years after closure, until the facilities can begin to generate revenue. To preserve taxpayers' investment in these assets, facilities should be maintained, and equipment that is essential for their functioning should remain intact for long-term economic development following conversion.
- To assist with economic stimulus, the federal government (and state governments) should enter into joint marketing agreements with local governments to promote development of these properties.
- Continued support for projects related to base closure through the Economic Development Administration remains important. Affected local governments should be eligible for federal dollars which can be used for local priorities, including making loans or grants to businesses that utilize former bases. Any loan repayments should go into a revolving loan fund for use by local governments in financing additional conversion activities.
- DoD must explore alternative methods to finance the

transfer of bases out of federal ownership and the development of new, productive uses on the property. Financing often can be provided without expense to the federal government merely by extending the time period during which an installment purchase of a facility must be paid. Coordinating the disposition and reuse plans with funding available through other federal departments, such as Labor and Transportation, will allow the federal government to obtain a greater overall, long term value for closed bases while mitigating adverse local impacts.

- Legislation is needed to allow economic development activities to qualify as a public benefit transfer. The cost of appraisals should qualify for these funds.
- The federal statute which prohibits those who acquire federal property from disposing of it at a profit should be modified, possibly with the federal government sharing a portion of the profit.
- Allow local reuse authorities to issue tax-exempt industrial development bonds, to serve as business incentives and provide financial support to local closure authorities during the conversion phase.
- Closing military bases should be made foreign trade zones and federal enterprise zones with the associated tax advantages and investment credits to enable them to attract private investment. Distressed base closure communities should not have to compete for zone designation with other distressed communities. If authorizing legislation limits the number of zones, then base closure sites should be designated in addition to designations for other areas.
- Any national infrastructure financing program should set aside funds for infrastructure improvements on former military installations. Bases slated for closure often have substandard and poorly maintained streets, sewers and other utility systems. Infrastructure improvement costs can create insurmountable obstacles to reuse of bases. Conversely, without infrastructure improvements, the federal government will face increasingly costly maintenance costs after base closure.
- Local contractors should have preference in providing environmental remediation. Local government/reuse entities should have preference in providing interim management and caretaker services.

2.5.3 Property Transfer—It is imperative to design and implement a review and transfer process that is consistent among the operating branches within

2.5.6 Fair Market Value—Legislation is needed to enable DoD to transfer closing base property to local interests at no cost, reduced cost, or through flexible payment methods according to local conditions. Congress and DoD have made unrealistic estimates of profits the federal government will receive from reuse of closed installations. As a result, the conversion process is delayed, because base commanders are often forced to make economically unrealistic demands in the sale or lease of base facilities.

- Currently, leases and sales of base property are required to be at "fair market value" even in cases where the purchasing community provided the original land to the military at no cost. This requirement hurts the ability of communities to attract new private sector jobs and investments and increases the financial burden on the base closure community.
- The time period over which local governments must amortize loans to purchase these facilities is too short. Flexible payment methods could include installation sales with payment commencing after reuse operations have begun to show a positive cash flow. Alternatively, a Federal Finance Bank could be authorized to purchase federally guaranteed bonds to be issued by communities for local acquisition of closing base facilities with minimal down payments and at low interest rates.
- The basis of market value is reuse. Highest and best reuse must be physically possible, appropriately supported, financially feasible, produce the highest monetary return or serve a public or institutional purpose. The appraisal of military bases is complex and challenging. The above definition of highest and best use allows considerable flexibility. A pre-appraisal agreement between the parties of negotiation would bridge a communication gap in the appraisal process. Areas of agreement may be 1) reuse assumptions, 2) existing physical conditions (including infrastructure), 3) community building code standards required for reuse, and 4) conversion funding resources. Properly communicated, realistic professional differences of opinion can bring about positive insight and assist in identifying the best alternatives and resolving issues. On the other hand, values based on limited knowledge, unrealistic assumptions, or simply widely different reuse considerations can cause communication gaps and negotiation roadblocks. A professional appraisal report that appropriately and realistically addresses existing physical, functional and market conditions and

recognizes the gap (costs) between these existing conditions and the ultimate reuse is a valuable resource to assist in disposition/acquisition negotiations. To understand an appraiser's opinion of value, all premises, assumptions, and projections that directed the appraiser should be stated.

- The appraisal process tends to inflate the value of sites by failing to consider certain factors. For example, the fair market value of an interim lease will go down after the base closes and the available supply of building space skyrockets. The federal government, however, uses the pre closure figure for the value. The government also should consider the cost of holding and maintaining real estate when evaluating the present value of base property. For example, if a base could be sold today for \$1.5 million, or four years from now for \$10 million, which is the better deal for the federal government if the annual caretaker cost of the property is \$2.5 million? A discounted cash flow analysis should be used.
- Local entities and the military should do joint appraisals. At a minimum the federal government should share appraisal instructions with localities so there is a common basis in assigning value to the cost of such things as asbestos removal and correcting building code violations. Appraisers should be instructed to value land based on uses that are consistent with locally developed land use plans even if the appraiser concludes that such use is not technically "higher and best use". As background, the "higher and best use" standard is appropriate in circumstances in which land use plans have not been modified for a long time and the appraiser concludes that there is a realistic chance of obtaining local government approval of more intensive uses of the site. Local government will be involved in the reuse plans of any closed base and they will rezone the base in the context of an overall strategy to mitigate the adverse impact of the closure. It is inappropriate, in that context, for an appraiser to step in and suggest that the community or a business cooperating with the community pay a higher price because the appraiser believes that there are other uses to which the land could be put.

2.5.7 Job Retraining—The Economic Dislocation and Worker Adjustment Act (EDWAA) administered under Title III of the Job Training Partnership Act

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TESTIMONY OF
WALTER V. GRAHAM
City Manager, City of Vallejo
on behalf of the
INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
before the
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
MARCH 16, 1995



MR. CHAIRMAN AND MEMBERS OF THE COMMISSION, I AM HONORED TO PRESENT TESTIMONY ON BEHALF OF THE INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION AND THE CITY OF VALLEJO, BEFORE YOU TODAY.

The International City/County Management Association (ICMA) is the professional association for 8,500 appointed administrators serving cities, counties, regional councils, and other local governments. ICMA members, city and county managers, are responsible for the development and execution of reuse plans at closed military facilities in their jurisdictions. In addition, they are the ultimate managers of the long-term health and economic well being of their communities.

I would like to divide my comments today into two areas.

* The first area is on-going actions by the Federal Government which are slowing the closure of the BRAC facilities.

and

* Areas the Federal Government can assist local communities in the transition of military bases to civilian use.

Funding of environmental cleanup of the military facilities ordered to be closed is the most important and time sensitive issue that local reuse authorities face today. Throughout our history it has been common practice, both in the civilian and military community, to release hazardous substances into the environment. The military community is now finding that the complexities and cost of the environmental remediation of the closing bases is substantial. While speculation of the cost of cleanup grows everyday, information released by various groups indicate that the amount of money being set aside to cleanup the base is decreasing. This decrease in funding could not come at a worse time. Many of the 1993 BRAC bases are completely immersed in the environmental investigation phase and have not even begun the expensive phase of the actual cleanup. As BRAC 93 bases reach the point where they may have to compete against pre-93 closed bases for environmental cleanup funding, the funding

available is decreasing. How severe is the funding deficit? We don't know! But, the cost of cleanup for Mare Island Naval Shipyard through 1999 is estimated to be almost 431 million dollars. For FY96 alone, Mare Island Naval Shipyard's budget request is over 122 million dollars.

If adequate funding is not available to meet a reasonable cleanup schedule, all other closure efforts will have to be delayed. Simply put, until a properly completed and documented environmental cleanup is completed, Federal and State regulators will not allow title to base property to be passed to the Local Reuse Authority and will remain unproductive from the job generation perspective. The Local Reuse Authority's only option in this situation will be to continue with short term leases and operating the bases under an interim caretaker function. Many companies simply will not go onto a base with a short term lease. This will also increase the money the Department of Defense (DoD) is required to pay the caretaker and slow the closure process. This is a lose-lose situation for both the military department and the local community. We strongly recommend that, prior to voting to add more bases to the BRAC list, that you assure yourselves that the DoD has allocated sufficient funds to meet their current obligations.

A second issue affecting the timely transfer of facilities to Local Reuse Authorities is the lack of the DoD regulations on property transfers. In April 1994, the DoD published draft "Interim Final Rules" that were meant to provide base closure communities and military commanders with guidance on numerous issues that affect the transfer of real and personal property. Although the closure process has moved along for eleven months, these rules are still in formulation. The local military communities have continued with their mission, which was to close the bases without a set of uniform regulations. Although the "Interim Final Rules" were meant to level the playing field between the community and the military commanders on many issues, I would like to concentrate my comments on one major issue. My major point concerns what is referred to as personal property. Personal property can be best defined as all the property on military bases that is not land or buildings.

Mare Island Naval Shipyard has been in continuous operation for over 140 years. The buildings on the island cover the full spectrum of this long history. Because of their age and advanced deterioration, many of the buildings have a negative value. It is primarily the equipment contained on the shipyard that can contribute as an incentive to businesses relocating to Mare Island.

With this background, let me now focus on the problem. In order for military commanders to accomplish their mission, which is to close the base on time, they have had to make up their own rules and procedures. In some cases, the rules were not to the benefit of the Local Reuse Authority. Personal property is being transferred at the discretion of the base commander or his superiors. In the past year 13,459 items worth over 14 million dollars have been reviewed by Vallejo city staff. This amount represents only the items which were not requested by other bases or moving functions as "mission essential" or "military unique." These designations have no central definition or rules, because the Department of Defense has been slow in developing the final rules. It is conceivable that this delay in establishing the necessary rules could leave the Local Reuse Community holding an empty bag. I would recommend to you that, prior to your accepting DoD recommendations to add additional bases to the closure list, they be required to complete the Final Rules, and where these Final Rules differ from the local commander procedures, that immediate and timely actions by DoD be initiated to resolve the issues.

In closing, I would like to recommend to you two items which we believe would assist the local communities in the transition of bases to civilian use.

We have recently been told by the DoD that during the period between closure of the base and the completion of all requirements which would allow the transfer of property title to the Local Reuse Authority, they will allow only five year leases with limited renewal options. In order to attract businesses to the closed bases, they will, out of necessity, have to obtain financing for construction upgrades and tenant improvements and other startup costs. A five year lease is not marketable, and, except under unusual instances, companies may not be able to finance these costs. This decision must be changed.

My last item is the current policy on asbestos. The current direction to closing base commanders is that asbestos in buildings on their bases, which is not leaking into the atmosphere, will be left in place. This situation leaves a ticking time bomb for both the military and the Local Reuse Authority. If any

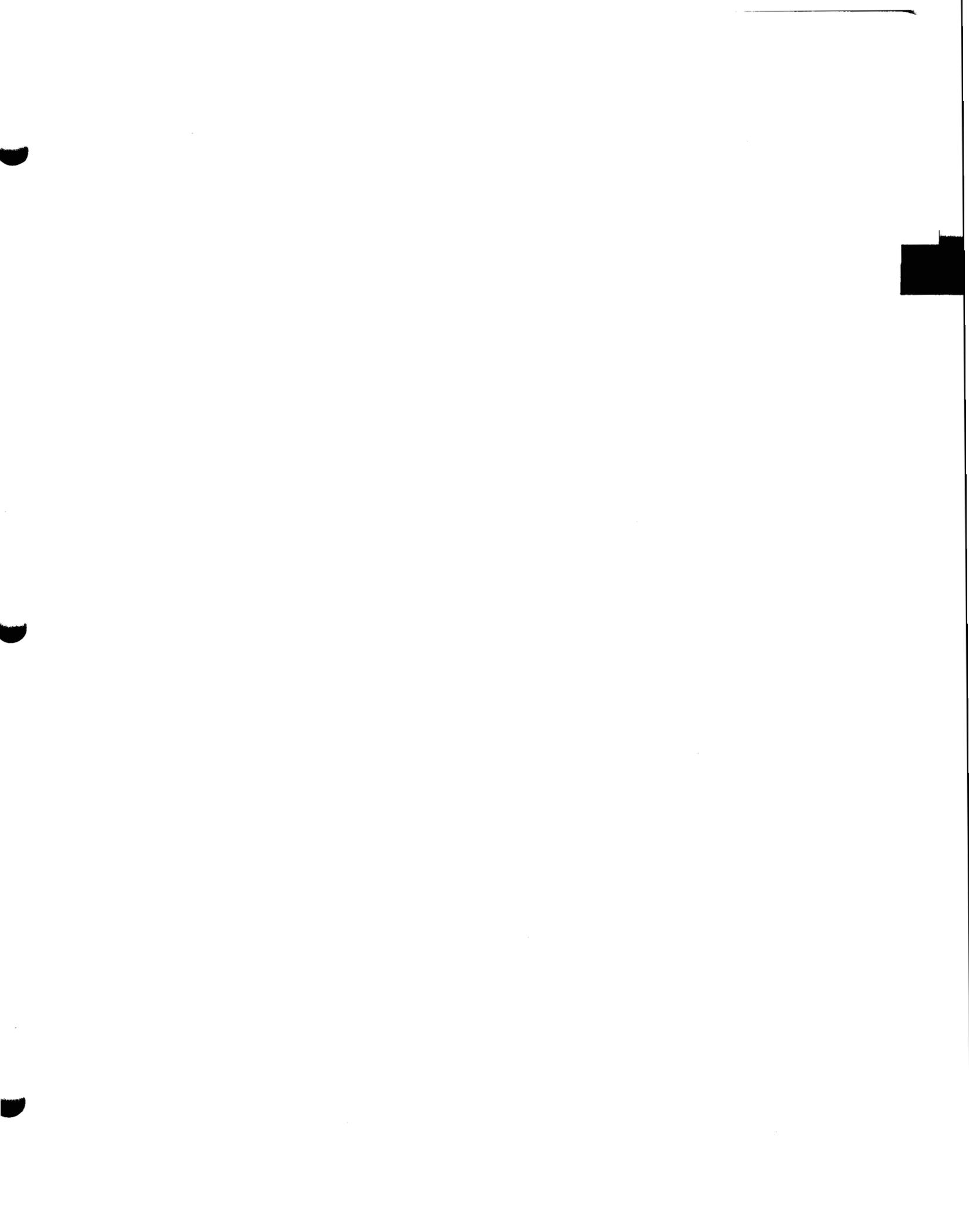
alterations to buildings with asbestos is made or if the building is torn down, the responsibility and cost would have to be absorbed by the tenant or Local Reuse Authority. Besides the obvious liability to DoD, it will be extremely difficult to find tenants willing to absorb the cost of the disposal of asbestos when they have, in many instances, unlimited opportunities in the surrounding community to obtain property which is free of hazardous substances. We believe it is the responsibility of the DoD to remove all hazardous material, prior to final disposal of their property.

Finally, ICMA is committed to the quick reuse of military bases once they are closed. To accomplish this goal, ICMA formed a Base Reuse Consortium consisting of over 55 local government administrators who are dealing with base closures in their communities.

The consortium, which works closely with the U.S. Environmental Protection Agency and DoD:

- * facilitates information sharing between administrators with base closure experience and local governments that are learning how to manage this difficult process;
- * provides local government administrators with information on recent developments in base reuse programs and laws; and
- * explores opportunities for reuse of military bases to ensure prompt redevelopment and transfer of these sites.

On behalf of ICMA and the City of Vallejo, I want to again thank you for the opportunity to speak to you today and will try to answer any questions you might have.



Proposed Questions For Panel Two:

- Mayor, Joseph A. Griffo, The U.S. Conference of Mayors
- Councilmember John Maxwell (Myrtle Beach, SC), National League of Cities
- Commissioner Doug Bovin (Delta County, Gladstone, MI), National Association of Counties
- City Manager Walter V. Graham (Vallejo, CA), International City/County Management Association

-- Would **EACH OF YOU RESPOND** to the following questions, some of which were just asked Senator Pryor?

QUESTIONS:

1. Since enactment of the Pryor Amendment and implementation of the Administration's Five-Point Program, how would you assess the reuse process?
2. Have these initiatives provided significant improvements to the reuse process?
3. How well have the 1994 amendments to the McKinney Act improved implementation of the Act? Do you see a need for additional changes in the process by which homeless groups apply for property on closing bases?

-- The President's Five-Point Program established a transition coordinator for each closing base in order to assist communities with reuse planning.

QUESTIONS:

1. In what ways have transition coordinators facilitated reuse in your communities?
2. Have they made a significant difference?

-- Many of your testimonies allude to the federal government's lack of effective coordination for its reuse regulatory activities and policies. You contend that communities continue to encounter an entanglement of governmental agencies and overlapping governmental programs.

QUESTIONS:

Would each of you please respond to the following questions:

1. Could you support an initiative that would coordinate and consolidate all federal policies and programs whereby communities would go to one place for all reuse activities? What I am envisioning is a one-stop-shop for all reuse needs. The program would be operated by detailees from each governmental agency involved in reuse activities. The individuals would have the authority to make agency decisions locally and quickly, and have immediate access to high-level decisionmakers when the need arises.

(NOTE TO COMMISSIONERS: The Conference of Mayors recommended the appointment of an official Ombudsman at the National Economic Council, to improve coordination and communications between federal agencies. However, it appears that an

ombudsman in Washington would be too far removed to be significantly effective for improving community concerns.)

-- For the past two years the Department of Defense's Office of Economic Adjustment (OEA) has administered grants to localities to assist with reuse planning, while additional grants have been made by the Department of Commerce's Economic Development Administration (EDA) and the Department of Labor.

QUESTION:

1. How would you evaluate these efforts?

-- An amendment to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) established a process to identify clean parcels of land on closing military installations so that these parcels can be transferred immediately to the communities. One of the criteria for determining whether a parcel is clean is whether hazardous materials or petroleum were stored on the property, regardless of whether any of these materials leaked or spilled. I understand that this criteria has prevented some parcels from being considered clean that probably should have been.

QUESTION:

1. Could you give some examples of where this has been a problem?

-- At the end of the last session of the Congress, the Base Closure Act and the McKinney Act were amended to bring together those who work

to provide housing for the homeless, and the communities in preparing the reuse plan for a closing base.

QUESTIONS:

1. While I recognize that it is still early, how is this new legislation working?
2. Is there any way in which it should be changed?
3. Does this serve as a model for any other situation where there is competition for the land at closing bases?

-- Recently, there was an article in the Orlando Sentinel Tribune about Navy housing at the Naval Training Center Orlando. This housing will be transferred to the community, but the community would like to start making improvements to the property before the transfer. Apparently there is some uncertainty about whether the community can get access to the property to make the improvements prior to the transfer.

QUESTION:

1. Are you aware of any other communities that have experienced similar problems?

-- Many of the environmental problems blamed as impediments to reuse are more accurately identified as problems with existing base infrastructure: repair and maintenance of asbestos in structures; electric, sewer, and gas utility systems; repair or improvement of road and rail lines, etc.

QUESTIONS:

1. In your experience, what are the most significant ways in which existing base infrastructure limits or delays reuse?
2. What sources of funding have communities sought in planning to repair or rebuild existing infrastructure?

QUESTION:

1. If property is cleaned up for transfer under one reuse scenario, but after transfer the reuse changes, who must pay for the additional cleanup? Let us say for example that property is cleaned up to an industrial standard, the property is transferred to the industry, and then the industry goes out of business. Subsequently, a residential developer seeks to acquire the property. To prepare for this residential use, additional cleanup must occur to a residential cleanup level. What entity should bear responsibility for the additional level of cleanup?

-- Many closing bases which have leased or transferred property up to this point have relied on one major tenant as a focus for the reuse. Examples are the Cal State University campus at Fort Ord in Monterey, CA, or the Packard Bell industrial property at the former Sacramento Army Depot in California.

QUESTIONS:

1. In your view, does securing a primary focal tenant spur the reuse plan for the entire base? Is it vital for reuse groups to secure a major focal tenant?

2. Are there significant reasons to take an alternative approach and start with a broad representation of smaller local tenants?

3. What do you propose that the federal government can do to better assist local communities access the reuse process?

4. In addition to the recommendations you have stated on behalf of your organization, are there other recommendations which you, personally, would make to improve the reuse process?

QUESTIONS FOR MAYOR GRIFFO

(NOTE TO COMMISSIONERS: On February 27, 1995, the U.S. Conference of Mayors released its report of 20 recommendations -- "A National Plan on Military Base Closings--" to ease the impact on military base closings.)

-- In its February 27, 1995 report to the Administration and the Congress, the Conference of Mayors calls on federal agencies to respond to local communities affected by base closures as quickly as FEMA (the Federal Emergency Management Agency) responds to natural disasters.

(NOTE TO COMMISSIONERS: According to the Office of Economic Adjustment (OEA) of DOD, which is responsible for the organization and planning phases of the base closure process, reuse is a community based, bottom-up process. First, a local organization must be established or identified to coordinate community efforts. OEA funding pays for staff and operating expenses at this phase. Second, it is the community that directs and oversees the development of a base reuse plan. OEA funds pay for the costs of the reuse plan.)

QUESTIONS:

1. Would you agree that community organization and planning should be the initial phases in the reuse process?
2. Would you agree that these decisions should be made primarily at the local level.?
3. What obstacles currently cause the delay of federal funding to local communities that are approved for closing?

4. How would you propose to implement a FEMA-type response to bring about reuse of a closing base?

QUESTION FOR COUNCILMEMBER MAXWELL:

-- In your testimony, you recommend that States be encouraged to "contribute assistance for economic development to help communities with economic recovery."

QUESTION:

1. This appears to be a noble suggestion. Would you recommend ways that this could be implemented?

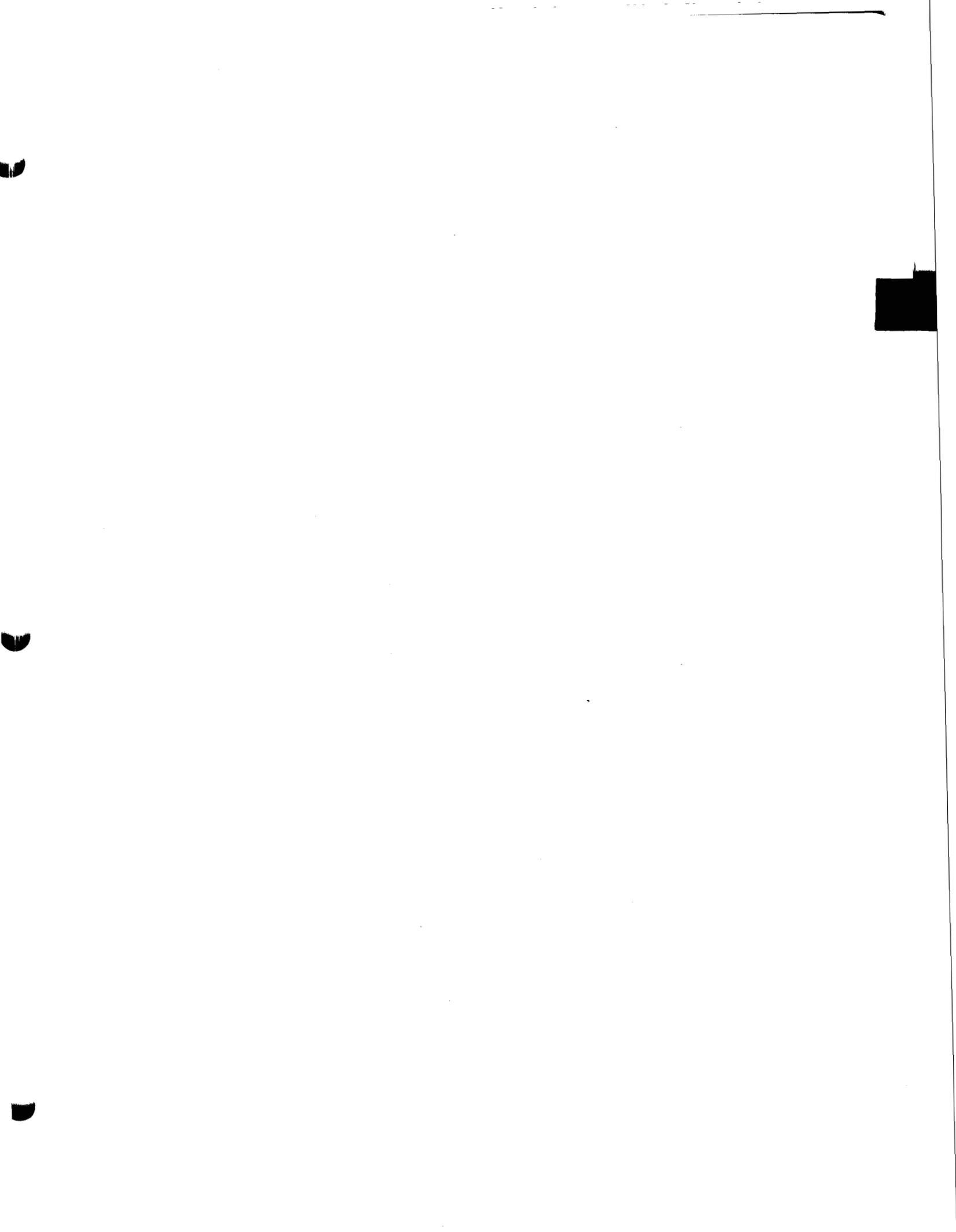
QUESTIONS FOR CITY MANAGER GRAHAM:

-- Mare Island Naval Shipyard has been participating in a unique experiment in employing former Shipyard workers to complete a share of the environmental cleanup work on the base.

QUESTIONS:

1. Given your knowledge of how other cleanups are progressing, would you say that the type of effort which Mare Island has piloted to give preference to displaced workers should be implemented elsewhere?

2. What are the factors at the Mare Island Shipyard that make this program successful?



**TESTIMONY OF BRAD ARVIN, SECRETARY
NATIONAL ASSOCIATION OF INSTALLATION DEVELOPERS
BEFORE THE
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
MARCH 16, 1995**

The National Association of Installation Developers is here to speak with you on behalf of communities who have experienced the realities of base closures from the previous rounds of base closures. Our main objective is to appraise you of the state of the reuse practice that is derived from the various laws and policies that are already in place and suggest to you and the Congress that there may be additional law or policy changes that might be needed.

Our purpose at NAID is not to take a position on which military bases or how many, for that matter, need to be closed. That is a matter between the Department of Defense and the Base Closure Commission process. We are in effect neutral on that issue. We also are not here to critique decisions to convert military bases for other federal or other public purposes. We simply want to encourage the primary role of the communities in guiding that process such that other potential users, be they public or private, bring their needs to the table to be considered in a comprehensive planning process guided by the community and consistent with federal state and local laws.

First of all, who is the National Association of Installation Developers? We represent the collective voice of experience of parties be they municipalities, reuse authorities or developers

who have actually converted bases that have gone from military use to various civilian and public uses around the country going back as far as post World War II.. There were experiences in the 60's and 70's that have resulted in many cases of successful reuse. But it sometimes took decades to recover. As you know, there was a hiatus in the mid 70's through 1988 during which there were no major bases closed due to the inability to make decisions that would be upheld by Congress. It is in the instances of the closures from the World II and 1960's and 1970's where it can definitely be demonstrated that recovery does take place. But, I think many of the people listening to this morning's presentation will say I don't want to wait 20 or 30 years because people are going to lose jobs and the pressure on economic recovery is in both the near-term as well as the long-term. What we learned in the earlier rounds of base closures has value today, in that the transition is very difficult and one should be cautious about generalizing about all base reuse. They can be either successful or failures or somewhere in between. If it is true as they say about real estate, the primary factor in real estate is location, location, location; it could definitely be said of military base reuse. It is highly dependent upon the nature of the property that may become available for reuse as well as the condition that it is in and its' location in terms of needs of the public as well as the market place. Urban locations face different challenges than rural. An early effort is always placed on defining that situation as it relates to the particular base. The challenges and opportunities span the spectrum from San Francisco Bay to Caribou, Maine. Our members have the scars in some cases of learning through experience that transition from military to civilian use can be very difficult. Some have done well and have been recognized especially since the announcement on the first of March that there are some locations where the prospects

are quite good. There are others, bases that were closed in the 70's, that still look like they may never make it. None the less, this Association has members from around the country who have persisted and stayed with it from the organization, planning and implementation stages. Some have taken decades to get where they are, others are into it only in the second or third year and results are encouraging in some cases and discouraging in others. And it sometimes doesn't seem to make any difference whether it was from the early rounds or the more recent ones.

If there is one thing that we believe determines the success or failure beyond the physical condition of the property, it is whether the community has the ability to establish a vision and set a realistic course to get there. Communities, through active leadership, need to drive the process. They need to establish and determine what they wish to happen on the property when the military mission is gone and the determine the means to achieve that vision. Fortunately, there is a vehicle for accomplishing this activity. That vehicle is the community reuse plan. We believe that all procedures, rule and regulations, should be designed to empower the community's ability to achieve its' vision through a broad-based community reuse plan. In a larger sense, this is no different that what happens at any other parcel of property. A community through the zoning process and land use and titling process determines what occurs on the property. We believe that a similar activity should happen in former military installations. Keeping in mind, the central tenant of a strong community reuse plan, it is instructive to review where we are now from a legal and regulatory point of view.

On July 2, 1993, President Clinton announced a five-part program to assist base closure communities. By now, you have heard a lot about those five points and have no doubt read them

and seen the implementing regulations. From a community point of view, we believe the five points are an excellent attempt at addressing the revitalization of communities. They set the course for the right goals. The central point of the five-point program concerns the ability to transfer property at a discount to communities for economic redevelopment purposes. While previous statutes allowed the discounted transfer of property for prisons, hospitals, airports, parks, schools and other "public purposes" they did not address the central concern of most communities which is getting jobs back into the community and the property back on the tax rolls. Thanks to Senator Pryor who was here previously and testified about the "Pryor Amendment," the Department of Defense now has statutory authority to transfer property for economic development purposes. At a later point, we will address some regulatory improvements that we believe are necessary to the Departments procedures implementing the "Pryor Amendment."

Another constraint that existed that clouded the free ability of communities to reuse the property was that others had a priority to the property. Specifically, homeless providers under the Stuart B. McKinney Homeless Assistance Act were given the ability to use property for laudable purposes, but they were able to make decisions that could be at odds with the community reuse plan. Due in large part to efforts by Senator Feinstein and Senator Pryor, a recent statutory amendment allows for the local reuse group and homeless providers to jointly address the needs of the homeless together with the needs of the greater community for economic development on the property. The community reuse planning process must balance numerous needs. Despite these recent legislative successes, we are still awaiting the regulatory implementation of the President's five-point program, the Pryor Amendment and the new homeless act. These

regulations are overdue.

We believe that the regulatory problems can be grouped into four substantive areas: 1) organizational, 2) procedural, 3) environmental and 4) funding.

From an organizational point of view, it is necessary that the community be permitted to coalesce into a single voice to speak to the federal government. In this regard, the community reuse group must be cast large enough to include all elements of the greater community, such as municipalities, counties, homeless assistance groups and affected Indian tribes. Yet the reuse group should not so large and so diverse that it can not effectively perform those specific land use planning responsibilities that are incumbent in order to successfully reuse property. In this regard we believe that an effort, legislative if necessary, must be made to reconcile the needs of Native Americans with local communities for planning the reuse of former military installations. Department of Interior policy has fluctuated on this matter, but we are pleased that the latest draft policy seems to reinforce the community reuse process. In addition, in those circumstances, where the community has determined that a corporate, but not-for-profit corporate status best serves the community reuse plan as the entity best able to develop the property. We believe that such a choice should be respected by the Department of Defense disposal agencies. Moreover, we believe that the community should have the ability to create the organizational entity that best serves their needs and have the Department of Defense should have the flexibility to recognize that organizational entity and have that entity designated as the "local redevelopment authority" for the purposes of receiving an economic development conveyance. This would be one of the numerous opportunities where greater flexibility and an attitude of partnership by the Defense

Department should be encouraged.

The community reuse plan need not necessarily lead to a monolithic property transfer. The disposal agency may prefer the simplicity of a single transaction, but that may not match the capability of the community to manage and redevelop the property. The disposal process must be broad enough to recognize a multitude of transfer mechanisms and transfers even within a single military base depending on the appropriate entity to reuse the property, be it a school district for schools, a hospital authority for hospitals, or a parks department for a park or a regulated local utility for the utility distribution systems. A single reuse plan, it seems to us, can guide the disposition of property to multiple parties without the need to "pass through" a single entity.

PROCEDURAL

In addition to the need to recognize the community's ability to organize itself as it chooses, there needs to be a greater partnership between the Department of Defense, the federal government and the greater community in order to make these complex transactions succeed. This is an opportunity to reinvent government and throw out the business-as-usual. Closure of military bases that have been fixtures in the community landscape for decades, sometimes happens too abruptly. The communities are hurting out there and this is an opportunity to take bold steps. Of primary importance in this new partnership is the need for the federal government to exercise greater self discipline as it goes through the screening process. Screening as you know, is the means by which the federal government decides what is the property it no longer needs and makes available for reuse. Many times former military bases are picked apart by other federal agencies

for, among other things, guard and reserve centers, federal prisons, parks, nature preserves and wildlife refuge. These requests of the most valuable portions of the installation, if not coordinated with the community, can rob the community, in some cases, of their ability to effectively reuse the balance of the property. In some cases, these enclaves are like the holes in Swiss cheese and prevent or greatly reduce the reuse potential of non-contiguous parcels. We believe first and foremost that the other federal government agencies seeking parcels to retain for federal purposes, should be forced to work with the local government and to join in the reuse planning process together with the community and other interested parties. In many cases it is possible to accommodate federal needs within the reuse planning process in a manner that does justice to all participants. Most jurisdictions have a comprehensive planning process that addresses the total span of their needs, assets and tries to reconcile competing interests, as well as integrate planning for common needs like utilities. Reuse of a closing military base is a new opportunity to take property that is transferred to those jurisdictions to use it as a vehicle for addressing community needs. The federal government has enormous potential to bring value to base closure communities. They have the ability to bring jobs back in or satisfy other public purposes. Nevertheless, some of the worst offenders like the guard and reserve flaunt their federal status and refuse to cooperatively work with the communities. More should be like the federal Bureau of Prisons, which works very closely with communities and addresses the communities concerns prior to establishing any new sites of federal prisons at closing military bases. The Bureau of Prisons acts like a developer and seeks convergence of interests. They should be a model of other federal agencies.

When the Base Closure Commission completes its' work and the President and Congress accepts a base closure list, let us hope that for the 1995 round of closures that the process has finally gotten past the "learning curve" for base closure and reuse. We have come a long way since 1988 when DOD almost literally had difficulty finding anyone who had actually closed a base since the 1970's. We certainly have all learned a lot and the 1995 communities should be the beneficiary of having ironed some of the wrinkles in the process. Make no mistake --base reuse is complex even under the most favorable circumstances. As an underlying starting point for all who are involved, we highly foster a sense of greater partnership between federal, DOD and state and local participants. When closures have been finally resolved or the realignments are finally approved, there sets in motion a series of processes driven by either the military department who is after all the one who that has to shut down the mission, decide what goes elsewhere, resolve the disposition of the personnel, what property gets transferred, satisfactorily clean it up, how, when and numerous other details. There are numerous specialists in each of the military disposal organizations who will take on their respective responsibilities. Too often in the past, it does seem that there has been insufficient coordination of the many parallel efforts. That was one of the original intentions, we feel, of the President's five-part program, namely that in each major closing location, a base transition coordinator would be the person on the DOD side of the table who would have broad knowledge of all the parallel federal efforts that were underway, even if that individual was responsible for conducting none of them himself. Likewise, the community reuse organization was to speak as a single voice for the community's interest. Together DOD and the community could cooperatively go about the business of planning and

implementation of the closure and reuse of the bases.

The base closure law and the Pryor Amendments recognize the central role of the reuse organization. (described also as the Local Redevelopment Authority) But sometimes it does appear that there is not a full understanding at every level in the process. Both the Pryor Amendment and the new homeless assistance act call for additional milestones and "deliverables" from the community to the government so that in effect, the community is presenting its' reuse plans to its federal partners to judge in some way their adequacy for implementation. This could even be considered an "unfunded mandate", but we would like to think that being released from the mandatory McKinney Act procedures is worth the additional effort. The milestones for any such plan development, we feel, should be realistically related to, not necessarily a prescribed date in law or regulation but rather when will that event be needed in order to proceed the events that will follow. To give an example, several of the bases on the 1993 closure list were not in fact closures so much as realignments that required the relocation of units on those bases to other locations that themselves needed to have additional construction and preparations for the receipt of the transferring units. When the military departments went through the sequential planning process for its relocation needs, it was sometimes the result that the closure would not take place until 1998. Yet throughout 1993 and 1994, pressure was being exerted on the local reuse organization by the military department to produce a reuse plan such that an environmental impact statement could encompass (and properly so) the alternative that the community preferred for reuse. The only problem was that the community felt that it had more time to go about the decision on reuse alternatives than the military department was willing to give them. In effect,

you had the environmental documentation and it's procedural milestones serving as the pacing item for reuse rather than the reuse alternatives themselves. The logic of the coordination of the interdependent multiple activities needs to be adhered to. We can not have well-intending functional "bureaucrats" pursuing their single agenda activity without regard for the overall efforts in a "holistic" sense that the entire community and base closure process is trying to grapple with. In September of 1993, the Defense Department issued its' initial implementing policy on the various elements of base closure and reuse. They were rather well done and seemed to be consistent from one policy to another. Too often, however, there seems to be a disparity between policy and practice

ENVIRONMENTAL ISSUES:

As another example where the policy appears to be appropriate, but practice has yet to be consistent, is in the matter of environmental cleanup. The cleanup of closing and realigning military bases is perhaps a subject unto itself. The prevalent theory is that, first of all, DOD must honor its obligations to cleanup any past environmental contamination in accordance with the law to the standards set for the particular elements. Debate often proceeds about the extent of cleanup and whether or not the cost of such cleanup should have or should not have been an element in the decision process for closing bases. The cited policy has been that the cleanup itself "would have to take place anyhow because it is a Federal responsibility". However, such a policy assumes that the base would have been used for its current purposes indefinitely and that the cleanup need for an ongoing operation is different than termination of that operation and the

returning of the property in which the operations are performed to another party. There are separate accounts for funding base closure related environmental cleanup. We would urge that funds for environmental cleanup of closing and realigning bases continue to be segmented from the Defense Environmental Restoration Account itself. Both have bonafide needs. But, our concern is in the reuse of the closing military bases and that funds identified for environmental cleanup of those bases cannot be deferred without the consequence of likewise deferring the transfer of the property, and thus economic reuse of bases. In 1994, there was a defense reprogramming of BRAC environmental funds in order to help provide funds for earthquake recovery in California. Though the funds were eventually restored, the interruption during the hiatus period resulted in great uncertainty at all levels about whether DOD was, in fact committed to cleaning up bases so that could be transferred for reuse. While we hope that there are no additional earthquakes, we do note that in the current Congress there are expressions that defense dollars spent on environmental cleanup and restoration do not support "readiness" and therefore should not be funded by DOD. That is a policy matter for the Congress to consider, but we would urge that recognition be given to this linkage to clean it up so that it can be transferred for economic reuse so that jobs can be created in the locations where the bases closed.

Cleaning up to standards is often a misunderstood notion. We feel that there are requirements to protect the health, safety and welfare of the citizenry that are born at all levels (federal, state and local). DOD must fulfill its responsibilities to cleanup the bases. There have been instances in which local concerns have been expressed that the environmental cleanup by DOD may be insufficient for any conceivable future use and that anything less is a threat to health

and safety. This seems to ignore the pragmatics of the reuse that is planned for a particular building or property. As an example, in Warminster, Pennsylvania some elements in the community were concerned about the level of cleanup at the closing Naval Aviation Warfare Center. The reuse plan had not been completed as yet, but some concerned citizens applied pressure on the local elected officials and zoning authorities to attempt to zone the property for residential use because the cleanup needs for residential use are higher than they might have been, for example, industrial purposes, like the current military use. This was an example of overkill because no one anticipated that housing would be built on the location of the closing base and yet some people were fostering that it was the Navy's responsibility to clean it up to the highest level. We cannot afford excessive cleaning up any more than we can afford insufficient cleanup.

There is one final element of environmental concern. Many parts of the Country are not in compliance with the Clean Air Act. When a military base in such an air quality district is about to close, the military user of that base may have other needs for what are called "air emission credits" to be used elsewhere in the same district or in the same state. In the same manner, the community has an interest in reusing the base where the air emission credits exist for some other purpose that may result in air emissions of a greater or lesser level than had been in place prior to the closure. The questions arises: Who gets to retain the air emission credits, the community or DOD? We strongly urge that the air emissions credits remain with the community where the closure took place unless that community agrees that the can be transferred elsewhere. This is entirely consistent with our paramount role of base closure and reuse being a community driven process.

It is useful at this point to recognize that even though 29 bases have closed their original mission since the BRAC process began in 1988, most of those bases are still in ownership of the federal government. What reuse has been made in the majority of instances is through interim leasing, while the environmental cleanup continues.

The actual real property transfer itself has many complicating elements. One of them is the level of value attached to the property itself. This is one instance where DOD may have gotten off in the wrong direction back in 1988 and are slowly coming around to understand that the name of the game is to reuse military bases for economic and other public purposes. Not to help "pay for" BRAC implementation. In the 1988 and 1991 round there was an expectation by some of the military departments that in affect, the transfer of real property, sometimes in highly attractive locations, would result in revenue from the proceeds of the sale of the property that could be applied to the BRAC account to help cover other BRAC needs. That theory has since, we think, been proven to be unrealistic. It is very difficult to determine fair market value of a massive piece of real estate that has been in military use for decades when there are no comparable pieces of property in terms of scale and use in the immediate location. Second, the closure announcement itself leads to a depressing of the market for real property such that if it all were to be "dumped" on the market place at the same time it would result in a probable decline in the market itself. Appraisers, when looking at closing military bases sometimes bring a realization to the surprise of DOD managers that the facilities that for many years the military departments considered was a "asset" is in fact, in terms of reuse, a liability. The utilities, for example, are often either undermaintained or not properly configured for planned reuse. Some

utilities have indicated that they would rather "start over" with new system installation, than take over an undermaintained , poorly configured, unmetered utilities system. It does seem that there may be some liability questions that have yet to be reconciled between the disposing military department, the utilities systems providers and the reuse organization in any single location. We are not sure whether legislation is needed to affect the useful transfer utilities systems or not, but we do know from experience that there is a need for greater understanding among the parties about how utilities can be provided to reusers of the closing bases. In any event, it does appear that additional investment is needed to make the adaptation of existing utilities for future use. This brings up our final issue of concern for the reuse of closing bases.

CAPITAL NEEDS

The five-part program, when presented by the President in 1993, made reference to five billion dollars being provided to enable closure and reuse. Much of those funds go for worker assistance and environmental cleanup, but federal funds will not be adequate, by any measure, for the conversion of the properties for other uses. The Economic Development Administration does have a defense conversion program that has provided around one hundred million dollars to date for both defense industry downsizing and military base closure and reuse. No one has done an comprehensive estimate of the capital needs for successful conversion of all the closing bases. (Keep in mind most property is still in DOD ownership). We feel that the needs in the aggregate are probably in the several billion dollar range. Fort Ord alone has identified capital needs of several hundred million dollars. It will not be until all of the reuse plans have been completed that

anyone could attempt to determine an aggregate figure.

Capital needs for successful reuse can be met by federal, state, local or private sources. Most expect that the private market will need to provide the bulk of the funding. It is very clear that, other than certain "earmarked" funds provided in the FY93 and 94 budget, that DOD itself will not be the source of infrastructure funding. We can't even get DOD to demolish functionally obsolete structures that will be "negative assets" on many closing bases. EDA may provide additional support. But we saw earlier this year threats against even the existence of EDA itself, let alone its defense conversion fund. We would urge that EDA be retained and fully funded and that consideration be given in its programs to the five-part program that the President directed.

As to the private capital market itself, each community reuse effort will be taking its own course and seeking the reinvestment of the market place in ways that need not be directed from any central source. However, investors need to be given some assurances that they are not going to have to contend with environmental or other liability uncertainties that will cause them "passover" any bonafide need for reinvestment at closing bases.

We do not wish to engage in political debate but we must acknowledge anxiety when Congressional leaders suggest that several cabinet agencies like HUD and Commerce are "irrelevant". Commerce is the only general infrastructure funding source at the federal level and HUD is supposed to be passing judgement on how well the community reuse plans address the needs of the homeless.

In conclusion, the National Association of Installation Developers has a realistic sense for how the reuse of the modern era base closures is progressing. We are neither Pollyanna nor

'doom and gloom'. We tell it like it is as it regards to closure and reuse. We have frustrations-- they are not all resolvable by federal actions alone. Local political squabbles can be as much of a hurdle to overcome as anything else. Change is never easy. We have some encouragement in the form of the President's directed actions from 1993 and the Congressional support in the form of the Pryor Amendment and the Homeless Assistance Act. We can only say that what we need henceforth is a better application of the efforts that have already taken place, we reserve for consideration by Congress some specific legislation that we will be addressing in the coming months with the new Congress. We have attached a preliminary list of needed legislative or policy improvements that would be useful. We have worked with other public interest groups such as the U.S. Conference of Mayors, the International City Managers Association, the National Governors Association, etc. We feel that DOD and the other federal agencies are listening to our concerns, and that we, the communities, have an opportunity to express ourselves and that we are not being ignored. We appreciate the opportunity to present our concerns to the Commission and we look forward to coordinating further with your staff on any additional questions. We have met with Ms. Sylvia Davis Thompson of your staff and have suggested some site visits to locations where bases have either closed and have moved forward with reuse their reuse plans. It might be useful to see closure sites dating back from the 1970's and compare with some of the BRAC sites.. We think that she should see some of the successes and failures alike. We want to have economic recovery for all of the communities who have stood by the Department of Defense shoulder-to-shoulder with the military personnel who have served their country's needs through the cold war. As we dismantle the military bases, we should not forget the people in the

communities who were there during the years when our country needed military bases. We earnestly urge base closure impacted communities to be optimistic about their future, but they can have a better basis for that optimism if the Federal Government and State Governments are in an enabling role rather than one that puts one impediment or another in their way. We thank you for this opportunity to express ourselves.

National Association of Installation Developers
1995 Legislative and Policy Improvement Objectives
for
Improved Prospects of
Economic Adjustment and Reuse
at Closing Military Bases

- Longer lease period for **interim use** (currently one year) until permanent transfer.
- Financial indemnification to leasehold tenants that lose value of improvements if early termination required by the military department.
- **Native American** claims considered through local reuse organization for tribes impacted by the base closure.
- Personal property transfer for military needs elsewhere vs. functional needs in reuse. Dispute resolution sometimes needed.
- Grant streamlining and expanded eligibility to all local redevelopment authorities.
- Greater cooperation in development and review of environmental documentation(NEPA).
- **Air emission** "credits" (Clean Air Act) and water rights retained at the closed base for use by the next user(s).
- Prevent waste water treatment facility permit lapse during hiatus between closure and reuse.
- "Preserve and protect" obligations for historic, archeological , cultural or natural resources should be factored into fair market value of property.
- Greater flexibility to convey property to 501(c)(3) entities established or designated by local redevelopment authority.
- EDA loan guarantee authority program...and **EDA at ALL!**
- Improve DOD and Federal **screening** timeliness and community consideration.
- More cooperative approach to **utilities** transfer to maintain continuity of service and thus, the ability to attract reuse. (Some state regulatory relief may be needed.)
- Protect **environmental** cleanup funds under BRAC.

**AND... IN GENERAL, A LOT MORE REINVENTING GOVERNMENT
AND LESS BUSINESS AS USUAL...WE'RE HURTING OUT THERE**

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CHAIRMAN OF THE POLICY COMMITTEE
BUSINESS EXECUTIVES FOR NATIONAL SECURITY

before the

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

presented March 16, 1995

INTRODUCTION

Mr. Chairman and members of the Base Closure and Realignment Commission, thank you for inviting Business Executives for National Security—BENS—to testify before you on the important issue of “post-closure” activities at military installations. I am William H. Tremayne, a member of the Board of Directors of BENS. BENS is a national, non-partisan organization of business leaders working to strengthen national security by promoting better management of defense dollars, advocating measures to make the economy stronger and more competitive, and finding practical ways to prevent the use of weapons of mass destruction.

In 1982 and 1983, I was the project manager for the Defense Task Force of the Grace Commission which recommended, for the first time, that an independent commission identify superfluous military bases that could close without diminishing the Pentagon’s operational capabilities. Even in those Cold War days, former Secretaries of Defense told us that the domestic base structure was more than twice as large as militarily necessary.

Disappointingly, neither Congress nor the Pentagon took any action until five years later when Representative Dick Arme (R-TX) authored innovative legislation calling for the creation of a special commission for base closures—essentially implementing the Grace Commission’s recommendation. BENS took this idea and promptly formed the Coalition on Military Base Closures to support Representative Arme’s legislation. BENS’ successful effort in educating the general public and Pentagon officials was recognized in Congress as a key factor in gaining Department of Defense support for the commission process.

Since that time BENS has retained a leadership role with regard to the base closure issue. For the past 4 years BENS has maintained an active Defense Transitions Project promoting a fair and businesslike system of closures, doing what it can in the process to alleviate local economic shock by facilitating redevelopment plans for base properties and the consequent economic rehabilitation of the dependent communities.

In 1992 BENS undertook a major study of how the base closure process had affected communities following the first two closure rounds in 1988 and 1991. Entitled *Base Closure and Reuse: 24 Case Studies*, the findings have been widely cited in the media and the results used by the administration and Congress to develop the current set of community assistance policies. Again in 1994, BENS sought to focus government attention on why closed military facilities don’t stay closed. In *Uncovering the Shell Game*, a special report of the BENS Defense Transitions Project which pointed out that the process that ensues after the BRAC completes its work operates without public scrutiny and can often result in reuse and reopening decisions that run counter to the intent

of the Commission. That report has drawn attention and some criticism. I believe earlier questioning by this Commission has already alluded to the findings of these two BENS reports.

As the 1995—and perhaps last—round of base closures begins to take shape, BENS is focusing its efforts on helping communities replace jobs and rebuild the economies affected by the previous three rounds. Whether or not the base closure process is extended into the future—and BENS, by the way, supports such an extension—the legacy of past closings and realignments leaves a daunting task ahead for the Defense Department and the communities affected by closures and realignments.

As a measure of the challenge, note that the 1988 DoD Commission recommended 86 military bases (large and small) for closure and another 59 for realignment. Since the current process was established by the Defense Base Closure and Realignment Act of 1990 (P.L. 101-510) another 168 closures and 93 realignments have been added to the active list. By the Pentagon's own account, more than 70 major bases and several hundred smaller bases are in various stages of closure or realignment. In 1995, if only the Pentagon recommendations are considered, this round could add another 146 to the tally.

Although the Commission process has succeeded in mitigating political roadblocks to base closure, many regulatory, statutory and environmental restoration obstacles to the "post-closure" redevelopment and reuse process persist. To be sure many important strides have been made by the Defense Department. Among them, rapidly enacting congressional legislation to grant economic development conveyances when communities have viable plans to create jobs. Approving interim leases while legal deeds and environmental restoration plans are being readied. Factoring the community reuse plan into the federal screening process as a coterminous rather than a sequential action. And, reconciling through legislation the needs of the homeless and the local community's economic development needs.

In December, BENS was pleased to be able to submit to the Assistant Secretary of Defense for Economic Security comments on the so-called Final Rule on "Revitalizing Base Closure Communities and Community Assistance." Our comments focused on the rule's conformance with the President's Five-Part Plan and the Base Realignment and Closure Acts of 1988 and 1990. The final rule properly recognizes the importance of putting communities first by eliminating some of the obstacles standing in the way of rapid base reuse by affected communities. Though the rule is still in the approval stages at the Defense Department, we believe it represents real progress toward providing the kind of streamlined property disposal process BENS' has long advocated. Among other things, the final rule will clarify the use of Economic Development Conveyances as approved by Congress in 1993 and reconcile the determination of Fair Market Value which is critical to an EDC conveyance. We will have to wait and see if these refinements clear some of the backlog and speed the disposal and reuse of bases closed in the 1995 round.

In the meantime we believe there is additional work to be done in areas not fully addressed or not fully implemented by the Department of Defense. The theme which must pervade the federal government's, and in particular the Defense Department's approach to the "post-closure" segment of the realignment and closure process is speed and finality in disposal and reuse. Speeding up the decisionmaking process is essential for the Pentagon to begin accruing the savings of reduced infrastructure operating costs. Just as important is the benefit to the local community of finality in the government's decision making process thereby permitting early access to the properties and facilities for reuse. The goal of the government must be to provide the affected communities with the tools and funds to begin planning, act swiftly to conclude federal screening and clean up actions, then move out of the way to let communities enact their reuse plan. Let me point out a few substantive areas which BENS believes need to be addressed to achieve speed and finality in the disposal and reuse process.

BRINGING A CUSTOMER SERVICE FOCUS TO THE OFFICE OF ECONOMIC ADJUSTMENT

The Office of Economic Adjustment is helping base closure communities get a jump-start by speeding up grants and community redevelopment activities — realizing a recommendation BENS made back in 1992. However, in our work with various Local Redevelopment Authorities (LRAs) a common frustration voiced is that the Pentagon's "one stop" concept still lacks a "customer service" perspective, forcing communities to risk missing some available assistance because of confusion or ignorance, and often requiring them to hire private consultants to help them navigate the process. The question has to be whether the planning grants from OEA are being utilized by communities to retain expert advice on reuse planning or simply going to consultants to unravel the confusing and difficult mechanisms of obtaining available government help.

PUTTING BASE TRANSITION OFFICES INTO THE REUSE LOOP

The establishment of Base Transition Offices and appointment of Base Transition Coordinators at the community level to—in the Pentagon's terms—"slash bureaucratic thickets" is a positive step as well. Now the task will be to ensure that the local appointees do in fact become facilitators of local reuse planning and not simply another level of bureaucracy interposed between the government and the community.

MAKING ECONOMIC DEVELOPMENT CONVEYANCES WORK

The amendments introduced by Senator David Pryor (D-OK) to the Fiscal Year 1994 Defense Authorization Act substantially reformed base closure law, including allowing land to be transferred at below market value to LRAs for the purpose of economic development and job creation. However, the Defense Department's implementing regulations have been disappointing

to LRAs because they blunt the thrust of the Pryor Amendment's Economic Development Conveyance provision. An amendment to the regulation last October gave clear priority to the LRA's reuse plan for disposal of property, but it added a significant burden by requiring LRAs to include in their applications detailed feasibility and marketing analyses which would support the claim that the gift of some or all of the value of the land would in fact create jobs better than a sale at full market value. The true test of need for below-market sale should be actual experience of the LRA in finding tenants and buyers of the facility. Once the reuse plan has been accepted and analyzed for environmental impacts, and environmental contamination issues have been settled for specific parcels, the LRAs should be allowed to have rapid transfer of property whenever they have a ready, willing and able tenant or buyer, with the DoD price to the LRA dependent upon the LRA's reasonably negotiated price to the tenant or buyer, without the delay and cost involved in financial feasibility and market analyses.

ADJUSTING THE COOPERATIVE AMENDMENTS ACT

At most closing bases around the country, the Defense Department and LRAs are working on the process of transitioning responsibility for municipal services from the military to the local government. Prior to the base being leased or sold to the LRA, to the extent it is still federal property, the Services are entering into caretaker agreements under the Cooperative Agreements Act, paying cities and counties for various services in lieu of paying federal employees or contractors to perform them. In the Fiscal Year 1994 defense Authorization Act, the Pryor Amendments allows DoD to pay for police and fire services starting from a point 180 days before the operations closure of the base. In the Fiscal Year 1995 Authorization Act, a pilot program was set up to allow active and closed bases in Monterey County, CA (Fort Ord, the Presidio of Monterey Defense Language Institute and the Navy Post-Graduate School) to pay for these services. Because bases vary in the rate at which they close, the 180 day limitation is too arbitrary. Congress should simply allow DoD to agree to pay local government for these services at any point after selection for closure.

AMENDING RETROCESSION LAW

Large areas of many military bases are under exclusive federal criminal and civil jurisdiction. This encumbrance means that the state has no authority within those areas to enforce civil or criminal law, including contract law, zoning and building codes—the ability to tax activities is limited to the possessory interest of tenants. Retrocession to state jurisdiction usually occurs only when title is sold by the federal government. However, due to contamination problems, most base land remains in a lease arrangement for many years. Thus, an alternate route to retrocession must be undertaken by LRAs in order to ensure they can enforce the laws, regulate and tax their business tenants. That process generally involves action by both the Service Secretary to offer to retrocede jurisdiction and by the state government to accept it, typically taking 6 to 12 months. Congress should enact into law a provision that simplifies the process of retrocession.

ENVIRONMENTAL CONTAMINATION AND REMEDIAL ACTIONS AFFECTING REUSE

Problems related to contamination of military base property with hazardous substances continue to jeopardize the base redevelopment process as well. There are several specific problems which could be solved by statutory or regulatory action:

The most crucial issue is control over the priorities of cleanup. Since the beginning of the Superfund program in 1980, priority for cleanup at military bases has been defined as "worst first," that is, the sites that presented the greatest risk to health and the environment were investigated and cleaned first, while less contaminated sites were put at the bottom of the list.

Now, as LRA's at closure bases seek to lease and purchase military facilities on behalf of commercial tenants, the priority should become "best first"—the cleanest or most commercially viable properties should be given priority for site investigation and cleanup, after immediate threats to health have been addressed. DoD, EPA and the states should be directed to make "best first" their priority in all remedial work at closing bases. More parcels of land will be sold sooner, increasing revenue flow and facilitating wider redevelopment options.

There are other measures that can help ensure that "best first" is the priority in base clean up. Last fall's amendments to the Defense Environmental Restoration Act (10 USC Section 2705) gave significant authority and funding to Restoration Advisory Boards (RABs) made up of citizens living near military installations. At a minimum, the statute should be revised to give consideration to the LRAs which represent the reuse and redevelopment plan and provide them with membership in the RAB.

A second action which will support "best first" clean up is to codify in law that clean up standards on contaminated property will hinge on the LRA's reuse plan for the affected property. It is irrational to require residential levels of clean up for property which will transfer to industrial or other non-residential use.

Another specific threat to base reuse related to cleanup was identified last summer, when a homeowners' association in Denver initiated a lawsuit to halt the execution of the reuse plan. The lawsuit was based partly on a citizen's suit action under the Resource Conservation and Recovery Act, trying to take control of the base cleanup away from the Air Force, which was already well along in conducting remedial actions under state supervision and the authority of CERCLA. The law should be reinforced, to clarify that RCA was not meant to be used as an instrument to spike the tires of the community's base reuse convoy.

There is one other major shortcoming in the military's clean up responsibilities. At

many bases there are buildings which have deteriorated to the point of obsolescence. The only appropriate action is demolition. Yet, demolition of these structures cannot be conducted until after costly and time-consuming removal of all asbestos-containing material. Although the Defense Department does not currently support demolition of structures on closing bases, removal of asbestos-containing material in buildings worth only demolition is clearly within the scope of the Defense Environmental Restoration Program. In fact, one of the main sponsors of the military's remedial funding program, Senator Ted Stevens (R-AK), intended that the fund be used to carry out demolition and asbestos removal at many closed radar sites across Alaska. That program continues to this day.

ENVIRONMENTAL COMPLIANCE AND PROTECTION ISSUES

In addition to cleanup of contaminated soil and groundwater, there are other significant environmental issues at closing bases which need statutory or regulatory reform. Most military bases are large and diverse industrial plants, with problems related to air pollution, water pollution, and natural resources protection. Just because a military base ceases to be operational does not mean that its compliance problems are solved. All too often, a major pollution control requirement has been ignored until the base closes, leaving the LRA with the necessity of paying to fix the problem, or even pay associated penalties, before portions of the facility can be legally used by commercial tenants. The military services should be required to assume the cost of retrofitting and bringing into compliance still-active utilities and infrastructure facilities.

There must be an ironclad policy that any facility that is leased or transferred to the LRA will be accompanied by all its related environmental permits, so that the LRA's are not forced to shut them down or undergo more stringent standards that are often applicable to new applicants for permits. This includes the requirement that the military at each base take the necessary steps to ensure that permits remain active, including payment of regulatory agency fees.

Air pollution districts across the nation are currently engaged in asking air permit holders to file applications for new permits under Title V of the 1990 Clean Air Act Amendments. The Title V permits are intended to provide comprehensive information, in one place, about all regulations affecting emissions of the permit holding facility. The application for a Title V permit for a large military base can cost hundreds of thousands of dollars and hundreds of employee-hours to prepare. Military bases will be asked to submit their applications over the course of the next three years (1995-1997). Bases which are closing before their applications are requested are simply ignoring the requirement, leaving the LRA's to pick up the tremendous up-front burden of obtaining the Title V permits, or justifying why they are not needed. The military Services should be required to gather and preserve all the information required by the Title V regulations and assist LRAs either financially or with DoD services, in complying with this law.

I would like to offer a few comments on post-closure issues that have emerged in BENS' discussions with community leaders and base reuse officials but for which, unfortunately, I have no completely satisfactory solutions at this time. Perhaps the Commission can in its final recommendations put the experts to work on resolving some of these problems.

INCONSISTENCY OF CLOSURE IMPLEMENTATION ACROSS THE SERVICES

First is the issue of consistency. Practices, procedures and implementation of policy appear to vary tremendously from Service to Service. Why, for example, would a golf course at one closing facility be on the block for \$6 million while a similar facility at another base be offered to the community free of charge? The reasoning may be completely justified, but the perception of inconsistency, if allowed to linger, distracts from the process. As the number of closings in progress increases, so does the nationwide cross-talk among redevelopment authorities and local political organizations which only amplifies the inconsistencies and adds to the confusion and frustration of all parties.

UNREALISTIC EXPECTATIONS OF LAND RESALE VALUES

Infrastructure upgrade improvements—roads, sewer, power, water and telephone lines—on closing bases are turning once-inflated real estate expectations into grim assessments that properties, in some cases, may be worth less than zero. The Defense Department is not bound to fund demolition projects or code improvements on closing bases. Communities are facing the prospects that resale and leases of base land and taxes on the property will not be enough to pay for redevelopment. The United States Conference of Mayors in its recent report on a *National Action Plan on Military Base Closings* recommended numerous interim measures to mitigate the problem, among them qualifying military bases for automatic consideration as Enterprise Zones, eliminating the requirement that conversions comply with duplicative state and federal environmental regulations, and exemption/extension of conversions from uniform building codes, uniform fire codes and Americans with Disabilities Act compliance—at least for the short term. As to demolition and removal, they recommended that the BRAC consider these costs as part of the criteria to determine whether a base ought to be closed in the first place. None of the solutions are completely satisfactory and BENS has not had time to study them fully, yet the accumulation of evidence indicates there is a problem that is more than a perception which needs to be resolved.

EMPOWERING COMMUNITIES TO PLAN FOR CLOSURE AND REUSE

One of the strongest lessons from earlier base closing rounds was that empowering a cross-jurisdictional, if necessary regional, authority to plan and implement the base reuse plan, created the best climate for job creation and economic recovery. This may seem an obvious lesson,

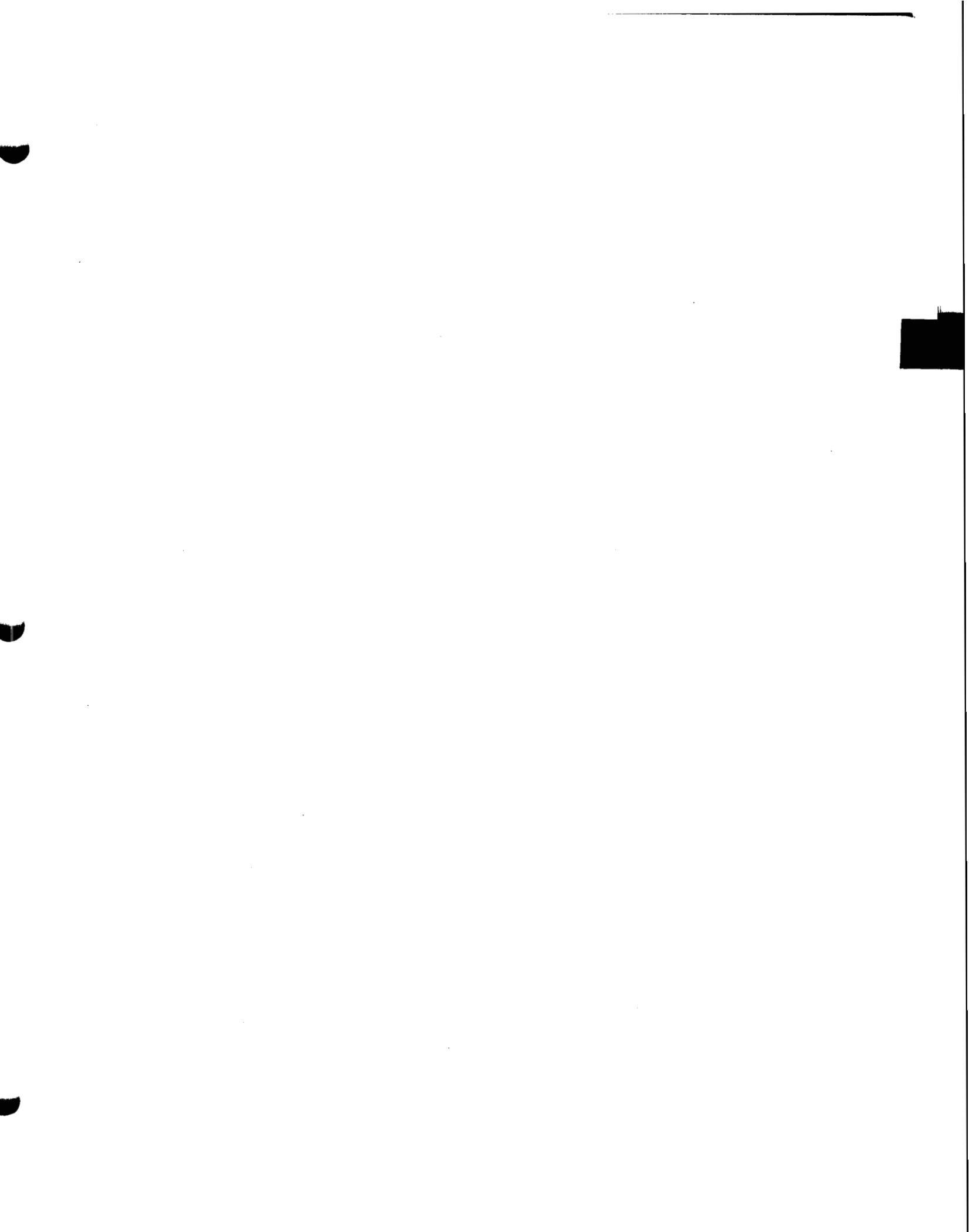
but the instances nationwide in which communities have not been able to effectively organize following a closure decision indicates the lesson has not been driven home. Although there is little the federal government can do to impose harmony and efficiency on communities, there are inducements that can shape and promote cooperation. For example, by making the date of the federal government's plan certain, structuring grants with incentives for acting swiftly, assuring communities there is no penalty for advance planning even while a base is undergoing closure review, and possibly putting sunset provisions on federal assistance to prevent grants from becoming dependencies, the reluctance of many communities to cooperatively engage in reuse planning could be tempered.

SUMMARY AND CONCLUSION

The reason base disposal and reuse is succeeding is that the government and affected communities have moved well up the learning curve since the first round of closures. The Congress in legislating and funding relief from bureaucratic federal screening and property disposal laws dating back to the 1940s has cleared the statutory impediments. Efforts by the Office of Economic Adjustment in the Pentagon and the Economic Development Administration in the Department of Commerce, have enable communities to progress from the anxiety of base closing to within sight of long term recovery and economic growth on affected bases. Threatened cutbacks in funding and support for environmental restoration accounts and the organizations—like EDA—which implement the law could severely undermine disposal and reuse plans. I would encourage the Commission to add its weight to ensuring that the process is allowed to continue.

In concluding, let me return to BENS' principal recommendation in dealing with the cumulative effect of the closure rounds since 1988. Government must act swiftly and with finality in determining its residual requirements and environmental clean up responsibilities once it has decided to vacate a facility. Then it must step aside and let communities begin the redevelopment and reuse process. Government can be an aid in reuse and redevelopment success—by funding and encouraging advance planning, by permitting communities early access to facilities, to inventory plant and equipment to be left in place, to—when practical—permit dual-use of excess capacity as the Defense Department operations phase down, and, most importantly, to ensure that the full authority of legislation and regulation—often so clear in the minds of its drafters—is understood and translated into action by government officials down the chain of command.

Mr. Chairman, thank you for the opportunity to testify before the Commission. BENS will remain available to the Commission and to the government agencies charged with carrying out the provisions of the law as the one truly independent organization that has studied the effects of base closure on local communities. Our interest in the base closure and reuse process has been long-standing and will continue through this 1995 round and as long as the process of returning these valuable base assets to community reuse continues. 



Proposed Questions For Panel Three:

Brad Arvin, National Association of Installation Developers
(NAID)

William Tremayne, Business Executives for National Security
(BENS)

-- Ongoing environmental cleanup is often identified as a primary reason why bases are not reused more quickly. Although cleanup will postpone a transfer of property by deed, the reuse entity can move onto the base and begin operation quickly under a lease, while the base continue its environmental work. Despite restrictions written into leases on closing bases, reuse entities are often reluctant to lease property.

QUESTION FOR MESSRS. ARVIN AND TREMAYNE:

1. Why don't more developers and reuse entities consider reusing property on closing bases by leasing it?
2. Are there any steps that can be taken to make leasing property more attractive to developers and reuse entities?

QUESTIONS FOR MR. ARVIN

(General Information: NAID is a non-profit organization of regional cities, states and local governments, and private interests which helps develop decommissioned military properties. Currently, NAID has grants from DoD and the Department of Labor to assist communities throughout the reuse process.)

-- In the December 1994 - January 1995 publication of "NAID News," reference is made to the need to update the General Services Administration's regulations as they relate to the disposal of military base property. The article state that the "regulations were fashioned on the notion that there was a market that would increase the value of the property sold on a piecemeal basis."

QUESTIONS FOR MR. ARVIN:

1. Are you familiar with this statement? Please elaborate on the specifics.
2. Does NAID have any specific recommendations on updating GSA regulations? If so, would you please share them with this Commission?

-- Earlier, the question was raised of witnesses about the entanglement of governmental agencies and overlapping governmental programs.

QUESTIONS FOR MR. ARVIN:

1. Have NAID members encountered this as a problem in their reuse activities?
2. Earlier, we also discussed a proposal to establish a one-stop-shop for all reuse needs and activities. What would be your position on the proposal?

QUESTIONS FOR MR. TREMAYNE

(NOTE TO COMMISSIONERS: Business Executives for National Security (BENS) is a national organization of business leaders working to strengthen national security by promoting better management of defense dollars.)

-- Your testimony calls for a longer lease period for interim use on military bases.

QUESTIONS FOR MR. TREMAYNE:

1. What would you propose to be a reasonable time period for interim use leases?
2. Would you recommend that there be a standard lease period for all service departments for interim use leases?

-- Mr. Arvin, throughout your testimony you seem to stress the theme that there is a need for communities to drive the reuse process.

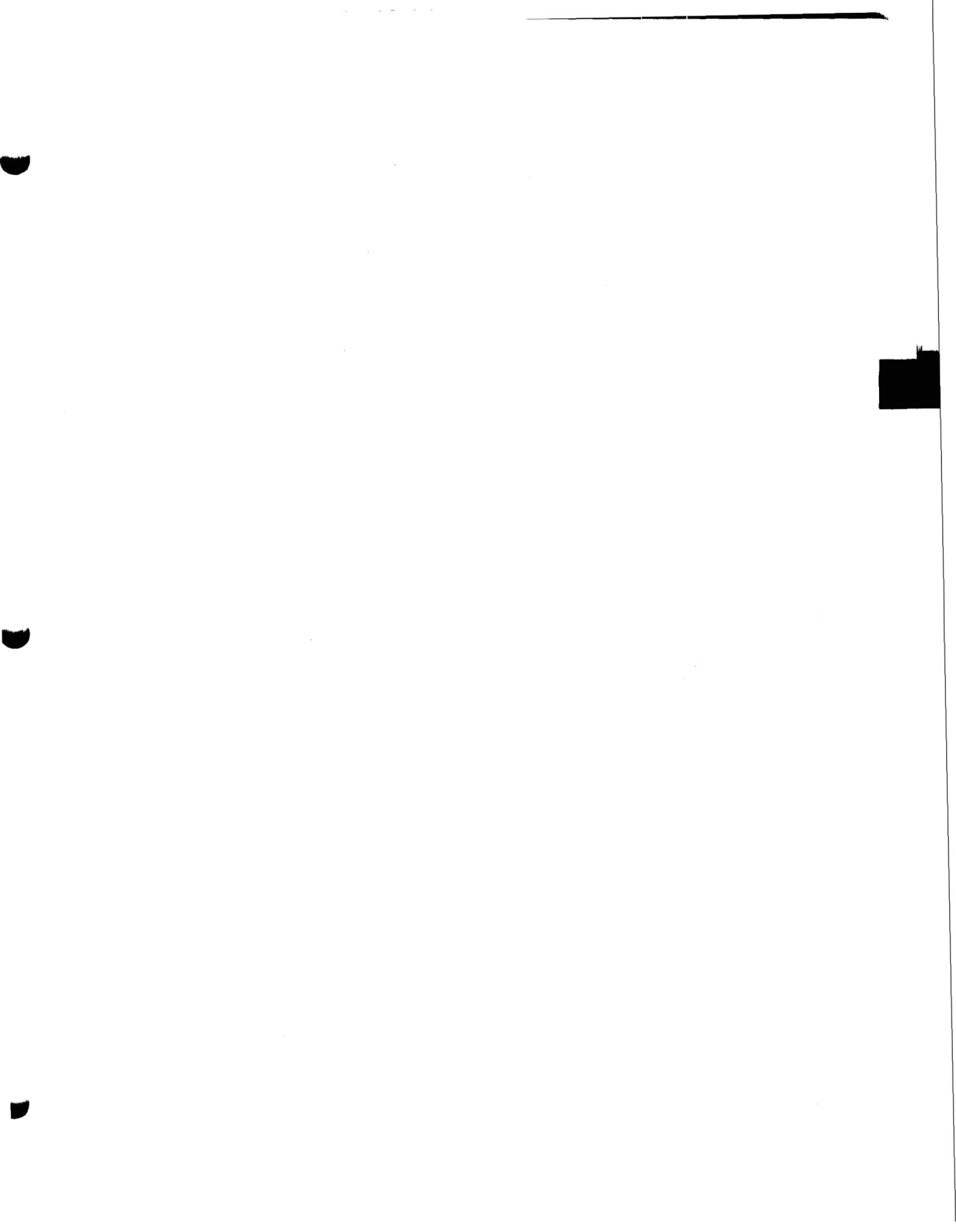
QUESTION FOR MR. ARVIN:

1. Does the current reuse process lend itself to being driven by communities? Please elaborate.

-- In the Business Executives for National Security's (BENS) April 1993 Special Report, "Base Closure and Reuse: 24 Case Studies," BENS calls for the creation of a community reuse "one stop shop."

QUESTIONS FOR MR. TREMAYNE:

1. Along that line, could you support an initiative that would coordinate and consolidate all federal programs and policies whereby communities would be able to go to one place for reuse activities -- a one-stop-shop? The proposal would be operated by detailees from each government agency that is involved in reuse activities who would be empowered to make agency decisions.
2. Please elaborate.





DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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703-696-0504

OPENING REMARKS

OF

SENATOR ALAN J. DIXON, Chairman

Hearing on Re-Use

Afternoon Session

March 16, 1995

Washington, DC

GOOD AFTERNOON, LADIES AND GENTLEMEN, AND WELCOME TO THE SECOND OF TWO HEARINGS CONDUCTED TODAY BY THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION ON THE SUBJECT OF THE RE-USE OF CLOSED MILITARY INSTALLATIONS.

THIS AFTERNOON, WE HAVE A DISTINGUISHED PANEL OF REPRESENTATIVES OF FEDERAL AGENCIES INVOLVED IN POST-CLOSURE ACTIVITIES. THEY WILL DISCUSS A VARIETY OF TOPICS, SUCH AS PROCEDURAL MEASURES, PLANNING EFFORTS AND GRANT ACTIVITIES INVOLVED IN CLOSURES, OBSTACLES ENCOUNTERED AND ACCOMPLISHMENTS ACHIEVED IN WORKING WITH LOCAL COMMUNITIES, OUTREACH PROGRAMS, EMPLOYMENT AND TRAINING ACTIVITIES, BASE CLEANUP AND LEASING EFFORTS AND ACTIVITIES.

AS I SAID THIS MORNING, THE COMMISSION'S GOAL IS TO DEVELOP A SET OF RECOMMENDATIONS FOR CONGRESS AND THE PRESIDENT -- TO BE INCLUDED WITH OUR FINAL REPORT JULY FIRST -- THAT WILL HELP TO MAKE THE GOVERNMENT'S POST-CLOSURE ACTIVITIES AS MEANINGFUL AND EFFICIENT AS POSSIBLE.

OUR FIRST PANEL THIS AFTERNOON IS COMPOSED OF:

- * JOSHUA GOTBAUM, ASSISTANT SECRETARY OF DEFENSE FOR ECONOMIC SECURITY.
- * SHERRI GOODMAN, DEPUTY UNDER SECRETARY OF DEFENSE FOR ENVIRONMENTAL SECURITY
- * COL. DENNIS COCHRANE, CHIEF OF THE BASE REALIGNMENT AND CLOSURE OFFICE, DEPARTMENT OF THE ARMY
- * REAR ADMIRAL PATRICK DRENNON, DIRECTOR OF THE FACILITIES AND ENGINEERING DIVISION OF THE DEPARTMENT OF THE NAVY, AND
- * ALAN OLSON, DIRECTOR OF THE AIR FORCE CONVERSION AGENCY

BEFORE WE BEGIN WITH THE TESTIMONY, LET ME SAY THAT, AS PART OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994, THE BASE CLOSURE AND REALIGNMENT ACT WAS AMENDED TO REQUIRE THAT ALL TESTIMONY BEFORE THE COMMISSION AT A PUBLIC HEARING BE PRESENTED UNDER OATH.

LADIES AND GENTLEMEN, WOULD YOU RISE AND RAISE YOUR RIGHT HAND.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

THANK YOU. MR. GOTBAUM, YOU MAY BEGIN.

AFTERNOON HEARING - SECOND PANEL

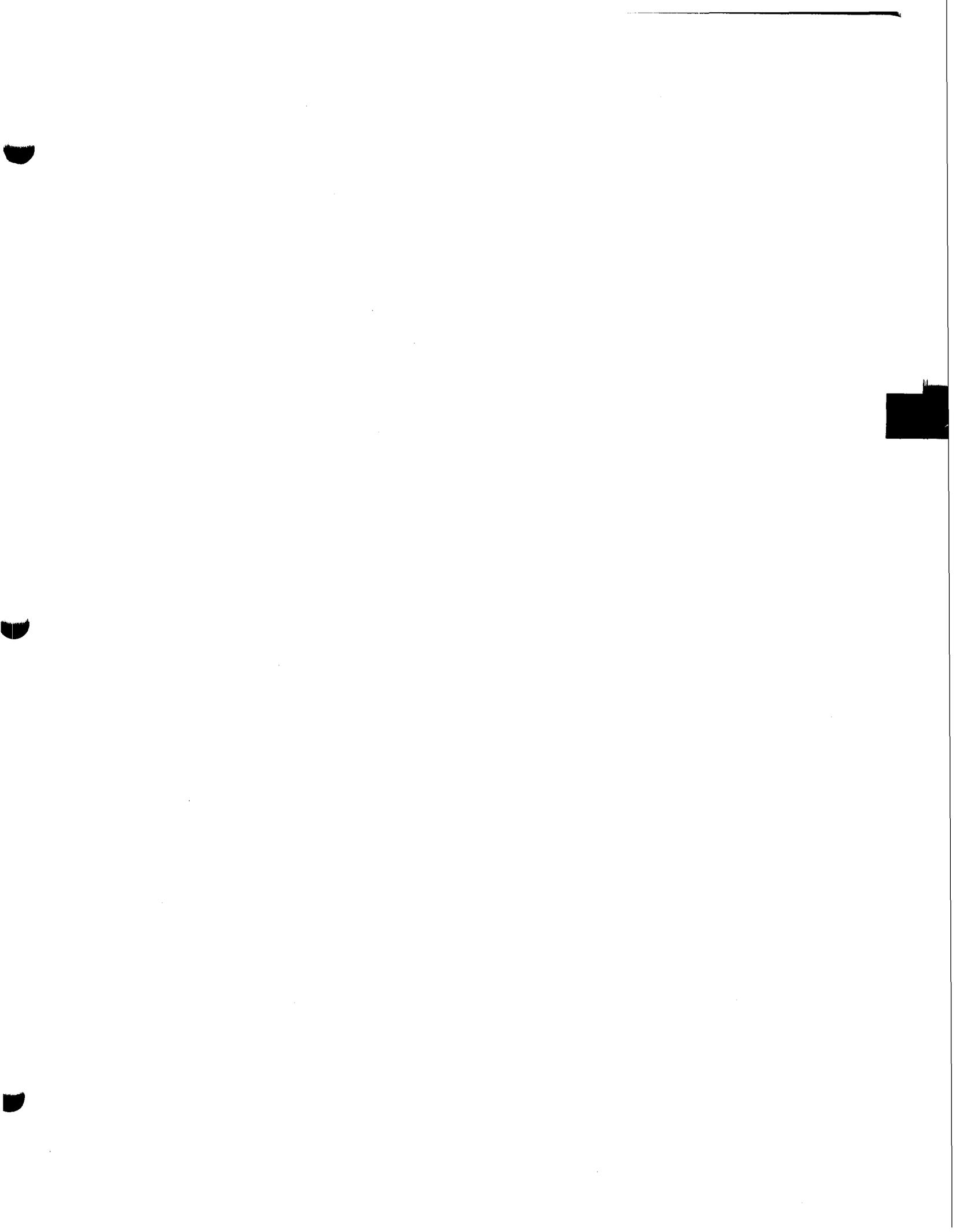
OUR SECOND PANEL THIS AFTERNOON IS COMPOSED OF:

- * WILLIAM GINSBERG, ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT
- * JAMES VAN ERDEN, ADMINISTRATOR FOR WORK-BASED LEARNING, DEPARTMENT OF LABOR, AND
- * TIMOTHY FIELDS, DEPUTY ASSISTANT ADMINISTRATOR FOR SOLID WASTE AND EMERGENCY RESPONSE, THE ENVIRONMENTAL PROTECTION AGENCY.

GENTLEMEN, WOULD YOU PLEASE RISE AND RAISE YOUR RIGHT HANDS.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE TO THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

THANK YOU.



HOLD UNTIL RELEASED
BY THE COMMISSION

**AFTER CLOSURE: BASE REUSE & JOB
CREATION**

STATEMENT OF

JOSHUA GOTBAUM

**ASSISTANT SECRETARY OF DEFENSE
(ECONOMIC SECURITY)**

BEFORE THE

DEFENSE BASE CLOSURE & REALIGNMENT COMMISSION

MARCH 16, 1995

Mr. Chairman and distinguished Members of the Commission,

Thank you for the opportunity to appear before you this afternoon. I am joined by my colleagues: Ms. Sherri Goodman, Deputy Undersecretary of Defense for Environmental Security; Mr. Alan Olsen, Director of the Air Force Base Conversion Agency; Colonel Dennis Cochrane, Chief of the Army's Base Realignment and Closure Office; and Rear Admiral Patrick Drennon, Director of the Navy's Facilities and Engineering Division.

I am especially pleased to be asked to testify on the crucial issues of base reuse and property disposal. Chairman Dixon, only a few weeks ago you said, "There has been a lot of improvement in post-closure, particularly in the last year..but more needs to be done..." I couldn't agree with you more. We are having real successes, but we are not resting on our laurels.

The President of the United States, personally, the Secretary of Defense, personally, the Department, and I personally have placed great emphasis on doing better: on closing bases quickly and encouraging reuse.

Today, I'd like briefly to review some of the problems we have faced, discuss our efforts to improve the process of closure and reuse, and finally, offer some suggestions for the Commission to consider.

THE BASE REUSE PROCESS

The Department affects reuse in two ways:

First, we offer local economic development assistance. DoD directly assists local communities in the organization and planning phases. We offer technical advice on what type of organizations have worked in the past and provide grants to underwrite part of the organization's costs. We provide these funds over a three to five year period, and target them towards the community planning needs.

Second, with our property disposal policies and procedures. Under the Base Realignment and Closure Act, authority to dispose of military facilities was delegated by the Administrator of the General Services Administration (GSA) to the Secretary of Defense and subsequently redelegated to the Secretaries of the Military Departments. Since DoD is operating under delegated authority, it must adhere to the statutory authorities and regulations promulgated by

GSA. These procedures are not well-suited for large-scale property disposals, and we are working to change them.

Reinventing Base Reuse

The history of federal efforts to close bases and encourage reuse is one filled with delays, inconsistencies, and legislative and procedural obstacles. In 1991, as governor of a small southern state, then-Governor Clinton witnessed firsthand the problems of base closure. He recognized that the Federal property disposal process was not designed to promote quick economic redevelopment in base closure communities. Confounding rapid reuse were:

- Personal property was reserved exclusively to the Military Department's discretion, without thinking of the impact the removal would have on rapid reuse. Blackboards were literally ripped from the walls of school buildings, sprinkler heads were taken from the ground, and, in one case, pews were removed from a church.
- Communities were not able to understand the complex maze of Federal and State laws and regulations involving base closure and assistance. They often would get the bureaucratic run-around, rather than straight-forward answers to their questions.
- Traditional property disposal rules were focused on getting cash up front, with little consideration given to long-term development and job creation in the community. Property would sit vacant, waiting for top dollar, not allowing for interim use and job creation, while DoD continued to pay sizable operations and maintenance expenses.
- Property could be obtained for less than fair market value for some public benefits, such as parks, airports, prisons, and schools, but not for economic development and job creation.
- Environmental cleanup was proceeding too slowly, if it was proceeding at all.

The President himself resolved that this situation was intolerable and must be changed. He announced a series of initiatives to support faster redevelopment at base closure communities. And, I am pleased to say, today we have the legal authority and have begun to implement each of them:

Property disposal that encourages economic redevelopment. We now have legislative authority to convey property for job creation purposes, as well as for parks, schools, hospitals and airports. Interim leases for facilities have been encouraged and fewer approvals are now required to do so. Federal screening for reuse of facilities and equipment has been expedited. Finally, DoD now consults with local communities before removing personal property from a closing base. These changes allow communities to begin their reuse planning without delay.

Transition coordinators. For every major base slated for closure, we now have a base transition coordinator (BTC) working with the local community. These on-site ombudsmen and women make sure that communities and other interested parties have the information they need, when

they need it. BTC's have access to all parts of DoD, to the base commander, and to other Federal and State Agencies. At every closing base I visit, I ask the mayor and local officials who their BTC is. They always know.

"Fast-track" environmental cleanup. A Base Cleanup Team (BCT), comprised of expert representatives from DoD, the Environmental Protection Agency (EPA), and the State, has been established at all closing or realigning installations where property is available for transfer. Making decisions concerning the appropriate remediation is necessarily a complex process. Our goal is for the BCT's to streamline decision-making, to speed up clean up. Achieving that goal will require coordination and communication among the individual agencies, but by establishing BCT's we have been able to make some real progress.

More effective and coordinated Federal assistance. The Department's economic adjustment support through our Office of Economic Adjustment (OEA) has long been recognized as highly professional and helpful. As the BRAC process continues, our workload has increased. But our productivity has increased as well. The average major base closure community now receives technical assistance and a planning grant on the order of \$300,000 per year for 3 to 5 years. We have also reduced the time it takes to award grants. For most communities, the grant approval time is now within a matter of weeks.

As you will hear later today from other panelists, Commerce's Economic Development Administration and the Department of Labor also play an active role in economic development and worker retraining. Both departments now have significantly greater resources to do so. Labor now sends a team to each base closure community, to describe their job training programs and to help set up local job referral services. These departments, too, have reduced their grant processing time. This assistance has been effective in promoting quick and timely reuse. From the new entrance road to the Chanute Airpark, to the water and sewer expansion at Wurtsmith AFB, to the customized job retraining assistance in Philadelphia, PA and Vallejo, CA, this government assistance is intricately linked to the success we have had to date.

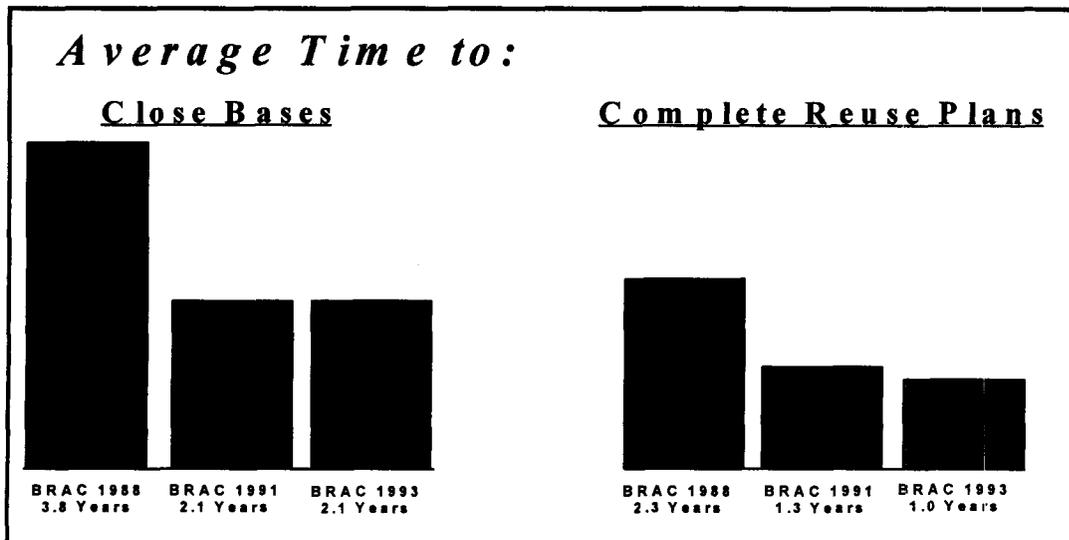
Further Improvements. Another major improvement, about which we are very pleased, is the Base Closure Community Redevelopment and Homeless Assistance Act of 1994. The new law permits communities to integrate the local needs of the homeless into their broader redevelopment process. It exempts base closure properties from the requirements of McKinney Act, Title V, which gives automatic priority use of any surplus Federal property to homeless assistance providers. As a result, arguments about priorities can become agreements that lead to economic development. Homeless interests are now part of the community plan, not obstacles to its implementation. Nearly 50 communities have elected to use the new process.

GETTING RESULTS

Moving faster

I am pleased to say that we are beginning to see the effects of these changes. First, we've learned to act more quickly. As a result, the average base in BRAC 93 will be closed in half the time it took in the first BRAC round only five years earlier.

Local communities and local developers are moving faster too. In BRAC 88, the average community took nearly two and a half years to create a reuse plan; in the last round that time dropped to only a year.



Faster reuse benefits the Department as well as base closure communities, because only when a community begins to take responsibility for base property can DoD cease its protection and maintenance expenses. Protection & maintenance costs for a closed base can easily run \$2-3 million per year; for large industrial facilities, such as shipyards, the annual charge can be more than \$10 million. The faster local communities develop reuse plans and the property is transferred, the sooner DoD is released from millions of dollars in annual holding costs. In this context, our technical advice and planning grants -- if they speed up the process by even a few months -- begin to look like a very good investment.

Creating new jobs

Already, the redevelopment of closed bases has created nearly 8,000 new jobs and over 200 tenant businesses (see table 1). *For bases that have been closed more than one year, nearly 60 percent of the lost civilian jobs have already been replaced.*

The types of reuse are as diverse as the communities themselves. England Air Force Base in Alexandria, Louisiana and Chanute Air Force Base in Rantoul, Illinois have become the engines

of their communities' economic growth by creating over 2,000 jobs on base in less than two years after closure. Today on these former bases, there are more civilians working than before the bases were closed. CBS News recently ran a story on the successful reuse of England AFB. In it, a local real estate developer said that if the community held a vote to reopen the base, the vote would probably be "no".

Another example is Chanute AFB. When it was recommended for closure, the community sued to try and stop the process. Once cooler heads prevailed, however, the community realized that they had a unique opportunity and set to work exploiting it. They recognized the opportunity which accompanied the closure decision. By the time the base closed in 1993, they had more jobs, and to quote their local newsletter, "Business [was] booming".

Reuse even before the flag comes down

We have also been successful in fostering reuse, even *before* bases close. In Philadelphia, parts of the Naval Shipyard are being turned over to the city through a master lease agreement with the Navy, well before official closure. Even while the Navy finishes the overhaul of USS Kennedy, private sector firms are moving in. Garvey Machinery signed a sublease with the city last week. This spring, the company will begin work in the same building the Navy still occupies; as the Navy pulls out, Garvey will expand. It will ultimately employ 150 workers. Most of these workers will be former Navy Shipyard employees. In addition, Westinghouse Electric Corporation plans to move in this fall, and the city is also negotiating with two shipbuilders who are interested in establishing operations at the shipyard -- which could mean thousands more jobs.

Naval Station Puget Sound, Seattle, Washington, has become the location of television and movie production even before the base has closed. For the film "Sleepless in Seattle", the Navy gave permission for the film crew to use one of the hangers. In addition, the recent production of the Fox television series, "Medicine Ball", which premiered this past Monday, created over 300 jobs, and generated at least \$5 million in revenue for the local area.

And today, on the site of the former Sacramento Army Depot, Packard Bell is producing computers -- and they were doing so even before the final property transfer was completed. Ultimately the company expects to employ 3,000 people or more. Follow-on employment by Packard Bell's suppliers could mean thousands more.

Sacramento is a good example of our new reuse initiatives. It is an early example of our new jobs-centered property disposal authority. In many of these conveyances we will receive fair-market value back to the taxpayers, but we will do so with flexible payment terms, as that value is realized by economic recovery. In addition, the environmental planning and cleanup at Sacramento has been done on a fast track which has helped in the rapid reuse. Most of the cleanup projects are already completed and the rest are well underway, the result of excellent cooperation between the Army and the State and Federal environmental agencies. In fact, Sacramento will likely be our first DoD facility taken off the Superfund list.

Meeting other public needs

Sometimes reuse means other public services: airports, schools, parks, prisons, even other government offices. Such activities can reduce government costs, while at the same time provide stability for development. Their presence at the installation early in the reuse process helps attract additional development. For example:

Parks - At Ft. Ben Harrison, a major state park is planned to protect important natural resources and provide a needed recreational area for metropolitan Indianapolis.

Education - At Ft. Ord, two major educational and research facilities are starting operations. They will be the foundation for the community reuse, but will also meet a strong need for educational facilities in the Monterey Peninsula.

Homeless - At Lowry, through an innovative partnership with the local communities, local homeless providers, the Air Force and the Department of Housing and Urban Development, formerly vacant housing at the base is being used to alleviate the homeless needs in the Denver metropolitan area.

Prisons - At Chase Field in Beeville Texas, the facilities have been used to meet the prison needs of the State of Texas, meeting a critical and important state need, but also providing jobs and economic development to a rural community. Chase Field is now home to more than twice as many jobs than when it was a fully operational Navy facility.

Airports - Many of our Air Force bases have been turned over for needed airports. These facilities are an important part of our national transportation infrastructure and provide important local economic development. Pease Airpark, for example, provides important relief to the congested Boston Logan Airport.

This process is not easy. It is not quick, and it is certainly not smooth. Some communities have a tough time attracting new businesses, and sometimes doing so takes considerable time, but it is happening nonetheless. The Department has tracked nearly 100 closures, from 1961 through 1993. Almost 90,000 civilian jobs were eliminated from these closures. How many new jobs have been created to replace them? *Over 170,000 jobs -- almost twice as many.*

And we are helping. All these changes -- to the law, to regulations, in policies, programs and communication -- should make new job creation easier and faster.

NEXT STEPS

But there is much more to be done:

Better Communication

First, better communication. Within the next month, long before BRAC 95 becomes final, we will publish a guide to help community leaders understand closure and reuse. This summer and fall, we will hold conferences throughout the country, explaining what tools are available and introducing communities to EDA, DoL and other sources of support. We've always known that the most successful reuse comes when community leaders act early and knowledgeably. And we intend to help them do so.

Clearer Guidance & Priorities

Our next step is to make clear what we can and cannot do. This spring, we will follow-up on the community handbook with a detailed manual geared to the Military Departments and Federal Agencies who will carry out the new laws, regulations, and policies. And we will accompany it with a new set of rules, developed by all parts of the Department after receiving nearly 1,000 comments from 126 communities and organizations. These regulations will be sufficiently flexible to meet the needs of different communities, and written in plain English.

Further Improvement in Property Disposal Law & Procedures

Every site is different. Each community has a different "solution" to its base closure, and our rules must reflect that. Often restrictive laws and restrictive interpretations prevent communities, and us, from implementing the best solutions.

We are looking at ways to work Federal, State, and local issues in parallel, rather than going down to the "slowest common denominator". There are also proposals to permit near-term job creation, by allowing leasing on still-operating bases.

What Should the Commission Do?

In closing, I would like to offer a few suggestions to the Commission in its deliberations over base reuse: one set has to do with your authority in the law, the other has to do with your power of recommendation.

First, resist the pressure to make decisions in Washington. You will get plenty of pressure from local communities, and sometimes from local commanders, to modify a closure recommendation -- to leave a reserve unit here or add some other DoD component there. *Please don't.* There are plenty of instances when both the Federal government and the community benefit from public use of base property. Usually in those cases the Services have already recommended retaining

contonement areas. In others, DoD will use its existing authority after a closure to provide facilities for other DoD or Federal interests. Our concern, however, is the far larger number of cases where retaining a Federal use simply keeps the Department from reaping cost savings that we need, or inhibits the community from the full range of job creation possibilities that it needs.

Second, we hope you will support continued legislative improvement in base reuse. Even with the Pryor Amendment and other advances in the past two years, base disposal and reuse remain the captive of many separate laws -- laws that were never drafted with such complex transfers in mind. We hope you will encourage the Congress to provide the legal authority:

- to create a disposal process that brings everyone to the table, rather than having (almost) everyone wait in line;
- to make transfers *and* do environmental cleanup at the same time (like private companies do);
and
- to provide for an easy transfer of base closure buildings retained by DoD or other Federal agencies, should they become available in the future.

I appreciate the opportunity to come before the Commission today, and would be pleased to answer any questions you may have.

**1988, 1991 and 1993 BRAC ACTIONS
BASE REUTILIZATION STATUS**

(Major Bases Closed as of December 31, 1994)

Military Base	Area of Economic Impact	BRAC Date	Closure Date	Civilian Positions Lost (1)	Reuse Activity	
					Tenants	New Jobs (2)
Pease AFB	Portsmouth-Rochester, NH PMSA	1988	Mar-91	400	38	1,011
George AFB	Riverside-San Bernardino, CA PMSA	1988	Dec-92	506	8	183
Fort Sheridan	Chicago, IL PMSA	1988	Jun-93	1,681	1	18
Chanute AFB	Champaign-Urbana, IL MSA	1988	Sep-93	1,035	43	966
Mather AFB	Sacramento, CA PMSA	1988	Sep-93	1,012	17	224
Norton AFB	Riverside-San Bernardino, CA PMSA	1988	Mar-94	2,133	6	25
Jefferson Proving Ground	Jefferson County, IN	1988	Sep-94	387	0	0
Presidio of SF	San Francisco, CA PMSA	1988	Sep-94	3,150	14	402
Eaker AFB (3)	Mississippi County, AR	1991	Dec-92	792	5	91
England AFB	Alexandria, LA MSA	1991	Dec-92	697	15	557
Chase Field NAS	Bee County, TX	1991	Feb-93	914	7	1,920
Myrtle Beach AFB	Myrtle Beach, SC MSA	1991	Mar-93	799	11	495
Wurtsmith AFB	Iosco County, MI	1991	Jun-93	705	17	453
Bergstrom AFB (4)	Austin-San Marcus, TX MSA	1991	Sep-93	942	6	0
Carswell AFB	Ft Worth-Arlington, TX PMSA	1991	Sep-93	884	4	541
Williams AFB	Phoenix-Mesa, AZ MSA	1991	Sep-93	781	12	173
NCBC Davisville	Providence-Warwick-Pawtucket, RI NECMA	1991	Mar-94	125	1	29
Sacramento Army Depot	Sacramento, CA PMSA	1991	Apr-94	3,164	1	30
NAS Moffett Field	San Jose, CA PMSA	1991	Jul-94	633	12	194
Fort Ord	Salinas, CA MSA	1991	Sep-94	2,835	2	60
Grissom AFB	Miami County, IN	1991	Sep-94	792	1	28
Loring AFB (3)	Aroostook County, ME	1991	Sep-94	1,311	1	92
Lowry AFB	Denver, CO PMSA	1991	Sep-94	2,275	4	93
NS/NH Long Beach	Los Angeles - Long Beach, CA PMSA	1991	Sep-94	721	3	0
Richards-Gebaur ARS	Kansas City, MO-KS MSA	1991	Sep-94	554	0	0
Rickenbacker AGB (3)	Columbus, OH MSA	1991	Sep-94	1,114	0	8
Homestead AFB (3)	Miami-Hialeah, FL PMSA	1993	Apr-94	136	0	8
NS Mobile	Mobile, AL MSA	1993	Jun-94	126	0	0
NS New York (5) (Staten Island)	New York, NY PMSA	1993	Aug-94	1,001	1	0
			TOTALS	31,605	230	7,601

*Office of Economic Adjustment
Dec-94*

Notes

(1) Civilian Positions Lost includes DoD and Contractor
 (2) New Jobs do not include Active Military, Reserves, National Guard or
 Job transfers within the same MSA/PMSA/County

(3) Jobs related to caretaker operations
 (4) Warehouse/storage leases; no new jobs
 (5) Lease signed with DLA; 260 jobs transferred from Manhattan

Document Separator

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RELEASED BY THE DEFENSE
BASE REALIGNMENT AND
CLOSURE COMMISSION

STATEMENT OF

SHERRI W. GOODMAN
DEPUTY UNDER SECRETARY OF DEFENSE
(ENVIRONMENTAL SECURITY)

BEFORE THE
BASE REALIGNMENT AND CLOSURE COMMISSION

MARCH 16, 1995

NOT FOR PUBLICATION UNTIL
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BASE REALIGNMENT AND
CLOSURE COMMISSION

Good afternoon, Mr. Chairman and members of the Commission.

Introduction

I would like to describe for you the steps the Department is taking to ensure that environmental issues do not become impediments to the reuse of closing bases. Before July 1993, the DoD cleanup program was in the early stages at many of the BRAC installations and did not have a clear process to address, in a timely manner, environmental concerns. The Department had no means to include communities in the cleanup process, and had no structure for getting cooperation among the various federal, state, and local environmental regulatory bodies. In addition, there were significant impediments to returning property to productive reuse.

Fast Track Initiative

Recognizing these and other problems, the Administration announced a five part plan in July of 1993 for economic revitalization of base closure communities. One piece of this five part plan is Fast Track Cleanup - an approach to environmental issues at closing bases designed to prevent needless delays, while protecting human health and the environment. DoD established the Fast Track approach to:

- Make clean parcels available;
- Speed the National Environmental Policy Act process;
- Clarify future liability for contamination;

- Provide effective community involvement; and,
- Establish cleanup teams at closing bases;

The Department responded quickly to this initiative, and I am pleased to say that in the past twenty months, we have made substantial progress. I am in the process of conducting installation-by-installation reviews of the Fast Track Cleanup Program and have visited several installations to see first hand how we are implementing this program.

Make Clean Parcels Available

The primary goal of Fast Track Cleanup is to make property available for transfer and reuse. We can make property available by:

- Interagency transfer
- Federal to non-Federal government transfer
- Sale
- Long Term Leases
- Public Benefit Transfers

Finding of Suitability to Transfer

Regardless of the method by which DoD transfers property, it is important to note that the property does not have to be clean or completely without contamination, to be available for reuse. Clean property can be sold without cleanup considerations. However, we can make most contaminated property available for reuse before it is completely cleaned

up. The Department has two processes to document the environmental suitability of real properties that are being made available to the community as a result of BRAC. The first of these -- Finding of Suitability to Transfer (FOST) -- is the framework for documenting the conclusion that the property is suitable for transfer by deed.

We developed the "Fast Track to FOST" guide for determining if property is environmentally suitable for transfer. A joint work group consisting of my office, the Military Departments, the Environmental Protection Agency, and the California Environmental Protection Agency developed this guide to assist BRAC cleanup teams in expediting transfer of property.

Finding of Suitability to Lease

The second process -- Finding of Suitability to Lease (FOSL) -- covers how we document that a property can be leased even when we have ongoing environmental remediation. The Department developed both the Finding of Suitability to Transfer and the Finding of Suitability to Lease documents in cooperation with federal and state regulators to find a way to return base closure property to reuse more quickly.

Community Environmental Response Facilitation Act

Congress passed the Community Environmental Response Facilitation Act (CERFA) of 1992 to facilitate the return of

BRAC property to productive reuse. CERFA directs federal agencies to identify "clean" parcels of land and get regulatory concurrence, and allows transfer by deed of other parcels at the point when successful operation of an approved remedy has been demonstrated to the Environmental Protection Agency. CERFA requires the Department to identify clean parcels within 18 months of the decision to close a base. In accordance with CERFA, DoD completed all of these clean parcel determinations for bases affected by BRAC 1988 and BRAC 1991 in April of 1994. We will complete the BRAC 1993 determinations in April, 1995. For closing bases in BRAC 88 and 91, the Department proposed 81,839 acres as CERFA clean. The regulators have concurred on 38,051 acres. The table below shows the details:

ROUND	ACRES TRANSFERABLE	ACRES PROPOSED CERFA CLEAN	ACRES CONCURRED AS CERFA CLEAN
BRAC 88	88,343	34,439	9,137
BRAC 91	58,333	47,400	28,914
TOTAL	146,676	81,839	38,051

We have asked regulators to concur on the parcels the Department identified as CERFA clean so they can be made available for transfer by deed or lease without any remaining cleanup responsibility or liability.

The CERFA process not only identifies clean parcels, but I must point out, also identifies property environmentally suitable for transfer while cleanup actions are underway. The Department has identified and made available large amounts of property certified as environmentally suitable for transfer.

Speed Up NEPA

The National Environmental Policy Act (NEPA) requires the Department to consider the environmental consequences of all reasonable disposal and reuse alternatives. Under Fast Track Cleanup, DoD endeavors to complete the NEPA analysis within 12 months from the date the community submits the final reuse plan. It is important to note that communities have the responsibility to develop and submit reuse plans. The Department takes a proactive approach to this process, by initiating the NEPA analyses as early as possible during the disposal and reuse planning phase. If the community has not completed its reuse plan, we can begin our analysis using likely reuse scenarios and their reasonable alternatives. Our goal is to ensure that the analysis does not delay the revitalization of the base. However, communities are the key determinant in developing the reuse plan.

Clarify Liability

A significant aspect of the Fast Track effort clarified the future liability concerns for property that the Department transfers. In the past, there was uncertainty about who was

responsible for cleanup at transferred property. Was the Department responsible for its contamination? What if a lessee caused contamination? This uncertainty brought transfer actions to a halt. Conflicting language in the FY 1993 DoD Authorization and Appropriations Acts further complicated the situation. The Department worked with the Congress to correct the problem in the FY 1993 Supplemental Appropriations Act. The Department is responsible for cleaning up the contamination we caused, and not responsible to cleanup contamination a future user of the property may cause. Additionally, DoD indemnifies future owners for any contamination discovered that was caused by DoD activities. This clarification permitted us to resume transfer of property, allowing productive reuse of closed bases through both leases and sale.

The Department put these policies and processes in place during the end of FY 1993 and the first part of FY 1994. Since then we have been working to identify property currently available for transfer and make other property environmentally available for transfer, while protecting human health and the environment.

Improve Community Involvement

To improve community involvement, we established Restoration Advisory Boards (RABs). The RABs are a focal point for exchanging information and obtaining input from

community members on cleanup plans and progress. The intent is to foster a partnership which will permit the cleanup process to proceed smoothly, and result in returning parcels to the community for reuse as soon as possible. RABs represent a cross section of community interests, including traditionally underrepresented segments of the community. RABs are jointly chaired by a DoD representative and a member of the local community. There is a RAB at each of the major 69 closing bases, and we will establish others as needed.

Establish BRAC Cleanup Teams

We established BRAC Cleanup Teams (BCTs) at our major closing and realigning bases. BCTs consist of experts from DoD, the Environmental Protection Agency (EPA), and the respective state environmental agency. Our goal is for the BCTs to be empowered to make decisions to speed up cleanup and hence the reuse of the property.

The BCTs immediately conducted bottom-up reviews of their installations' environmental programs, and from those reviews, developed BRAC Cleanup Plans. These plans are the blueprints for cleaning up the base, including the actions required, schedules, and projected costs. The BCTs completed the first plans in April, 1994. The BCTs continuously update the plans to incorporate reuse priorities into the restoration process in support of the revitalization program in their community.

We will monitor the progress of the BCTs and assist them whenever possible to accelerate the cleanup process.

Budgeting at BRAC Bases

BRAC bases use the Base Closure Plans to determine what actions they need to take and the schedule for those actions, and build their budgets accordingly. The base combines the environmental budget requests with the other BRAC requirements and forwards the total request through the Component Chain of Command. The Component Comptroller balances requirements for funds with unobligated resources from prior years and against changing requirements in other areas to ensure the best use of all BRAC resources. The Components then summarize the requirements by BRAC sub account and submit these requirements, with base by base backup, to the Office of the Secretary of Defense for review and consolidation. The Office of the Secretary of Defense incorporates these requirements into the President's budget.

Fast Track Results

While the Fast Track Cleanup Program is not yet two years old, we already see significant improvements. We are cleaning up sites faster, and focusing our efforts where there is reuse planned. We are accelerating cleanup in many ways. We are reducing the bureaucratic red tape associated with document reviews. Through the partnering efforts of the BCTs, agency reviews are being conducted concurrently, reducing overall

review time. Fast Track Cleanup also includes partnering with the communities through the RABs and working with the local redevelopment authorities to ensure that reuse and environmental schedules and conditions are compatible.

We are also accelerating cleanup schedules through the use of Interim Remedial Actions (IRA) to address contamination as quickly as possible. Using an IRA allows us to remove a source of contamination when it is found, rather than performing months (or years) of study and then getting concurrence on the method of cleaning up the contamination. By removing the source of contamination, we prevent further spread of contaminants and reduce the time and expense of analyses. Our preferred approach is to transfer property by deed, which requires cleanups to be completed or in place. For some complex sites, a more viable approach is to conduct a removal action, or an interim action, that permits the lease of the property while cleanup is being finished.

Success Stories

Of course, the proof that Fast Track works is not in Washington, but at the bases affected by closure. Fort Devens, Massachusetts, is a great example of Fast Track at work. The base is on the Superfund National Priorities List, due to the extent of contamination. Cleanup could take many years and under normal circumstances, could delay reuse until completed.

However, with the help of Fast Track, the BRAC Cleanup Team, working with the Restoration Advisory Board and the redevelopment authority, accelerated the schedule for cleanup by almost four years. Using the authority developed through the Fast Track program, we can begin to transfer property to productive reuse many years earlier than would be possible without Fast Track. The early team-building with the local community, reuse interests, and regulatory agencies made the difference. Environmental baseline information was consolidated on an automated geographic information system to show which areas and buildings could be reused quickly. The chart below shows the accelerated schedule.

FORT DEVENS, MASSACHUSETTS		
<u>OVERALL SCHEDULE</u>		
<u>PHASE</u>	<u>ORIGINAL DATE</u>	<u>ACCELERATED DATE</u>
Enhanced Preliminary Assessment Start	8/23/91	8/23/91
Enhanced Preliminary Assessment Complete	4/29/92	4/29/92
Remedial Investigation/Feasibility Study Start	9/20/92	9/20/92
Remedial Investigation/Feasibility Study Complete	August 1999	March 1997
Remedial Action Plan Start	April 1995	June 1994
Remedial Action Plan Complete	September 2000	September 1997
Remedial Action Start	July 1996	May 1995
Remedial Action In Place	September 2002	February 1999
Finding of Suitability to Transfer (First)	October 2002	June 1995
Finding of Suitability to Transfer (Last)	November 2002	April 1999

Fort Devens' success can be summarized by saying they used the common sense approach which Fast Track enables:

overlapping and concurrent reviews of cleanup documents; use of removal actions; and addressing all problems in the same area at the same time to get approval to make property available for reuse more quickly.

Charleston, South Carolina is another fine example of how Fast Track is preventing environmental issues from impeding reuse. Since Charleston is not on the Superfund National Priorities List, state environmental laws and regulations apply. The BRAC Cleanup Team and Restoration Advisory Board worked together to reduce the cleanup schedule by over six years--cutting in half the "business as usual" scenario. The chart below shows how they reduced the time frames.

CHARLESTON NAVAL COMPLEX, SOUTH CAROLINA		
COMPARISON OF NORMAL RCRA PROCESS TO FAST-TRACK PROCESS		
	<u>NORMAL</u>	<u>FAST-TRACK</u>
RCRA Facility Assessment (RFA)	2-3 Years (Low Priority for Regulators)	4-6 Months (High Priority)
RCRA Facility Investigation (RFI)	5 or More Years (Low Priority)	3 Years or Less (Planned)
Corrective Measures Study (CMS)	More than 5 Years	2 Years (Planned)
TOTAL	More than 12 Years	5.5 Years or Less
Statement of Basis (Decision Document)	4-6 Months	4-6 Months
Corrective Measures Implementation (CMI)	1 Month -- 30 Years	1 Month -- 30 Years

Sacramento Army Depot, California is a very recent success story, attributable to a strong BRAC cleanup team and willingness to pilot innovative technology. Using an advanced air sparging system to remove solvents from both the soil and ground water, the Army was able to ready the property for transfer in months instead of years. This advanced technology pumps air through the contaminated soil and ground water to extract the contaminants. The old technology of pumping the ground water out of the earth and treating it could have taken decades.

The Army transferred the property to Packard Bell on March 3, 1995, years ahead of the "business as usual" cleanup time frame. As a result, the company already has 500 workers on site, with as many as 3,000 expected by June. The property is still on the Superfund National Priorities List, but that has not prevented its productive reuse.

Additionally, we have used authority developed under the Fast Track Program to enter into long term leases; for example, at six former Air Force Bases we have long term leases affecting over 11,000 acres.

It is important to emphasize that Fast Track Cleanup does not mean that the Department is abdicating its responsibility to cleanup contamination we caused. We shorten the amount of time it takes to select and implement the cleanup method, and

then make property available for reuse while we are cleaning it up.

At the same time, it is important to say that DoD is not accelerating cleanup if property is not likely to be used by the community or if acceleration is not required by another user. If the existing cleanup efforts are not impeding reuse, we do not change the schedules in existing agreements. For example, Moffett Field, California, which is being used by the National Air and Space Administration, another Federal Agency, is still on the same cleanup schedule as the Department originally negotiated with the EPA.

Other Environmental Issues

There are other environmental issues which arise beyond the restoration of contaminated property. Air quality and compliance with Clean Air Act Amendments of 1990 is one such issue. Areas not attaining the national air quality standards are required by law to reduce the release of air pollutants. The pressure to reduce releases results in competition for limited "emission rights" -- granted through air permits, emission reduction credits, and conformity offsets.

Since the "emission rights" are based on local conditions, they can become issues in the reuse scenarios. For example, there was a large demand for the "emission rights" from Sacramento Army Depot in California, an area

classified as "severe" non-attainment. Various activities in the area, including the reuse authority, other military installations, and other users, wanted these "emission rights." By working together, the reuse authority, the military, and the air quality district were able to devise a distribution plan that satisfies all of the needs and protects air quality.

Local circumstances are the overriding factor in air quality. Therefore, the distribution of "emission rights" must be part of local planning efforts by the reuse authority, the air quality authorities, and the base in order to balance reuse needs with the military mission and the requirements of the Clean Air Act.

Needed Improvements

There are some areas we are still working on to improve the way in which we return property. One of these involves how we fund cleanup at closing bases for the year immediately following their selection. Cleanup funding for BRAC bases must be funded in the Base Closure Account. However, FY 1996 cleanup costs for bases selected in the BRAC 95 round are in the budget for active bases, known as the Defense Environmental Restoration Account (DERA). Once the bases are approved for closure, we cannot use the DERA resources because, by law, all environmental restoration at closing bases must be funded in BRAC. The Department proposes to fix this situation by

requesting legislation allowing us to fund the FY 1996 cleanup program at these closing bases in the DERA program, as a way to prevent delays in the cleanup and reuse of these bases.

There is no money in the legislative contingency account to cleanup these bases since the funds are in the DERA budget. Our legislative proposal would only impact FY 1996 funds; subsequent funds would be budgeted and obligated from the BRAC account. However, there will be less turmoil and interruption of cleanup activities if we can use the DERA appropriation, as budgeted, in the first year of closure action. In the 1991 and 1993 BRAC rounds, we transferred over 1,260 contaminated sites from DERA to BRAC.

Superfund Reform

DoD will also benefit from legislative reform of Superfund, formally the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). This law governs many of our nation's remediation efforts.

Last year the Department participated fully in developing the Administration's bill for Superfund Reform. All Americans agree that this law should be reformed. The current law contains obstacles to economic redevelopment, requires costly remedies that vary from jurisdiction to jurisdiction, and fosters adversarial relationships between federal and state regulators. Some of these issues impact closing bases

directly while the others have broader impacts across DoD's entire cleanup program, including closing bases.

Major changes to the cleanup process will yield faster, more cost effective cleanups and use more realistic assumptions when determining the threat to human health and the environment. As a part of this reform, considering future land use in the decision process will greatly facilitate transfer of property and yield cleanups and reuse plans that are better coordinated. The mandatory preference for remedies that are permanent and treat wastes also impacts the compatibility of cleanups with future use. Focusing permanence and treatment on hot spots of contamination while seeking alternative or innovative ways of addressing the less contaminated areas will also provide more realistic, cost effective remedies.

Several other modifications are needed that have great impact on closing bases. First, sites that are not on EPA's Superfund list but are being cleaned up under state regulatory review should remain, in most cases, under state oversight. I have attached letters from the Governors of California and Ohio, expressing their desire to keep bases from being listed on the Superfund National Priorities List and let states oversee the cleanup. Listing on the NPL after work has begun under state review usually delays cleanup, gets two regulators involved, and can increase costs. EPA has discretionary

authority to defer listing of private sites but must list federal facilities in this situation. We must also look at ways to confine the Superfund listing of an installation to contaminated areas, and move away from traditional fence line to fence line listing. This will allow a more expeditious transfer of uncontaminated parcels.

BRAC Specific Superfund Reform

In addition, three BRAC specific changes will help return bases to productive reuse more quickly. The first proposal would clarify that DoD can enter into long term leases to reuse portions of contaminated closing bases before remedial actions to clean them up are complete. The proposal also would ensure DoD has access to the property to perform the required remediation.

The second BRAC specific legislative proposal would amend CERCLA to allow either the Environmental Protection Agency or a state to waive the requirement for DoD to have all remediation complete prior to selling property. This proposal would allow DoD to enter into agreements with prospective purchasers and regulators to ensure all remedial actions will be undertaken by DoD after transfer. This is similar to purchase agreements private parties can enter into to transfer cleanup liability, with the additional protection of regulator concurrence.

Thirdly, CERCLA and that portion amended by CERFA in 1992, should also be amended to allow DoD to identify property as CERFA clean if hazardous materials were stored for more than a year, but no releases took place. The current language excludes many residential areas from being considered clean parcels because domestic hazardous materials, such as paint and home heating oil, were stored for more than a year.

All of these legislative proposals are important to returning property to productive reuse.

Thank you for the opportunity to testify in support of this important effort. I would be happy to answer any questions you may have.



GOVERNOR PETE WILSON

January 25, 1995

The Honorable William Perry
Secretary of Defense
The Pentagon
Washington, D.C. 20301-8000

Dear Secretary Perry:

I would like to express my deep concern about recent actions at the Department of Defense (DOD) and in Congress regarding cuts in funding for environmental restoration of military bases.

The recent decision by Congress to cut \$400 million from the Defense Environmental Restoration Account (DERA) for FY95 continues a disturbing trend begun last year when Congress rescinded \$507 million from the Base Realignment and Closure (BRAC) Account. California was reassured that the BRAC rescission would not affect environmental work at closing military bases, but work was indeed scaled back at several California military bases due to the cut. The DERA cut presumably means that DOD will seek to postpone or eliminate environmental work at operational military bases.

At the same time, the DOD Comptroller has announced an additional \$437 million in cuts for cleanup programs through FY97. Such actions can only encourage members of Congress who would like to redirect DOD environmental spending into more traditional defense programs.

The continued erosion of cleanup funding inevitably will threaten the health of armed services personnel and civilians who work at military bases where contamination is present. It will also exacerbate economic suffering in communities that are struggling to redevelop closing bases. And, if the federal government will not meet its cleanup obligation, how can we expect private industry to do so?

Secretary Perry
January 25, 1995
Page Two

California expects DOD to comply with the federal/state cleanup agreements it has signed at California military bases. DOD is contractually obligated to seek sufficient funding to permit environmental work to proceed according to the schedules contain in those agreements. California will not hesitate to assert its right under those agreements to seek fines, penalties and judicial orders compelling DOD to conduct required environmental work.

I would be happy to work with you to strengthen support in Washington for full funding of DOD cleanup work. One way to reduce oversight costs would be to delist military bases from the National Priorities List and give states the exclusive responsibility for overseeing base cleanups. Please do not hesitate to contact me if I can be of assistance in these areas.

Sincerely,



PETE WILSON

cc Carol Browner
Leon Panetta



GEORGE V. VOINOVICH
GOVERNOR

STATE OF OHIO
OFFICE OF THE GOVERNOR
COLUMBUS 43266-0601

November 1, 1994

Ms. Carol Browner
Administrator
U.S. Environmental Protection Agency
401 M Street
Washington, DC 20460

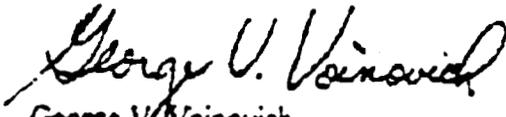
Dear Ms. Browner:

I am writing to express concerns about U.S. EPA's plans to place three Central Ohio Defense sites on the National Priority List (NPL). These facilities are the Rickenbacker Air National Guard Base, Air Force Plant 85, and Newark Air Force Base. Although I understand your agency's mandate to evaluate federally owned facilities, I am very concerned about the stigma that NPL listing will have on the current, planned, and future economic development of these sites. There is also the potential of National Priority Listing to have a negative impact on economic development at sites adjacent to these facilities.

Arriving at a beneficial reuse of these sites is the ultimate goal of any environmental cleanup. Because of the importance of this goal to both the federal and state government, I would like to propose a different approach to placing these facilities on the NPL. Ohio has the legal ability and resources to take the lead to oversee investigation and cleanup activities at these sites. We have already organized informal coordination and oversight with U.S. EPA and are prepared to negotiate formal agreements. This past year I created the Office of Federal Facilities oversight within the Ohio EPA to coordinate the cleanup of Department of Defense and Department of Energy sites.

In summary, I believe that the goals of environmental cleanup and economic development would be better served by allowing Ohio to take the lead at these three sites. We will improve the changes for productive reuse if we avoid the stigma of placing these sites on the NPL. I appreciate your consideration of this request and I look forward to working with you. If you have any questions, please contact my office.

Sincerely,


George V. Voinovich
Governor

Document Separator

STATEMENT OF
MR. ALAN K. OLSEN
DIRECTOR, AIR FORCE BASE CONVERSION AGENCY
BEFORE THE
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

MARCH 16, 1995

Mr. Chairman, and distinguished Members of the Commission:

I appreciate the opportunity to appear before you this afternoon to discuss the Air Force program for the conversion of those Air Force bases closing or realigning as a result of the Base Closure and Realignment Act of 1988 and the Defense Base Closure and Realignment Act of 1990. As Director of the Air Force Base Conversion Agency, I am responsible for executing and overseeing the Air Force's base conversion and reuse program. I would first like to tell you a little about the Air Force organization responsible for the conversion process and then will share with you the status of our program.

ORGANIZATION

In response to the massive base closure undertaking, the Air Force created a new field operating agency to manage the effort. The Air Force Base Conversion Agency (AFBCA) was activated by the Secretary of the Air Force on November 15, 1991, to oversee environmental remediation, property protection and maintenance, and real and personal property disposal for Air Force bases in the United States being disposed of under the authorities of the base closure laws. Located in Arlington, VA, AFBCA is a part of the Office of the Secretary of the Air Force and is attached to the Office of the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Environment. With 27 major Air Force installations currently on the list for major realignment or closure, key base management and early disposal responsibilities are shared with major air commands (MAJCOMs) up to the closure date, whereupon installations are transferred to AFBCA for final disposition.

The AFBCA mission is to assist communities in the conversion of closing or realigning bases from military to civilian use and ensure that property at these Air Force installations is made available for reuse as quickly and efficiently as possible consistent with the best interests of the Federal Government and the public. Formerly called the Air Force Base Disposal Agency, the Agency's name was changed in November 1993 to conform with its focus on assisting communities in planning reuse and redevelopment of closing bases. Although the Agency is still responsible for the disposition of property, its major emphasis is implementation of the President's Five-Part Plan to speed the economic recovery of those communities affected by base closure.

Prior to closure, AFBCA is principally responsible for the environmental impact analysis studies, liaison with community reuse planners, assumption of the environmental restoration from the host MAJCOM, interim use leasing, and property disposal planning.

Following base closure, we assume caretaker services of the base, to include civilian reuse transition planning; installation protection, maintenance and operations; environmental compliance and restoration; and ultimately the transition of the real property and related personal property into civilian hands.

AFBCA is a fully integrated organization comprised of an Office of the Director, supporting special assistants and staff divisions, regional program managers, and field staffs at each closure base, called base operating locations. Our headquarters staff includes specialists in environmental and real estate law, real and personal property, environmental program management, resource management, facility maintenance and operations management, external

affairs, civilian personnel and manpower, and information systems, all supporting the work necessary to transition military facilities and property to civilian use.

Our Program Managers are responsible for managing all aspects of accelerated cleanup, installation management, and disposal of base property. They work closely with State and local reuse groups to develop viable reuse opportunities so communities can quickly get the property back into economically productive reuse. We have seven geographic regional divisions to facilitate management of the base programs and coordinate among the various agencies involved in the execution, particularly the U.S. Environmental Protection Agency.

Reporting to the Program Managers are Site Managers established at base-level operating locations at each of our bases. Operating Locations are established well in advance of actual closure, to coordinate environmental cleanup, operations, reuse planning with the local communities, caretaker responsibilities, and property disposal, both prior to and after closure. Site Managers are supported by a small staff of real property, contracting, quality assurance, environmental and administrative personnel.

AFBCA is supported by other agencies and organizations to avoid duplication of services available elsewhere in the Government. The General Services Administration, the Air Force Center for Environmental Excellence and the Air Force Human Systems Center Contracting Office are used for support in their various specialties.

PROPERTY TRANSACTIONS

Now I'd like to tell you more about the progress we are making with our program. The Air Force has already closed or realigned 18 bases and will close 4 additional bases on September 30, 1995. The remaining Air Force bases identified for closure or realignment in BRAC 88, 91 and 93 will close or realign by the end of 1996, with the exception of the movement of the Air Force Reserves at Chicago O'Hare International Airport, which is still undetermined and awaiting the City of Chicago action. Significant conversion progress is already evident at many of the closed and realigned bases. Almost 53% of the property at those bases closed in BRAC 88 and about 30% at those identified in BRAC 91 is currently in the hands of the communities -- generating business and creating jobs for those communities. As of March, 1995, almost 6,100 new jobs have been created so far at 16 former Air Force bases. Several reuse plans actually project they will have more jobs created within five years after closure than existed when the military was present in the community. As a matter of fact, a couple of the communities are already there!!

Since we cannot deed transfer property until remediation for environmental cleanup is in place, we have leased much of the property to the communities and businesses thus far. This has enabled us to get the property into the hands of the community as early as possible so they can begin the economic revitalization process. We currently have 68 interim leases as well as seven (7) long-term leases in place for large portions of the bases (Chanute, George, Norton, Pease, Bergstrom, Myrtle Beach, and Wurtsmith) and expect several more long-term leases within the next few months. As a matter of fact, on March 28, we will sign a long-term lease with the England Economic and Industrial Development District, better known as the England Authority, in Alexandria, Louisiana for the entire base for use as an airport. This will be our first base entirely turned over to the community.

And we are close on others -- Chanute Air Force Base in Rantoul, Illinois, is 99% of the way there. At Myrtle Beach, South Carolina, future home to a new multi-million dollar theme park, over 78% of the property is already available for reuse to the community. And at Norton Air Force Base, California we just recently signed a long-term lease for 580 acres of property included in the Air Force's first approved Economic Development Conveyance. This, along with the airport lease we signed over a year ago for over 1,200 acres of property, gives that community over 86% of the property for economic redevelopment. These represent just a few of the major property transactions at some of the former Air Force bases.

ENVIRONMENTAL PROGRAM

We are also making significant progress with environmental cleanups at our bases. To date, we have identified nearly 6,500 sites or areas of concern on 26 closure bases where hazardous substances have either been released or may have been released, or sites, such as underground storage tanks, which need to stay in compliance with existing laws and before property can be transferred for redevelopment. Of the 6,500 sites identified, 42% have either been remediated or investigated in sufficient detail that we are satisfied they present little or no risk and can be closed out. 58% will have remedial actions in place or started by the end of FY 95. At our current rate of progress, we plan to have most remedial actions in place for the BRAC 88 bases by the end of FY 96, for BRAC 91 bases by the end of FY 98, and for BRAC 93 bases by the end of FY 2000.

Having remedial actions in place or cleanups completed will allow us to transfer by deed property to the redevelopment authorities, giving the communities control of the property without further Federal government oversight or interference. While we have only deed-transferred about 3,500 acres of property thus far, over 38,000 acres are environmentally ready. We expect more to be deeded in the near future as our cleanup effort continues on its fast track.

We work closely with communities coordinating our cleanup priorities to match their redevelopment priorities. A good example is our extremely close coordination with the City of Austin, which is developing the former Bergstrom Air Force Base as the City's new regional airport. We have had to closely coordinate our activities with their construction schedules. The success of the City's project is largely dependent on this close coordination. Thus far, our cleanup schedules have not interfered with the communities' redevelopment efforts at any of our bases. However, it is imperative that we continue this close coordination with the communities so we prioritize those parcels communities identify as their high use priorities.

All of this, and we still must not lose our focus to ensure a safe and healthy environment for those who will use the property in the future, ensure we comply with myriad laws and regulations governing the entire process, and coordinate our efforts with both the Federal and State regulators. The property transfer issues tend to attract the most attention in the base conversion process because we measure our success by the transfer of the property. However, the environmental cleanup program is an integral part of the program, and it is imperative that we not lose sight of its significance.

IMPROVEMENTS AND LESSONS LEARNED

The Air Force considers the base conversion process as a continuation of the partnership we have enjoyed with our Air Force communities for many years. We recognize this is not a pleasant experience for these communities who have enjoyed the Air Force presence in their communities. Leaving them is painful to the Air Force as well. We want to make this process as painless as possible. We know there are many obstacles along the way, but we feel we are making progress.

There have been a lot of growing pains associated with the base conversion process. In many cases, the Air Force has had to take the lead in developing innovative processes and strategies for reuse, since many of our bases were the first in the Department of Defense to close. Some of the communities had to learn right along with us what works, as well as what doesn't work. The announcement of the President's Five-Part Plan for revitalizing those communities affected by base closure helped to focus the entire Administration on some of these obstacles and to take actions to improve the process. The Air Force worked closely with the Department of Defense, who worked closely with Congress to develop some of the formal improvements to the process and we feel we are over some of the biggest hurdles. Each day is a learning experience, however, and since each community has its own particular circumstances, we have tried to be innovative and flexible, but still comply with the various laws that guide us in this process.

Some of the improvements we have made include development of base conversion-oriented model leases. As a result, we have greatly shortened the time frames for implementing leases. Our Cooperative Agreements with local communities to supply for caretaker services for the bases after they close have been extremely effective, enabling the communities to gain invaluable experience on how to protect and maintain this diverse tract of land while the Air Force is still providing the funds for that maintenance. The Air Force developed the Management Action Plan, which served as the master plan for integrating the environmental cleanup of each base with reuse planning. The concept was later adopted by the Department of Defense and is used at all closing installations. Now known as the BRAC Cleanup Plan, it is a very useful tool and serves as a focus for the entire cleanup process. In order to increase communication, we co-sponsor, with the Office of Economic Adjustment, Base Closure Community Conferences and bring representatives of all of our Air Force closure communities together to provide them with the latest information available on the conversion process. The conferences also provide the communities with an opportunity to get together and share experiences and concerns with the Air Force and each other.

There certainly have been lessons learned. In the earlier BRAC rounds, for instance, we found property transactions were being delayed as a result of prolonged time periods to complete mandated Environmental Studies. Consequently, for BRAC 93 bases, we mobilized the teams and coordinated with communities and regulators to be ready to immediately begin these processes upon final approval of the bases. We plan to be ready again for bases that may be approved during the BRAC 95 process. This will enable us to complete the studies within 12-18 months from the closure approval by Congress. Early establishment of our on-site operating locations is also very useful. It provides the base leadership, as well as the community, with an immediate Air Force Base Conversion Agency point of contact on site.

We have passed some lessons learned on to the communities as well. It is so important for them to organize early and to speak with one voice. Often, the bases are located adjacent to more than one community, and it is important for these communities to come together and interact with us in a united effort.

I again want to thank you for the opportunity to share with you what the Air Force is doing to transition its closing bases and to facilitate economic development in the affected communities. I look forward to responding to any questions you may have.

Document Separator

RECORD VERSION

STATEMENT BY

COLONEL DENNIS C. COCHRANE
CHIEF, BASE REALIGNMENT AND CLOSURE OFFICE
OFFICE OF THE ASSISTANT CHIEF OF STAFF
FOR INSTALLATION MANAGEMENT, DEPARTMENT OF THE ARMY

BEFORE THE
1995 DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

REGARDING
THE ARMY'S IMPLEMENTATION OF BASE REUSE

March 16, 1995

NOT FOR PUBLICATION UNTIL RELEASED
BY THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

ARMY'S IMPLEMENTATION OF THE REUSE PROCESS

The Army continues to be keenly aware of the hardships which may accompany base closures and realignments, not only to our own soldiers, civilian employees, and their families, but to the surrounding communities and States in which these installations are located. We work hand-in-hand with the Office of the Secretary of Defense, Office of Economic Adjustment, and State and local redevelopment committees and officials in an effort to minimize hardships to everyone affected by the closure or realignment.

The Army is sensitive to the needs of our workforce at affected installations. We fully understand the dilemma facing each employee. It has been long-standing Army policy to provide placement assistance and to make all reasonable efforts to continue employment for affected employees. Army employees who lose their jobs as a result of base realignments or closures are given priority rights to other vacant positions in DoD and in other Federal agencies. They also are given assistance in locating jobs in private industry if they so desire. Early reuse of closing bases will enhance the assistance given to Army employees who desire to relocate to new positions outside of the Department of Defense (DoD). Planning now considers the community as a whole, considering job training and other aid to rejuvenate the impacted economy.

Mitigation of the impacts of base closure or realignment on affected State and local communities is of paramount importance to the Army. The President's Five Part Plan for Revitalizing Base Closure Communities, announced July 2, 1993, has enhanced not only the Army's effort in this area, but it brings the assets of other departments of the Executive Branch together with the Army to assist, in a coordinated manner, the impacted communities. The very words "base closure" incite the full range of emotions from anger to fear to uncertainty for both Department of Defense personnel and the local community. Rarely does it instill a sense of opportunity. However, based on historical experience from previous base closures, we know such opportunity indeed exists. Our planning is now focused on placing a positive perspective on the closure process. Outreach conferences, sponsored by the Army and the DoD Office of Economic Adjustment for BRAC 91 and BRAC 93 affected communities, are examples of the DoD efforts to assist local communities impacted by BRAC actions.

These conferences have proven to be highly successful. Also, outreach meetings with members of Congress have been effective in bringing together all the key players who will participate in the alternative redevelopment planning for the closing or realigning installation. Much hard work by all concerned is still required. Local communities, for their part, must undertake to "market" the possibilities for base redevelopment by other Federal agencies, State and local governments, and most especially the private sector. This cooperative effort can lead to great success in converting former military bases to both public and private uses. The reuse of the Kapalama Military Reservation in Hawaii and the Sacramento Army Depot in California are excellent examples of military and local officials developing an alternative use for an Army installation affected by BRAC.

The Army's BRAC 95 round of closures and realignments is larger than any previous round and involves 72 installations in 45 separate recommendations. After three prior rounds of closures and realignments, the BRAC 95 decisions reflect the magnitude of change, both fiscal and operational, facing the Army in the 21st Century. Our goal is identification of excess infrastructure that would generate the level of savings needed to make the remaining infrastructure affordable and commensurate with current force structure levels. To realize that goal, we must quickly transition these properties to their future reuse.

On February 27, 1995, Army planning guidance was issued to our Major Commands. This guidance provides for acceleration of all phases of the BRAC execution process, especially those phases impacting on early reuse such as

- initiation of Environmental Baseline Studies in FY 95.
- acceleration of NEPA implementation to promote economic redevelopment in line with the President's Five Part Plan.
- real estate actions that promote installation reuse to include interim leases and economic development conveyances, where appropriate.
- early definition of reserve and other enclave requirements and location of discretionary moves.

Additionally, all commanders of potentially affected BRAC 95 installations have been briefed on the importance of the above actions. We are confident that we can provide information on excess facilities and land at closing and realigning installations in an expeditious manner. Upon conclusion of the

Commission's determinations, and as soon as practicable, the Army plans to issue a Notice of Potential Availability of Real Property. This Notice is to alert Department of Defense (DoD) elements and Federal departments and agencies of the potential availability of facilities and land at closing and realigning installations that will likely be no longer needed by the Army.

Also, personal property associated with closing bases is an asset to the nation and its citizens. One way we can enhance the reutilization and redevelopment of the bases is to make available personal property to speed the reuse efforts. Each Commanding Officer of a closing base (that portion of a closing or realigning base where real property is expected to be excess to Department of the Army requirements and not designated for Federal reuse) will prepare an inventory of personal property. The purpose of the inventory is to identify personal property, which is related to the available real property to be excessed and is likely to be useful to the economic redevelopment of the base.

The Army is also accelerating its identification of reserve component enclaves. This is one of the more difficult aspects of the BRAC 95 program, with the divergent needs of divesting the Army of excess property while maintaining adequate facilities for the Army's Reserve and National Guard components. Reserve components enclaves either directed within the BRAC legislation or formed as discretionary actions based on the operational needs of the Army National Guard and Army Reserve units will be defined early and the definition of the reserve component enclave will include the training area and facilities required to support reserve component training at the installation. We will keep local redevelopment authorities informed and will consider their input.

Every reasonable effort is being made by the Army to convert installations from military to civilian use. The process is in place and it has been refined over the last several years as BRAC 88, BRAC 91, and BRAC 93 provided lessons learned on base closure actions. While the process is in place, there are some considerations which must be taken into account. The first is that no two bases are identical, and there are situations that arise which are unique to a particular installation. Similarly, the actions and interests of the local reuse authorities vary in intensity and interest, environmental considerations are different on each installation, and construction may be required at a gaining installation, thereby affecting closure progress. Subsequent BRAC decisions occasionally have changed an earlier BRAC decision, thus slowing down the process.

Secondly, environmental issues are generally the most time consuming activity affecting reuse transition. Numerous studies and remedial actions must be completed to the satisfaction of the Federal and State environmental regulators before property can be conveyed to a non-Federal owner. The newest installations on our closure lists are at least 20 years old, while the oldest installations are nearly 200 years old, with a wide variety in between. Only in the last 20 years has the Federal Government refined its historical record keeping activities on hazardous waste materials and other substances to allow accurate knowledge of environmentally sensitive issues on our installations. However, the older installations often contain environmental surprises which delay transfer actions. In addition, disagreements between the Army and the regulators over remediation requirements and techniques can also delay the process.

The final consideration is the intended reuse activity. Environmental clean-up remedies are, in large measure, based on consideration of the reuse plans of the local community for the closing installation. The absence of a reuse planning organization limits clean-up options to the most simple acceptable methods which may or may not be acceptable for future activities on the installation. In all cases, a certain level of clean-up is adopted which allows for closure of the installation. The worse case scenario is a reuse planning group which cannot agree on future use or has expectations for reuse which exceed Army clean-up capabilities. The lack of consensus on a plan or the absence of a logical and realistic plan can also delay the closure process. We have encountered all of these situations. Certainly delaying closure and transfer of the property is not in the Army's best interest. If the Army continues to own the property, it must be maintained at a certain level. Therefore, it is an incentive to the Army to turn the property over to a new owner as rapidly as possible to avoid additional maintenance costs.

Many local communities do not understand the complex Federal environmental clean-up and property disposal regulations and view them as bureaucratic requirements. Consequently, communities become frustrated when progress does not occur as quickly as they believe it should. In addition, most communities insist on controlling how and to whom the property is transferred. The insistence on "control" can interfere with other legitimate opportunities for the Army to dispose of the property to an organization other than the local reuse group. Local politics and unrealistic expectations by the local community can combine to preclude transfer of the property under any reasonable

circumstance. In addition, closing installations which affect Native American Tribes present additional opportunities for conflict, which can bring the disposal process to a complete halt. This is especially true when the local community and the affected tribe have substantial differences over disposal scenarios.

Both Department of Defense and other Federal agencies have impacted on closing or realigning installations. By law, other Federal agencies, including Department of Defense (non-Army), have the right to acquire excess Army property to meet existing governmental needs. For example, the chemical stockpile demilitarization program planned for FY 97 - FY 01 requires the retention of portions of two BRAC installations and may reduce, if not eliminate, substantial reuse initiatives. The Ballistic Missile Defense Organization requirement will postpone the availability for return to public domain of approximately 13,000 acres of land at Fort Wingate Depot Activity, New Mexico. In addition, the Department of Interior has claimed thousands of acres desired by the local reuse organizations. As an example, special legislation creating the Golden Gate National Recreation Area in 1972 resulted in the entire Presidio of San Francisco being transferred to the National Park Service upon closure of the military installation in September 1994. In addition, the Stewart B. McKinney Homeless Assistance Act has resulted in some conflict between the communities and homeless assistance providers. At Fort Sheridan, Illinois, three different homeless assistance groups claimed housing areas impacting on local reuse plans, while at Sacramento, California, two homeless assistance groups claimed property at Sacramento Army Depot. In the case of Sacramento, one homeless assistance provider leveraged the agency claim into a \$900,000 "buyout" for other property in the city.

Section 2903 of Title XXIX of the National Defense Authorization Act for Fiscal Year 1994, gave the Secretary of Defense the authority to transfer base closure property to local redevelopment authorities for economic development and job creation purposes. Department of Defense interim final rules, published on October 26, 1994, implemented this new authority and provide the Service Secretaries the authority to accept or reject Local Redevelopment Authorities' (LRA) applications for base closure property under an Economic Development Conveyance (EDC). The Service Secretary may accept such applications if the economic potential of the transfer justifies such a conveyance.

On March 3, 1995, the Army completed an EDC of the Sacramento Army Depot (SAAD) to the City of Sacramento, California. The LRA submitted an application for all of the

Sacramento Army Depot's property, less 79 acres retained by the Department of Defense as a reserve component enclave, four buildings claimed for the homeless under the McKinney Act, and two buildings claimed by the State of California. The City offered a deferred payment for the depot property. With this transfer, the Army avoids further costs associated with the care and maintenance of this property, currently estimated at \$1.5 million per year. The deed contains provisions for the receipt of a promissory note, secured by a first deed trust on the property, in the amount of \$7,160,000, payable to the Army on the tenth anniversary of this transfer. Additionally, any net profits that the City receives within 15 years that exceed this amount, up to \$9,000,000 (1995 dollars), will be paid to the Army.

During our review of Sacramento's application for an EDC, we determined that the closure of SAAD has had a significant, adverse effect on the Sacramento area economy. The City of Sacramento has estimated that it will experience (or has already experienced) approximately 3,700 direct job losses from the closure of SAAD. Additionally, it has projected that it will experience (or has already experienced) another 3,000 indirect job losses as a result of the closure of SAAD. The City of Sacramento estimated that SAAD accounted for approximately \$273 million in economic activity in 1989, the last full year of operation, and that the closure of SAAD has or will result in the loss to the Sacramento economy of approximately the same amount. The Army has also found, in its technical review of the Sacramento LRA EDC application, that "it is reasonable to conclude that closure of [SAAD] has led to a substantial adverse economic impact on the region."

Moreover, the City of Sacramento presently estimates that the unemployment rate for the vicinity of the SAAD rests at 13.5%, or nearly one and one-half times the rate of unemployment for Sacramento County. This unemployment problem has been compounded by other plant closings in the area in recent years, and it has contributed to a higher vacancy rate and lower business activity rate than is present elsewhere in the area.

The Sacramento LRA's EDC Proposal would spur economic development and create jobs. The Sacramento LRA's EDC is projected to result in the creation of approximately 3,000 jobs by December 1995, with an annual payroll of \$60 to \$80 million. Nearly all of these jobs will be created by Packard Bell Electronics, the nation's third-largest personal computer manufacturer, which has agreed to occupy--and has an option to acquire--a significant portion of SAAD. Approximately 80% of

these new jobs will be in manufacturing, with the remaining 20% in administration and support. The Sacramento LRA's EDC is also projected to lead to the creation of an additional 2,000 to 2,500 jobs in "spinoff" economic activity. The Army's technical review has confirmed that "Packard Bell's projection of employing 3,000 is sound and feasible."

Army's analysis of Sacramento LRA's EDC application generally validated its figures. Because of the unique features of the property involved, existing market conditions, and the unique opportunity provided by Packard Bell Electronics' interest in the property, other property transfer authorities simply cannot accomplish the necessary redevelopment and job creation. Accordingly, the Secretary of the Army determined that an EDC was warranted in this instance.

First, public benefit transfers--such as those allowed by Sections 203 of the Federal Property and Administrative Services Act of 1949--cannot be used in this instance. In general, public benefit conveyances may only be employed where, after conveyance, the land would be used for certain public purposes--such as the creation of public parks, airports, prisons, and the like. Although the Army will use several of these authorities to convey small portions of the property at the depot, none would allow the Army to transfer portions of SAAD to the local community for the purposes of economic development and job creation.

Second, and perhaps atypically, neither a public nor a negotiated sale of SAAD could accomplish the necessary redevelopment. Most of the structures on the property are nearing their fiftieth anniversary, and given the vacancy rates in the area, it is extremely doubtful that the entire parcel could have been sold by public or negotiated sale in the near term. Moreover, the City of Sacramento has committed significant resources to the EDC plan, and has itself agreed to invest \$26 million to bring Packard Bell to the SAAD. In addition, the City has financed Packard Bell's moving costs, thereby incurring additional costs and risks. As a result of this large and necessary commitment of resources, the City cannot afford to proffer the 20% deposit required pursuant to a negotiated sale or public sale of the property. Without such public investment, it is extremely unlikely that a public or negotiated sale could have resulted in relocation of Packard Bell to SAAD.

From the Sacramento case outlined above, the potential benefits are great. Without the City's investment of \$26 million, the base conversion would likely have not occurred.

Most bases will require significant investment for significant reuse to occur. The City of Sacramento was able to borrow the investment dollars but many of the Army communities are too small to generate such investment. While the communities can see an opportunity, in many cases it is not immediately achievable without large investments. Consequently, we find some communities looking to the Army to continue to operate and maintain these properties until economic opportunities come along. This is not affordable for the Army and other options must be considered.

One option which we have used is the authority for interim leases. These leases are encouraged as a method of maintaining the property and off-setting operation and maintenance costs related to the closing or closed installation. The interim leases must be for activities which are similar (like use) to activities which occurred on the installation previously and no lease action can be irrevocable or permanently allow alteration of the structure/facility. In the case of Fort Devens, Massachusetts, the Army has let a lease with the Massachusetts Government Land Bank for the intermodal rail facility at Fort Devens. This is an example of pre-disposal leasing, and it is working well for both the Government and the private sector. In addition to Fort Devens, property has been leased at Fort Sheridan, Illinois (golf course). The Pueblo Depot Activity Development Authority has aggressively pursued leasing opportunities for the local installation. However, continued use of the property for chemical demilitarization activities have made conclusion of a lease agreement difficult. Discussions over the Pueblo facility are still in progress. Once the leased property is environmentally safe, transfer to a new owner can occur.

In conclusion, each base closure and realignment represents a unique set of facts and circumstances. The Army believes it has the tools necessary to successfully address the reuse challenges that the impacted communities, soldiers and civilians face as a result.

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BASE CLOSURE AND
REALIGNMENT COMMISSION

STATEMENT OF
REAR ADMIRAL PATRICK W. DRENNON, CEC, U. S. NAVY
BEFORE THE
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
ON
BASE REALIGNMENT AND CLOSURE REUSE ISSUES
MARCH 16, 1995

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BASE CLOSURE AND
REALIGNMENT COMMISSION

INTRODUCTION

Mr. Chairman, I am Rear Admiral Patrick W. Drennon, Director of the Facilities and Engineering Division (N44) on the staff of the Chief of Naval Operations. I appreciate the opportunity to represent the Secretary of the Navy, Chief of Naval Operations, and Commandant of the Marine Corps to discuss the progress in carrying out Base Realignment and Closure (BRAC) and specifically issues associated with closing bases in a timely fashion while ensuring that impacted communities receive the assistance they need.

The Department of the Navy is currently carrying out two domestic base closure and realignment authorizations: (1) Defense Authorization Amendments and Base Closure and Realignment Act for Fiscal Year 1989 (PL 100-526), referred to as BRAC 88, and (2) Defense Base Closure and Realignment Act of 1990 (PL 101-510). Two commissions have recommended actions under this latter authority, one in 1991 referred to as BRAC 91, and a second in 1993, referred to as BRAC 93. A third commission is now in progress, referred to as BRAC 95. Based on DOD's BRAC 95 recommendations, forwarded to the Defense Base Closure and Realignment Commission on 1 March 1995, we are already beginning advance planning efforts to ensure a timely start for actual implementation once BRAC 95 becomes law.

GOALS

The Department of the Navy has three primary goals that guide our base closure implementation efforts. First, we want to close bases expeditiously to attain the predicted savings from the closure. Second, we make every reasonable effort to assist our military and civilian employees who are caught up in the closure. Finally, we make every effort to work with neighboring communities to facilitate community reuse through timely property disposal.

BRAC FUNDING

To carry out the closure/realignment actions we of course need funding. For FY 1996, we have requested \$2.5 billion for overall efforts of BRAC 91, 93, and 95. The FY 1996 budget is formulated to carry out the President's Five-Part Plan and is predicated on the assumption that the appropriated and budgeted funds will be available to accommodate our fast track schedule. In FY 1994, lagging overall BRAC obligation performance by the Department of Defense contributed to the 1994 Congressional rescission of \$507 million of BRAC 93 funds. We made a concerted effort to speed obligation rates. At the end of FY 1994, the Department of the Navy had obligated 99 percent of all BRAC 93 funds, 98 percent of all BRAC 91 funds, and 79 percent of all BRAC 88 funds. We have already obligated 41 percent of our FY 1995 BRAC 91 funds, and 46 percent of our FY 1995 BRAC 93 funds. I would like to emphasize that the Department of the Navy does not have a BRAC obligation performance problem. Department of the Navy implementation efforts for BRAC 88, 91, and 93 are proceeding in a speedy fashion.

AGGRESSIVE IMPLEMENTATION PLANS

We started early in the BRAC 93 process with an aggressive and innovative plan to carry out implementation. We did this for two reasons. First, the President's Five-Part Plan mandated speedy cleanup of closing bases, rapid redevelopment, creation of jobs, and the early reuse of the bases' valuable assets by the host communities. These things cannot happen until we have executed a significant portion of our closure efforts--so in the summer of 1993 we formulated an aggressive BRAC 93 implementation schedule that completely embraced the President's Plan.

The second reason for our aggressive BRAC 93 plan is that the Department of the Navy's ability to recapitalize its force structure and remaining infrastructure will be achieved in large part through savings generated by operating expense cost

avoidance at closing bases. BRAC 88, 91, 93, and 95, once realignments and closures are completed, will save the Department of the Navy approximately \$2.6 billion each year. About \$2.0 billion of this amount is attributable to BRAC 93 and BRAC 95.

PROACTIVE IMPLEMENTATION

I would now like to describe to you what I believe are very positive aspects of the implementation of BRAC within the Department of the Navy. To understand the importance of organization in carrying out base closure, it may be helpful to discuss the major steps that occur at a closing base, namely "mission cessation," "operational closure," and "remaining environmental cleanup/property transfer."

Upon approval of closure, the base commander completes plans and starts to disestablish or relocate operational units and tenants. The first milestone the base reaches is mission cease date. This is when a base no longer performs its assigned mission, e.g., a training air station achieves mission cease date when it no longer trains aviators. The next milestone is operational closure. This normally occurs about six months after mission cease date and is the point at which all host/tenant activities are disestablished or relocated, hazardous materials and wastes have been removed, personal property disposition plan has been completed, and layaway of all facilities has been completed. After operational closure the main functions accomplished at the base are continuing community interface over base reuse, environmental cleanup, base disposal (including interim leasing), and caretaker services for the facilities and equipment. Final transfer of property is usually contingent on the completion of environmental cleanup and real estate disposal actions; however typically reuse can and does begin earlier through interim leasing. We call this final milestone "remaining environmental cleanup/property transfer." Interim leasing can occur at anytime, and we have cases of individual short-term

leases even before the mission cease date and basewide master long-term leases at the time of operational closure.

ORGANIZATION FOR BASE CLOSURE AND REUSE

We examined the positive and negative experiences of previous base closure efforts by the Department of the Navy and other DOD components and designed an implementation organization for base closure and conversion that optimizes the unique aspects and builds upon the strengths of the Department of the Navy.

First, policy and guidance for the Department of the Navy are vested with the Assistant Secretary of the Navy for Installations and Environment, ASN (I&E), Mr. Robert B. Pirie Jr. and the Deputy Assistant Secretary of the Navy for Conversion and Redevelopment, DASN (C&R), Mr. William J. Cassidy, Jr. This is the same ASN office that has overall Department of the Navy responsibility for environmental programs and real estate matters. In the Office of the Chief of Naval Operations, my office is charged with the responsibility for carrying out base closure; and in the Office of the Deputy Chief of Staff, Installations and Logistics, Headquarters Marine Corps, this responsibility rests with Brigadier General Thomas A. Braaten. All three of these offices, that concentrate on policy, guidance, direction, oversight and funding, maintain very small staffs. Execution of base closure is performed by the normal Navy/Marine Corps chain of command in coordination with the Naval Facilities Engineering Command (NAVFACENGCOM).

The normal chain of command, including the major claimants (major commands) and the Commanding Officers of the closing or realigning bases, is responsible for bringing their bases to operational closure. There are two very strong incentives to do this quickly and efficiently. First, they are directly or indirectly the benefactors of the savings once closure occurs; they are spending normal operations funds since the base remains

open. Second, at operational closure the property and all remaining base closure responsibilities, funded through the Base Closure Account, are transferred to the NAVFACENGCOM. This releases the major commands to concentrate on their primary missions of training and equipping our Naval and Marine Corps forces. The base Commanding Officer is also the initial contact with the community on all matters of closure and reuse planning. The Commanding Officer is already a valued member of the community and is, therefore, well positioned to provide the guidance and assurance to the community during the early days of planning. One other extremely positive benefit in using the existing chain of command is the presence of a Commander Naval Base/Marine Corps Base, a flag/general level officer, at almost every closure location. The flag/general officers are fully engaged with the communities in the business of base conversion. This, along with the involvement of the base Commanding Officer, has been one of the most positive aspects of our organizational concept. Typically our flag/general officers or Commanding Officers are members of the community's reuse organization.

NAVFACENGCOM has two major responsibilities in carrying out base closure. First, at the front end of the process they execute all the actions necessary to prepare receiving bases for relocating functions. This includes National Environmental Policy Act (NEPA) documents, planning, site investigations, design and construction. The expedited performance of these actions is critical to our ability to rapidly relocate units, close bases, and move the vacated bases into early community reuse. Second, by already having mission responsibility within the Department of the Navy for environmental cleanup and real estate actions, also being the Department of the Navy's expert on public works, NAVFACENGCOM was the natural selection to assume the responsibility for actions under the "remaining environmental cleanup/property transfer" phase. In between, they are fully involved with executing environmental baseline surveys,

compliance and cleanup, NEPA for disposal, all the steps associated with real property screening and transfer, helping the base Commanding Officers with reuse planning by the communities, and executing interim leases for reuse. This organizational concept has been in place since March 1993, and is working extremely well. We continue to receive very positive comments from mayors, other community representatives and members of Congress over the Navy's working relationship with the communities.

FAST TRACK PLANNING AND CONSTRUCTION

We are just starting very preliminary BRAC 95 planning efforts. In a similar manner, we started planning for BRAC 93 actions in April 1993 by reviewing lessons-learned from BRAC 88 and BRAC 91 concerning: civilian personnel drawdown, personal property disposal, funding process and status, host command responsibilities, community reuse planning, environmental restoration procedures and status, environmental studies process, construction process, and real estate disposal actions. Our review led us to conclude that NEPA documentation for receiving bases and project design are usually on the "critical path" for relocating major functions from a closing base. To speed up the process at the major receiving bases, contracts for NEPA documents were awarded in September 1993 along with air space and noise studies that are required at receiving air stations. We also began efforts to fast-track design of construction projects with the development of an acquisition strategy for the award of a significant number of BRAC 93 construction projects during FY 1994. This fast-track execution was achieved by innovative design and construction contracting techniques such as: use of large multi-discipline contracts; multiple project and area packaging; and use of design/build contracts to enable earlier project awards and fewer schedule-consuming construction change orders. Increased use of design-build contracts and shortening of design timeframes has made it possible to compress the time it

takes to get construction work under contract and started. These efforts worked and we were ready to award our first BRAC 93 construction contracts in January 1994, when the first BRAC 93 funds became available. By the end of FY 1994, the first year of BRAC 93 implementation, we awarded \$262 million of design and construction contracts (27% over the amount we projected in our FY 1995 President's Budget) and were poised to award another \$45 million had additional funds been available.

BRAC ENVIRONMENTAL EFFORTS

At the same time we also started our environmental compliance and cleanup planning. This work includes environmental compliance issues directly associated with closure, such as Resource Conservation and Recovery Act facility closures and asbestos abatement; and of course environmental cleanup of soil and water contamination due to past activities. Our fast-track cleanup program includes BRAC Cleanup Teams (BCTs) consisting of Navy, EPA, and state environmental representatives. This partnered approach has helped reduce red tape, improve cooperation, and coordination. Each BCT submitted their preliminary BRAC Cleanup Plan in March 1994, and will submit updates later this month. We are making maximum use of the innovative and comprehensive environmental contracts that NAVFACENCOM already has in place. Additionally, we awarded a unique environmental contract that put the Navy in partnership with the University of California and Lawrence Livermore Laboratory for the introduction of new and innovative approaches and techniques to the cleanup of Naval Air Station Alameda, California. Our whole process for environmental cleanup is working well. The BCTs are active and working closely in a coordinated fashion, the Restoration Advisory Boards (RABs) are providing the community concerns and feedback necessary to plan our actions in an informed way, cleanup priorities by parcels are being coordinated with the communities via the BCTs, we are obligating 100 percent of the funds budgeted for environmental

efforts, and we are making progress. No actual reuse or reuse potential is being held up or delayed because of any environmental cleanup needs or efforts.

WORKING WITH COMMUNITIES

Selection of a base for realignment or closure is based upon the need to downsize our infrastructure due to a changing world. Communities affected by base closures are doing an absolutely wonderful job of dealing with the reality of the base closing and getting on with the future reuse of the base. While only a little over one and one-half years into BRAC 93 implementation, several communities have already completed their final reuse plans. In fact, Charleston and Vallejo completed their reuse plan within 12-months of the closure decision. Mobile, Glenview, and Orlando have also completed their final reuse plans. I think this goes to show that our implementation organization including the Base Commander, BRAC Transition Coordinator (BTC), and the community are working as one team to speed the economic recovery of the communities where bases are slated to close. It is encouraging to see the interest in future use of our bases. As such we have many leases in effect and are working toward master leases that will put property into reuse as fast as possible. The Navy is doing everything it can to facilitate what the community wants to do with the base property.

We are committed to ensuring that communities affected by base closings are given the tools and resources to quickly and smoothly make the transition. In October 1993 we held OSD/Department of Navy Base Closure conferences in Orlando, FL and Oakland, CA. The conferences were primarily to allow community representatives and our key Navy and Marine Corps personnel involved with implementation at our BRAC 93 bases to meet and interact. At the conferences we developed a working team relationship between the community and the Department of the Navy and provided ideas for community reuse plans. We reviewed

issues related to implementation of base closure and offered Department of the Navy and civilian leaders a constructive environment in which to exchange ideas and to meet counterparts from the federal agencies. Briefings included a wide range of subjects such as: reuse planning, Defense Economic Adjustment Program, property leasing, property disposal, McKinney Act, environmental cleanup, personal property, personnel outplacement services and labor issues. We also had panel discussions of community reuse studies by experienced community leaders who are leading base conversion efforts at bases closed by BRAC 88 or BRAC 91. In addition we had breakout sessions with representatives from: Department of Education, Federal Aviation Administration, Department of the Interior, Department of Labor, Federal Bureau of Prisons, Environmental Protection Agency, and Department of Health and Human Services.

Starting in November 1993, we participated in training workshops for BRAC Cleanup Teams that included a variety of matters related to conducting a "bottom-up" review of all cleanup actions and schedules. All members of the BCTs attended these workshops. In January 1994 we held a Human Resource Management Training Workshop in Charleston, SC. A similar workshop was held in February 1994 in Irvine, CA. These workshops focused on a wide range of matters affecting military and civilian personnel including: reduction in force, separation pay, voluntary early retirement, grade and pay retention, priority placement program, military transition assistance program, job training partnership, and homeowners assistance. We had representatives present from almost all closing bases and human resource offices supporting them. In March 1994, we held a Budget Training Workshop in Dallas, TX. At this workshop we reviewed budget preparation procedures and the status of BRAC funds.

In October/November 1994 we held another set of OSD/Department of Navy Base Closure conferences in Philadelphia,

PA and in Long Beach, CA to assess where we were in the process one year after the 1993 conferences. We will meet with Department of Navy representatives from BRAC 95 bases later this month to discuss advance planning budgeting matters and will host another round of OSD/Department of the Navy community conferences in October 1995 in Charleston, SC, and San Francisco, CA.

Our conferences and training workshops have been most successful! We have sought to involve the communities at our closing bases in our conferences and have received very favorable responses.

APPLICATION OF NEW AUTHORITIES

We have worked very closely with OSD on the changes made to the base closure process. These changes were aimed at carrying out the President's Five-Part Plan for revitalizing base closure communities. We worked closely with OSD during the drafting of interim and final DOD directives and instructions that promulgated the provisions of the legislation. After about a year of practical experience in actual use of the legislative provisions, we have found that these provisions provide us the additional and badly needed flexibility to do the right thing at the right time for base closure communities. The changes to the base closure act concerning property disposal have made the process much more responsive to the actions of base closure and the disposal of properties for community reuse. The Pryor Amendment to the National Defense Authorization Act for Fiscal Year 1994 and the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 have placed responsibility for many of these issues with the community and are allowing the Department of the Navy to move the property into reuse much more effectively. There are still some future issues to be made in the area of leasebacks or reverters, property to be held for continuing federal use, and the ability under Comprehensive Environmental Response Compensation and Liability Act (CERCLA) to

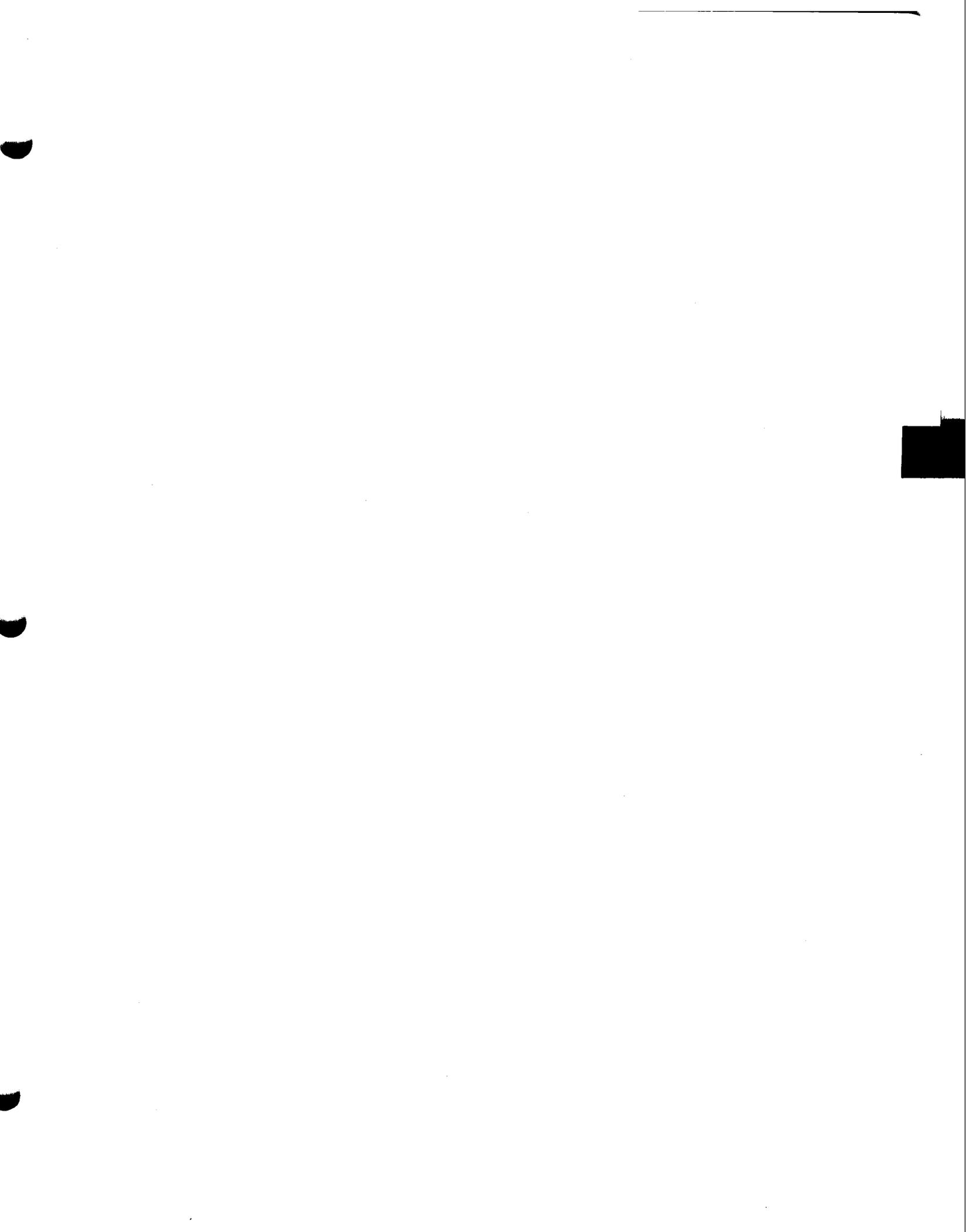
actually transfer property faster to the community. These issues are being addressed by the Office of the Secretary of Defense.

SUMMARY

I have reviewed how we have been closing our bases quickly and discussed how we facilitate community reuse through timely property disposal. We are also doing as much as we can to support our military and civilian personnel affected by base closure. Military personnel at a closing base generally retire or transfer to another base. A greater impact is expected on the civilian workforce. However, thus far only about 14 percent of civilian employees at closing bases have involuntarily left the Navy. The remaining 86 percent moved to a private or another federal job, retired, or left government service for other reasons. We must see how the picture looks after several of our depot activities close later this year.

The Department of Navy's Navy/Marine Corps team is aggressively carrying out BRAC 88/91/93 realignments and closures and have started advance planning efforts for BRAC 95. Savings which accrue from closed bases are key to the recapitalization efforts for our force structure and remaining infrastructure. We have put into place a BRAC implementation organization that we feel is the best for the job at hand. As always, we are working closely with the impacted communities to ensure that the communities receive all the help they request. As we close and realign bases, early reuse of the bases' valuable assets, rapid redevelopment, and the creation of new jobs in base closure communities is our overriding consideration.

I would be pleased to answer any questions you and the commission members may have.



**REUSE HEARING
MARCH 16, 1995**

AFTERNOON HEARING

Proposed Questions For Panel One:

Honorable Joshua Gotbaum, Assistant Secretary of Defense
(Economic Security)

Ms. Sherri Goodman, Deputy Under Secretary of Defense
(Environmental Security)

Mr. Alan Olsen, Director Base Conversion Agency, Department
of the Air Force

Colonel Dennis Cochrane, Chief Base Realignment & Closure
Office, Department of the Army

Rear Admiral Patrick Drennon, Director of Facilities &
Engineering Division, Department of the Navy

QUESTIONS FOR SECRETARY GOTBAUM (DoD):

1. How much money does DoD have in its Fiscal Year 1995 budget for reuse activities, and what is proposed for FY 96 to assist communities with closing bases?
2. What is the current average OEA grant to a community to help it **organize** for the reuse process? How much is an average community **planning** grant?
3. What is OEA's relationship with other federal agencies tasked with reuse activities?

-- During the Reuse hearing this morning, and in its February 27, 1995 recommendations on military base closings, the Conference of Mayors called on the federal government to respond to a base closing as quickly as it would to any natural disaster (i.e. a quick response as is made by FEMA). Additionally, the Conference calls for the awarding of financial and technical support without excessive paperwork or time delays.

QUESTIONS:

1. Would DoD support a quick response initiative as is proposed by the Conference?
2. If there are no community squabbles, how long does it take for a community to receive federal funds to assist in its organizing and planning?
3. Is it possible to expedite this process?

-- The Conference of Mayors recommends that the time required for completing a reuse plan be changed from nine months to a range of 6-12 months. According to the Conference, a "standard nine month period may be appropriate for smaller bases, but it is not enough time for larger bases where multiple jurisdictions are involved or where environmental contaminants are more difficult to identify."

QUESTIONS:

1. Are these factors taken into account under the 9-month policy? Please elaborate.
2. What obstacles do you foresee with a 6-9 month range in completing the reuse plan?

-- The Conference of Mayors recommends that military bases be automatically designated as "Enterprise Zones" to take better advantages of economic development projects, such as using tax credits for hiring out-of-work federal employees. This proposal would require legislation to implement.

QUESTION:

1. Would DoD support a legislative initiative of this type? Please elaborate.

-- The issue of military and civilian dual use capability has come to the Commission's attention. I understand that this is a matter left largely to the discretion of the base commanders and that there is no consistent method from DoD for the commanders to follow.

QUESTIONS:

1. What is DoD's policy regarding dual use capability?
2. Should there be some consistency regarding this issue?

-- During our morning hearing, Mr. Tremayne, representing the Business Executives for National Security (BENS), testified that in working with various Local Redevelopment Authorities, BENS has found a common frustration voiced with the Pentagon's "one-stop" concept. It forces communities "to risk missing some available assistance because of confusion or ignorance, and often requiring them to hire private consultants to help them navigate the process."

QUESTIONS:

1. Has this problem ever been called to your attention?
2. Would DoD support an initiative that would coordinate and consolidate all federal programs and policies whereby communities would go to one place for reuse activities -- a one-stop-shop?
3. The program would be operated by detailees from each government agency involved in reuse activities. These employees would have the authority to make agency decisions locally and quickly and have immediate access to high-level decisionmakers when the need arises. Could DoD support and participate in such a program?

-- Infrastructure on military bases is often decades old and in need of upgrading or replacement. I call to your attention a February 11, 1995 article in the Sacramento Bee about Mather Air Force Base, an installation that was announced for closing in 1988. The article highlights public utility problems encountered by the base as it awaits completion of environmental cleanup. The article indicates that a longer-term solution to Mather's problem must "begin with a change in the Air Force's whole approach to its base-closure duties. In closing their bases, the other services have been flexible enough to negotiate agreements on utilities that have made possible a smoother transition to civilian reuses."

QUESTION:

1. Secretary Gotbaum and Mr. Olsen, are you familiar with what's going on at Mather and the public utility problems? Please explain. Generally, how do Air Force policies and guidelines differ from the other services for negotiating public utilities agreements? Is there a need to review each service practices?

-- BENS and many other community groups recommend that military services be required to assume the cost of retrofitting and bringing into compliance those base utilities and infrastructure facilities that are still active.

QUESTION:

1. What is DoD's position on this issue?

-- Reuse of medical facilities presents both unique challenges and unique opportunities for communities. However, a major problem is that hospitals deteriorate quickly and their potential for reuse can erode if they are not properly maintained during a transition period. Also, medical economics demand a well thought out approach to military hospital reuse, or medical costs, quality, and access in the local medical community could suffer.

QUESTION:

1. What is the government doing to assist communities in maximizing the reuse potential of closed military hospitals? (If needed, an example would be Letterman Hospital in San Francisco which was proposed for closure during the 1988 round. However, the hospital has been left and is deteriorating. The base has been converted to the Park District.)

-- We know that over the years seminars have been held, information has been printed and distributed, discussions have been had, and just last year, legislation was enacted, all with the intent to inform the public that planning ahead for base closings is a wise decision and will not be used against communities. Yet, many communities continue to fear that advance planning will be used against them.

QUESTION:

1. What aggressive measures is the Department taking to relieve these fears?

-- At the end of the last session of the Congress, the Base Closure and the McKinney Acts were amended to bring together those who work to provide housing for the homeless and the communities in preparing the reuse plan for a closing base.

QUESTIONS:

1. While I recognize that it is still early, how is the new legislation working?
2. Is there any way in which it should be changed?
3. Does this serve as a model for any other situations where there is competition for the land at closing bases?

(NOTE TO COMMISSIONERS: Interim use leases are intended to attract businesses at bases while the base awaits the formal transfer of the land to the community. This permits reuse while the base environmental cleanup is completed.)

-- It is my understanding that leases differ with each Service.

QUESTION:

1. What is DoD's position on standardizing the interim use leasing process?

--DoD's revenues from bases that closed during the earlier rounds are considerably less than DoD had hoped.

QUESTIONS:

1. Why has this happened?

2. Has legislation passed since the base closure process began that would have contributed to the loss of anticipated income?

3. Are the estimated revenues generated from reuse sales and/or leases built into the projected savings from current proposed base closings?

-- This morning, the Commission heard testimony about the lack of DoD's regulations relating to military property transfers. DoD's draft "Interim Final Rules" were published in April 1994 to provide guidance to communities and military commanders on issues that affect the transfer of real and personal properties. The Final Rules have not been published.

QUESTION:

1. What is the status of the Final Rules, and when can communities and military commanders expect their publication? Allegations have been made that without the Final Rules, personal property (which excludes land and buildings on base) is being transferred at the discretion of the base commander or his superiors.

QUESTIONS:

1. How is personal property disposed of?
2. What discretion do base commanders now have?

QUESTIONS:

1. What are DoD's greatest challenges in the reuse process? What is being done to overcome them?
2. What recommendations would you make to improve the reuse process?

QUESTIONS FOR MS. GOODMAN (DoD, Environment)

(NOTE TO COMMISSIONERS: DoD performs the clean up of bases with EPA oversight for assurance that public health and safety are protected.)

-- Last year there was an attempt to reauthorize the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), better known as "Superfund." Some of the proposed revisions would have had an impact on the cleaning of military facilities, particularly closing military bases.

QUESTION:

1. One of the proposals was to establish cleanup standards that would protect public health and safety but take into account the potential reuse of the land. In many instances, this would speed up the cleanup and thus the transfer of the base to the community. Is this concept still being pursued? Will it be pursued?

-- Another issue discussed during the Superfund Reauthorization process last year was the idea of allowing the Environmental Protection Agency (EPA) discretion in placing a military base on the National Priority List (NPL). This would allow cleanups begun under state law and oversight to continue under state auspices rather than shifting to federal law and EPA oversight, a transition which might delay cleanups.

QUESTION:

1. What is the status of this proposal?

-- One provision of the proposed revisions to the Superfund would have established community groups to facilitate public participation and input for each site on the National Priority List. DoD has already established, pursuant to the Fiscal Year 1995 Defense Authorization Bill, similar community based groups called Restoration Advisory Boards. The proposed Superfund revisions would have created duplicate groups, thus causing confusion.

QUESTION:

1. If this proposal is taken up again, would EPA and DoD consider allowing the Restoration Advisory Boards to survive and satisfy the Superfund Requirement?

-- One additional proposal in Superfund Reauthorization that caused concern was the issue of remedy selection. Once a cleanup standard is established, a cleanup method or remedy must be selected. In many instances different remedies are available to achieve the cleanup standards. Currently, EPA and DoD determine the remedy together; if they don't agree, EPA selects it.

QUESTION:

1. Who should have the final say on the remedy, particularly if one remedy costs more than another? Should DoD, since they must pay for the cleanup?

-- Much has been said about the rising costs of environmental cleanup. A recent Congressional Budget Office report indicated that the main reason that costs have increased over time is that the original estimates were based on little or no knowledge of the sites. The claim has also been made that costs have grown more rapidly on closing bases.

QUESTION:

1. In your experience, does the evidence show that cleanup costs for the costs of closing bases are higher?

2. If so, could you please explain what is going on at the closing bases to make the costs rise? (**NOTE TO COMMISSIONERS**: Please also raise this question of each of the service representatives.)

-- In testimony before the Commission on March 6, 1995, representatives of the Air Force indicated that the costs of closure at the Air Force Logistic Centers is one of the reasons that the Air Force decided not to close any of these facilities. They testified that if cleanup were factored in, closure costs would be still more significant. These facilities for the most part are governed by cleanup agreements that have been entered into by the Air Force, the EPA and the relevant state.

QUESTION:

1. Excluding ordnance cleanup and assuming an industrial reuse for one of these facilities, how specifically might the costs of cleanup change if a facility remains open or is closed? (**NOTE TO COMMISSIONERS**: Please also raise this questions of each of the service representatives.)

-- In January, the Defense Environmental Response Task Force completed its report on closing bases. The report identified problems and made recommendations to speed up and improve cleanup at closing bases. One of the problems that was identified was the ability of the services to retain the base environmental coordinator. Retaining qualified environmental personnel has been a long standing issue at open bases as well.

QUESTION:

1. Have you identified what would be necessary to retain these key people? (**NOTE TO COMMISSIONERS:** Please also raise this question of each of the service representative.)

-- An additional problem identified in the report is the relationship between the community's proposed reuse plan and cleanup.

QUESTION:

1. How do DoD and EPA establish cleanup standards for a closing base in the absence of a reuse plan?

-- The National Defense Authorization Act for Fiscal Year 1994 included a provision that would allow the services to sell a parcel of land for the cost of cleanup or in exchange for cleanup.

QUESTIONS:

1. What is the status of the regulations that were to be issued for this provision? (**NOTE TO COMMISSIONERS**: Please also raise this question of each of the service representatives.)

2. Have there been any expressions of interest from anyone concerned about obtaining any parcel of land under this provision? (**NOTE TO COMMISSIONERS**: Please also raise this question of each of the service representatives.)

-- DoD may not transfer property, other than to another federal agency, unless it is cleaned up. As a result, DoD and EPA have established a mechanism for leasing contaminated property so that it can be reused immediately by the community.

QUESTIONS:

1. What has the experience been with this process?

2. Would your office recommend any changes to the process?

-- The Base Closure and Realignment Account is the exclusive source of funds for environmental restoration at closing bases.

QUESTIONS:

1. Are the funds available in the account adequate to do the job? (**NOTE TO COMMISSIONERS**: Please also raise this question of the service representatives.)
2. Are there any bases where cleanup is being delayed because of inadequate funding? (**NOTE TO COMMISSIONERS**: Please also raise this question of the service representatives.)

-- A recent court decision called into question DoD's ability to lease contaminated property for an extended period.

QUESTIONS:

1. From a reuse perspective, what are the appropriate maximum or minimum times for a lease?
2. What other factors, such as the availability of financing for redevelopment, are critical in determining the appropriate term of a lease?

QUESTION:

1. What happens to the cleanup process for those bases that closed in the 1988 BRAC round that will not meet the cleanup deadline of

September 30, 1995? Will cleanup funds be available to them after September?

-- During this morning's hearing, several witnesses recommended that after public health concerns have been addressed, the "cleanest and most commercially viable properties" should be given priority for site investigation and cleanup. The Business Executives for National Security (BENS) recommends that DoD, EPA, and the states should be directed to make "best first" their priority in all remedial work at closing bases. I understand that EPA supports this shift in policy.

QUESTIONS:

1. What is DoD's position regarding this matter?
2. What impediments do you foresee that would prohibit implementation of this recommendation?
3. Has the Department considered less stringent cleanup standards for the appropriate sites and reuse scenarios? If yes, please elaborate on the specifics.

-- To fulfill the President's Five-Point Program, you implemented Restoration Boards (RABs) on all closing bases. Some of RABs are quite active, and most RABs do not limit the number of community members who participate.

QUESTIONS:

1. How has the pace of environmental work at closing bases been affected by the participation of RABs?

2. Have DoD's efforts to facilitate RABs (by providing education, addressing concerns, etc.) redirected efforts that would otherwise have gone to implement cleanup?

-- Department of Interior (DoI) representatives play a significant role in the reuse planning process, acting as trustees for threatened or endangered species whenever military bases contain habitat for such species. Typically, one DoI trustee must represent several sites throughout a large geographic area.

QUESTION:

1. Are trustees able to participate adequately in the reuse planning process such that the species concerns are adequately addressed without stalling community reuse planning?

-- DoD has been developing an Emissions Trading Policy for air emissions credits for some time.

QUESTIONS:

1. Will this policy make it easier for bases to expand after activities are redirected? If so, will this policy limit the opportunity of local communities to make use of air credits in their reuse plans?

2. In implementing BRAC 95, will DoD provide the funding and staff resources necessary for closing bases to quantify and apply for air emissions credits, regardless of whether the military intends to use these credits?

-- When property on closing bases is to be leased, the requirements provide that lease restrictions should be included which will protect the public and ensure that the lease will not impede cleanup.

QUESTIONS:

1. Now that some property on closing bases has been leased out, is it clear that the restoration and reuse activities can coexist effectively on closing bases -- or do these activities impinge on each other in a negative way?
2. How are the lease restrictions to be enforced?

-- The GAO and various public groups have questioned DoD's property disposal process because such a significant amount of property transferred at closing bases will remain in use by the federal government. One example is the transfer of property containing inactive impact range areas to the Bureau of Land Management.

QUESTION:

1. While we acknowledge that much of this property must undergo clearance and cleanup for unexploded ordnance, is there any way that more of this property could be transferred to the public?
2. DoD must comply with the federal Property Disposal Act. This Act requires that other federal agencies must receive a first right of refusal for property that is being disposed. This includes property at closing military installations. Does DoD deviate from this Act? Is compliance with this Act the reason other federal agencies have obtained property?

-- The communities which have borne the negative environmental impacts of hosting a military base hope to share the economic benefits of participating in the cleanup. This desire has often been expressed by communities such as Hunters Point in San Francisco, CA, whose base closed in the 1991 BRAC round.

QUESTION:

1. How does DoD respond to the ongoing environmental justice concerns of such communities who assert that more local jobs for communities should be resulting from base cleanup?

-- The military services' planning and spending of their cleanup budget for a closing base may influence the speed and priority of achieving reuse goals.

QUESTION:

1. Do citizens who participate on Restoration Advisory Boards for closing bases have any influence over how the military services should spend their cleanup budget for a closing base?

-- DoD's Fast-Track Cleanup Program required closing bases to develop Base Cleanup Plans (BCPs) to accelerate cleanup. The process of writing these plans has required significant time and effort by the Base Cleanup Teams.

QUESTION:

1. In what specific ways have the completion of these plans accelerated base cleanup?

QUESTIONS:

1. Given your environmental concerns, what are DoD's greatest challenges in the reuse process?
2. What recommendations would you make to improve the reuse process?

QUESTIONS OF SERVICE REPRESENTATIVES:

(NOTE TO COMMISSIONERS on Service Representatives:

Generally, federal property may not be transferred until it is cleaned up. The military may transfer property if the only remaining cleanup is a long term effort such as cleaning up ground water. In that case, the property may be transferred if the long term treatment method is in place and successfully operating. Parcels within the installation may be transferred prior to cleanup of the entire property if further cleanup action is not needed on the parcel that is being transferred. Property may be leased before cleanup has started if a determination is made that there is no risk to human health and the environment from property reuse.

Each Service administers its own property disposal and reuse process, with great inconsistency. Therefore, **IT IS SUGGESTED THAT THE FOLLOWING QUESTIONS BE RAISED OF EACH SERVICE REPRESENTATIVE.**)

QUESTIONS:

1. Please describe the process your Department uses in disposing of property for reuse, including how the Department involves local communities; the Department's involvement in the cleanup process; and the Department's involvement after base closing and prior to property transferal.
2. On a base that has been approved for closure, what different federal agencies are involved in the reuse process? What is the relationship between your Department and the other federal entities?
3. Please explain your Department's leasing practices, including interim leases.

-- As of today, only a limited amount of property on closing bases has been transferred for community reuse. It has come to the Commission's attention that interim leasing is a major obstacle for private businesses in their attempt to obtain loan financing, and that this has caused problems for reuse planning and development.

QUESTIONS:

1. Please respond to this issue. Is your service attempting to develop a strategy to resolve this problem?
2. In your service's interim leases, how many days are in the "kick-out" clause? (I'm told that the Air Force has the shortest term --a 30-day "kick-out" clause.)
3. Is interim leasing a frequent practice in your service?
4. Has this caused significant problems for your service in the conversion process?
5. How does your Department restrict access to contaminated areas that are adjacent to leased property?

-- As you know, oftentimes infrastructure on military installations is antiquated and in need of replacement or upgrading.

QUESTION:

1. What major obstacle is this causing as DoD attempts to convert these installations to civilian use? Please elaborate.

QUESTION:

1. How did the recision of funds for base closure implementation in Fiscal Year 1994 affect your schedule for closures?

2. What actions did you take to minimize the effect of the funding recision on the planned schedule for base closure?

3. What are the greatest challenges to your service in the reuse process? What is being done to overcome them?

4. What recommendations would each of you make to this Commission that would improve the process of transferring installations from the federal government to productive community reuse?

QUESTION FOR COLONEL COCHRANE (ARMY)

-- The reuse of several Army facilities which are closing nationally is limited by the existence or potential existence of unexploded ordnance on the property. The Army has not taken action on these sites under the environmental cleanup laws in CERCLA or the Resource Conservation and Recovery Act.

QUESTIONS:

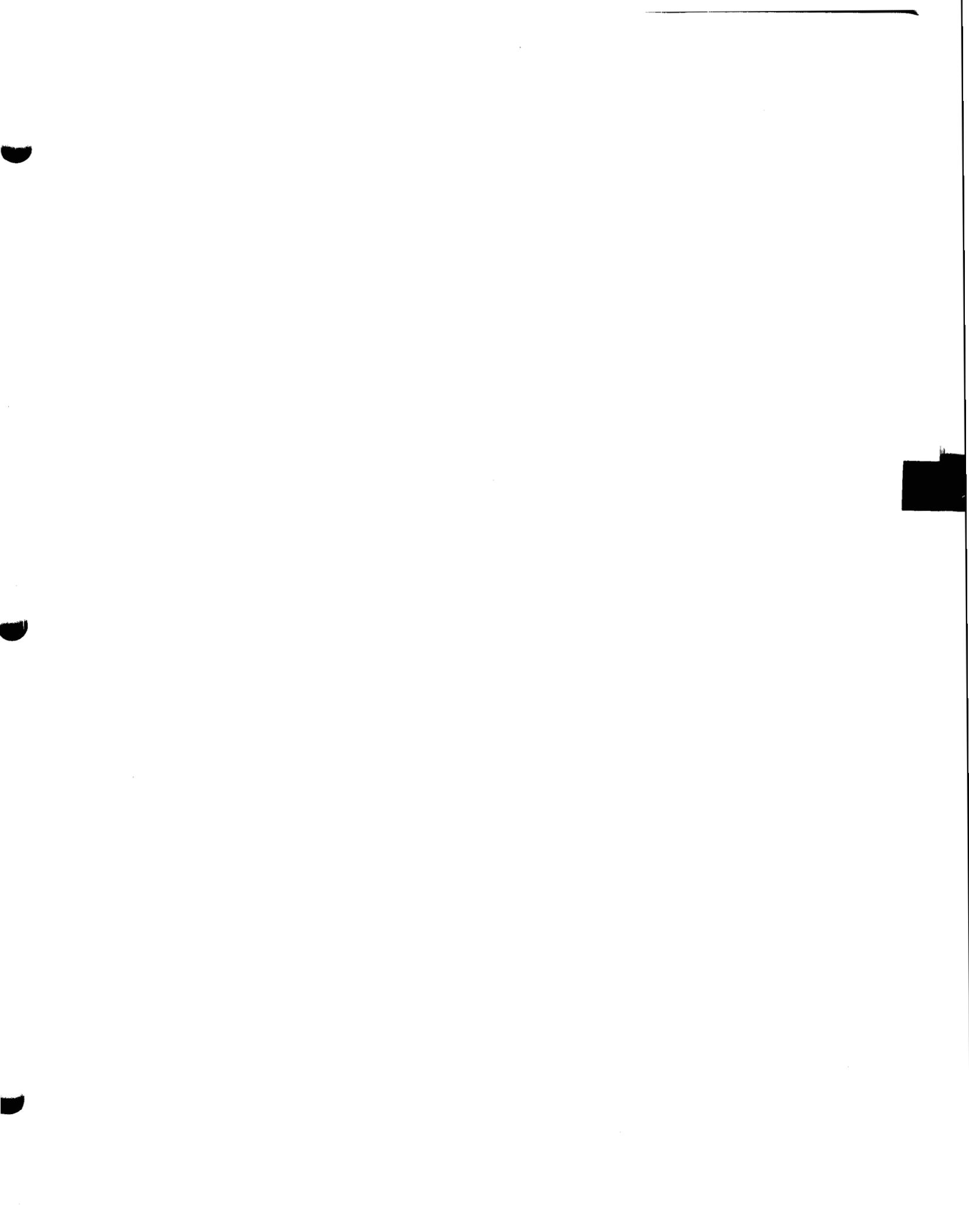
1. If the Army does not take action under such laws, what alternative cleanup options are available?
2. Why might alternative options be preferable to clearing the property under the CERCLA or RCRA environmental programs?

QUESTION FOR REAR ADMIRAL DRENNON (NAVY)

-- Recently, there was an article in the Orlando Sentinel Tribune about Navy housing at the Navy Training Center Orlando. This housing will be transferred to the community, but the community would like to start making improvements to the property before the transfer. Apparently there is some uncertainty about whether the community can get access to the property to make the improvements prior to the transfer.

QUESTION:

1. Are you familiar with this? What is the situation at Orlando?



**TESTIMONY OF THE HONORABLE WILLIAM W. GINSBERG
ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT
ECONOMIC DEVELOPMENT ADMINISTRATION**

**Defense Base Closure and Realignment Commission
March 16, 1995**

Chairman Dixon, members of the Defense Base Closure and Realignment Commission, I appreciate the opportunity to testify today on behalf of the Economic Development Administration regarding EDA's critical role in assisting community economic adjustment in response to military base closures. I applaud the members of the Commission for holding this hearing today; and I congratulate Chairman Dixon for his leadership in confirming that support for the community in adjusting to a military base closure is an integral component of the base closure effort.

EDA's mission is to act as a catalyst to assist economically distressed communities, including communities impacted by the closure of military bases, to achieve their competitive, long-term economic potential. In carrying out this mission, EDA supports local public-private processes by which communities build the local capacity to define their economic challenges, develop strategies, and identify priorities which leverage private sector dollars and create private sector jobs. From the community perspective, the challenge of base closures is the challenge of local economic development. To be successful, the public and private sector community leaders must come together to deal with the near-term economic dislocation and the long-term economic change in light of losing what is too often a central element of the local economy.

I appear before you today to strongly urge the Commission to focus on this long-term community perspective, and to share with you some of EDA's experience in communities which have carried out these strategies.

It is often said that nothing mobilizes a community like a crisis. Indeed, many local leaders have seized the opportunity of the 1995 BRAC round to mobilize their community to develop the most creative proposals to present to your Commission in support of their base. Yet, even as that dialogue continues through the work of the Commission, this community crisis also creates the opportunity to look anew at the long-term local economic challenges, to build the local capacity to deal with them and to develop a new, competitive private sector economic base. Indeed, base-closure communities can use this moment to create or to re-create an economic agenda that identifies the local economic strengths and leading-edge industries, that sets priorities, and that implements the right mix of projects to support those priorities.

We have seen that communities that have most successfully dealt with base closures are those that have built public-private partnerships to seize this opportunity. We have also seen the community ingredient in making this happen is local leadership, both public and private.

In my remarks today, I will touch on three issues: (1) EDA's vision of local economic development as the key to successful base reuse; (2) the critical tools and resources EDA provides to communities to foster this successful re-use; and (3) EDA's recommendations for promoting more effective community re-use of closed military bases in the future.

EDA'S VISION

Throughout its 30-year history, EDA has been involved in and supported local economic development efforts to adjust to the impact of military base closures. In fact, EDA supported some of the earliest examples of successful base reuse--such as the redevelopment of New York's Brooklyn Navy Yard. EDA has always approached the issue from the community perspective -- responding to needs and priorities identified at the local level.

For many years before there was a dedicated defense adjustment program, and before it had dedicated appropriations for this purpose, EDA was helping communities build new economies from the remains of defense-dependent ones. More recently, EDA has made \$245 million available for investments in 114 defense-impacted communities since 1992, including 45 communities which have been impacted by a military base closure. In fiscal year 1994, defense adjustment grew from its modest beginnings to EDA's largest program, with almost \$170 million made available in grants.

On the basis of this experience, EDA recently undertook a comprehensive review of its program: analyzing where communities made their investments; which investments have been the most successful and why; and how we at EDA intend to utilize those lessons learned in the future. We learned the following lessons:

One, communities should think broadly about base re-use in the context of their overall economic development strategy. EDA has found that effective re-use strategies focus on the broad spectrum of community challenges and opportunities, focussing on more than property transfer. Indeed, local leaders should view the challenge not as real estate development, but as building a new, diversified economic base.

Two, communities should focus on building public-private partnerships that set priorities in defining the local economic needs. Through this collaborative process, communities should develop the best and most innovative projects which catalyze economic growth and create private sector jobs.

Three, this community economic development strategy should focus in meeting the needs of the private sector. Base re-use is a component of an economic strategy which is led in large part by the local business community. The objective must be to develop and expand local industries, raising public and private resources to make the most effective investments to create private sector jobs. Base re-use strategies which focus on attracting new government tenants -- either federal, state, or local -- are rarely successful.

Four, in all of this, communities should view base reuse, first and foremost, as an issue of local economic development driven by local needs and local priorities. If communities accomplish the objectives outlined above -- approaching base re-use in the context of the overall community economic strategy; setting local priorities focussed on meeting the needs and opportunities of the local private sector -- then communities will have met the base closure challenge and built a stronger local economic base.

EDA PROGRAMS TO ASSIST COMMUNITY DEFENSE ADJUSTMENT

The Clinton Administration views community economic adjustment as an integral component of the Administration's overall defense adjustment strategy. As recently as FY 1992, EDA's entire defense adjustment program was funded by transfers from the Department of Defense.

Today, the Administration's defense adjustment activities include support for public-private community economic adjustment initiatives through EDA, in addition to its base closure strategies and development of dual-use technologies. EDA receives no money from the Department of Defense, and for the past two years has received its own appropriations for community defense adjustment. This support continues in the President's FY1996 Budget, with \$120 million for community defense adjustment through EDA.

EDA has responded to or is responding to local priorities in nearly every community faced with a major military base closure. In addition, EDA funds local priorities to adjust to defense contractor cutbacks as well as DOE laboratory downsizing. Well over half of EDA's defense adjustment funding has been awarded to base closure-impacted communities. That percentage is expected to increase in 1995 as more communities move from planning to implementation and as more communities face base closures in this round.

EDA is the only federal agency currently helping communities implement the most comprehensive and innovative community economic development strategies, ranging from export promotion, business incubation, technology networks, business creation, infrastructure modernization or a combination of economic development tools.

EDA's defense adjustment program can be divided into three community themes: (1) building local capacity, (2) investing in local business priorities, and (3) investing in local infrastructure modernization.

Capacity Building

EDA invests in base closure-impacted communities to build the local capacity to plan, develop, and implement the right strategies to meet the local economic challenges. Through capacity building, EDA provides the resources at the local level to take the long-term perspective of diversification of the local economy that is so crucial when responding to a base closure. EDA empowers communities across America to define their own economic challenges and develop the right strategies and projects which meet those challenges.

One EDA initiative of particular interest to BRAC 95 communities is the Office of Economic Conversion Information (OECI). OECI is an on-line, interactive service providing information and support to communities, businesses, and workers seeking to craft local responses to the defense transition challenge. This service includes access to all information regarding federal, state, and local sources of funding, case studies of successful reuse, and other sources of useful information. OECI offers a tremendous opportunity for the communities on the 1995 BRAC list to learn from other communities who went through similar efforts in the previous BRAC rounds in 1988, 1991, and 1993. In addition, I am pleased to announce that EDA has recently added a new service to OECI called PARCELS, which will serve as an additional marketing tool for local communities to encourage military base re-use and promote economic development.

In base closure communities, EDA works at the local level with economic development intermediaries to help them meet the local economic challenges and identify the right projects to meet their long-term economic needs.

Through its technical assistance program, EDA takes the community planning to the next level, helping to build public-private partnerships to link the community with industries identified as central to the economic recovery in the defense adjustment strategy.

EDA has provided resources for communities to invest in technical assistance programs in response to industry downsizing in Washington state through the Flexible Manufacturing Network, in Northern California through Joint Venture: Silicon Valley, and through the Metropolitan Loan Program and Missouri Trade Center in St. Louis. EDA seeks to replicate these investments in base closure communities as well.

Business Investment

Through its business assistance programs, EDA provides the resources to allow communities to invest in local business priorities to diversify their local economies, create private sector jobs, and leverage private sector dollars.

EDA has capitalized 29 Revolving Loan Funds in defense-impacted communities, empowering the communities invest in businesses which have been identified as local priorities. By working through local communities, EDA business assistance differs significantly from federal "access to capital" programs. EDA business assistance is offered on flexible terms, tying the funding decisions to the local adjustment strategies. Upon repayment of the loan to the intermediary, the funds stay in the community for further economic development purposes.

In 1996, we seek to add another business assistance tool called Competitive Communities. In recognition of the economic diversification challenge, Competitive Communities will help base closure-impacted communities work with leading-edge local industry priorities to create and retain quality private sector jobs.

Competitive Communities grows out of the need identified at the local level to establish competitive local businesses to diversify the local economy and compete in the global economic market. Competitive Communities will build on EDA's existing revolving loan funds, and its network and experience of Economic Development Districts to provide funding to communities for investment in competitive businesses which have been identified as the leading edge of the local economy.

Competitive Communities will enhance the ability of communities to work with key emerging and expanding industries, thus going to the heart of the defense adjustment challenges faced by communities impacted by previous BRAC rounds and the 1995 BRAC round.

Infrastructure Investment

EDA also provides resources for communities to invest in locally-established infrastructure priorities that will advance the defense adjustment process on closed military bases. EDA is the only federal agency meeting this critical need. EDA resources allow communities to invest in building rehabilitation and construction, including the construction and modification of buildings for use as incubators, industrial and technology parks, in the construction and expansion of access roads, and for construction of expanded wastewater treatment plants, sewer mains and drainage systems.

Due to the capital-intensive nature of infrastructure investment, this is the largest portion of EDA's defense adjustment budget. Community infrastructure needs are exorbitant -- up to \$900 million at a single base. With limited resources, EDA works with communities to insure that their infrastructure investments tie directly back to the community strategy and the needs of the local private sector.

In addition, EDA is pursuing programs to better leverage its resources through infrastructure banks and infrastructure-specific revolving loan funds.

Through each of its defense adjustment programs, EDA responds to community leadership and invests in local economic priorities. We see examples across the country:

- In Fort Worth, where the key community leaders from the private sector and public sector -- such as the CEO from Lockheed-Fort Worth and executives from Textron and Union Pacific, working with the Mayor -- came together following the closure of Carswell Air Force Base to define the community's economic agenda. They determined that the local economic challenge was diversification through small business development. Using EDA funding, the City developed the Business Assistance Center for the local skilled aerospace workers to develop and grow competitive small businesses as the engine of economic growth;
- In Rantoul, Illinois -- a community the Chairman knows well -- we see the City providing the leadership necessary to use the closure of Chanute Air Force Base to mobilize the community in support of an economic diversification strategy, and used EDA funding for a local marketing strategy and a Revolving Loan Fund to develop 45 local businesses on the former military base property, creating almost 1,000 jobs;

- We see this type of leadership in Alexandria, Louisiana -- viewed by many as the crown jewel of base re-use -- where the commitment of the private and public sectors empowered the community to develop the strategies and projects which tied directly to private sector needs. The results are in evidence in the 849 jobs created through the J.B. Hunt Trucking School and other industries, all supported with EDA-funded infrastructure investments.
- We see this leadership in Charleston, South Carolina -- where the community has come together to develop a public-private partnership to build state-of-the-art mass transportation rail components in response to the closure of the Charleston Navy Yard. This EDA-funded technology investment could generate over 2,000 high-skill jobs and help create a diversified, growing local economic base.
- And we see local leadership in San Francisco -- where the community came together behind the Bay Area Economic Forum to develop and implement an aggressive export promotion strategy in support of competitive private sector industries in response to the devastating impact of recent base closures.

We see common elements in each of these community success stories: local leadership; a commitment from the private sector; a focus on creating private sector jobs, on leveraging private sector resources, and on building a diversified local economy; and EDA investments as a key to the strategy. In each of these communities we see an emerging story of successful base re-use -- driven by the needs of the local private sector and by the local public-private collaborative process and economic development strategy. We will seek to create similar success stories in each of the communities impacted by this year's base closure round.

RECOMMENDATIONS

In conclusion, allow me to offer some suggestions for the Commission to include in its final report:

One, I recommend that the Commission strongly reaffirm that actions -- public or private -- taken at the local level now to begin the process of planning for base re-use and defense economic adjustment will not impact the decisions and deliberations of the Commission.

The Mayor of Alexandria, Louisiana has stated that BRAC 1995 communities should have started planning last year. I could not agree more. Starting this process in communities now will create benefits whether or not the base is actually closed because of the constant challenge of economic diversification and adjustment in an increasingly competitive global economic market.

Two, I recommend that the Commission reaffirm that base re-use is an issue of community economic development, driven by the needs and priorities of the local private sector. Base re-use is more than property transfer and real estate development. Successful base re-use must be in the context of the overall economic development strategy, focussed on creating private sector jobs. The federal government must continue providing communities resources to invest in local private sector business priorities in the community as a key to base re-use.

Three, I recommend that the Commission reaffirm the need for the federal government to provide, through EDA, communities the funding they need to support their local priorities. When the work of the Commission is done and the communities begin to focus their attention on adjusting to the closure, EDA -- with resources, with experience, with the flexibility to work with each community to implement the right strategies to fit their unique needs and challenges - - will be there to help communities make the investments to turn public sector job losses into new private sector jobs, which turn disinvestment into economic diversification.

EDA funding has been essential for the development and implementation of every successful base re-use and community adjustment strategy. EDA's defense adjustment funding and program has received bi-partisan support in Congress, and from such local organizations as the U.S. Conference of Mayors. Yet, the irony is that now, as the BRAC 1995 round is taking shape, as communities impacted by previous BRAC rounds move from planning to implementation of their defense adjustment strategies, at the very time when EDA's assistance has never been needed more, and when EDA has both the resources and the experience to be most helpful, EDA itself and our defense adjustment efforts are threatened with elimination in the 104th Congress. I urge the Commission to be mindful of this prospect in the current debate and to assert the critical importance of EDA in funding community priorities to adjust to the base closures.

Mr. Chairman, members of the Commission, I thank you for this opportunity. I look forward to your questions and I look forward to working with each of these communities to help turn this challenge into an opportunity for local economic change and diversification.

Document Separator

**STATEMENT OF JAMES VAN ERDEN
ADMINISTRATOR, OFFICE OF WORK-BASED LEARNING
U.S. DEPARTMENT OF LABOR
BEFORE THE DEFENSE BASE CLOSURE
AND REALIGNMENT COMMISSION**

MARCH 16, 1995

Chairman Dixon, members of the Commission, I would like to thank you for the opportunity to discuss the Department of Labor's role in helping workers affected by the realignment and closure of military installations. The Department's programs provide employment transition services for eligible workers affected by layoffs and closures including those impacted by defense downsizing. My testimony today will focus on the extent and impact of our training and reemployment services for those workers affected by base closures and realignment. I will also mention the results of these efforts in terms of options for base reuse and community redevelopment.

The primary program the Department uses to provide training and reemployment services for dislocated workers is the Economic Dislocation Worker and Adjustment Assistance (EDWAA) program (Title III of the Job Training Partnership Act (JTPA)). This largely block grant program operates in all 50 States and in 621 local communities through Substate Grantees (SSGs). There is virtually a local entity near or in any area

potentially affected by a base closing or realignment. Of the funding appropriated by the Congress each year for the EDWAA program, 80 percent is allocated by formula directly to these States and local areas.

The remaining 20 percent of the annual appropriation is reserved by the Secretary of Labor for special projects or to meet unanticipated dislocations that cannot be supported by existing State or local formula funds. These funds are available to States and local communities through the National Reserve Account (NRA).

In the FY 1990 defense authorization bill, Congress modified the EDWAA legislation to enhance existing authority to help workers impacted by defense downsizing. The Defense Conversion Adjustment Act (DCA) [Section 325 of the JTPA] was created and Congress provided a \$150 million appropriation to the Department of Defense (DOD). Defense was given authority to transfer these funds and the responsibility for program administration to the Department of Labor (DOL). This transfer occurred in September of 1991 pursuant to the signing of a Memorandum of Understanding between the two Departments.

The Congress again expanded the role of DOL in this arena with the passage of the FY 1993 Defense Authorization Act, and by appropriating an additional \$75 million. This program known as the Defense Diversification Program (DDP) [Section 325A of the JTPA] also added significant new authority and flexibility to serve defense workers,

particularly civilians at BRAC bases. This new authority allows us to provide intensive retraining and other readjustment services to individuals at a BRAC base up to 24 months before the operational closure of the base. Under the traditional EDWAA program, workers were not eligible for intensive retraining until they received an actual notice of a layoff. This greater flexibility allows workers sufficient time to upgrade their skills and to make other needed preparations for a new career while they still have the benefits of employment, including access to health care. DOD transferred the authority to run this program and the funds to DOL in March of 1993.

Both the DCA and DDP programs can provide the same basic assistance as EDWAA. This includes retraining services such as classroom training, occupational skills training, on-the-job training, basic and remedial education, and entrepreneurial training. In addition, basic readjustment services provide each eligible individual with: specific readjustment plans, occupational skills analysis, job or career counseling, testing and orientation, job placement assistance, and local or regional labor market information.

Supportive services are also available to ensure that the training or job search is accomplished as effectively as possible. For example, child care or commuting assistance for individuals in training may be provided. Financial or personal counseling is available for those who are faced with additional problems. In many cases, individuals participating in these programs who are in retraining by a certain period may receive needs-related payments once they have exhausted their unemployment

insurance. These payments are usually the same as their UI payments and provide some level of income support for as long as the individual is in retraining.

As of this date, all of the DDP and virtually all of the DCA funds have been obligated. We have funded over 100 projects at a cost of approximately \$220 million expected to provide retraining and other readjustment services to over 80,000 workers. Although we no longer have DOD funds, the special level of services intended by the Congress is being continued. This was made possible when the Congress amended JTPA last year to authorize the use of EDWAA NRA funds for both DCA and DDP projects. We believe that this will prove extremely valuable in assisting workers impacted by the BRAC 95 decisions.

How do local communities access these programs? Because the authority to operate both DCA and DDP programs exists only through the NRA, an application for funds to operate a program must be submitted to the Secretary of Labor. Guidelines have been developed for accessing the funds including the specification of who may request such funds. In addition to States and SSGs eligible for an NRA grant under EDWAA, employers, employer associations, and representatives of employees are also eligible. For a BRAC installation, the most common grantee would be the local SSG working with the Base Commander and local elected officials.

The most likely scenario for an application begins with a discussion and needs assessment within the local community as to the timing and level of assistance required. Specific application guidelines have been published and are available for any applicant to follow. Note: This is often done in discussions involving base reuse and local economic development plans. The retraining of the workforce for new jobs and economic growth is a key focus of the EDWAA process.

In an application, information on the amount of funds required, the approximate timing for services to individuals, the types of services necessary, and the expected skill needs and potential jobs available are laid out. Once the request is completed, the State which is probably already involved in the planning, reviews the request and forwards to the DOL. Our review and notification must be completed within 30 days, but is often completed in less time.

This process is not a competitive process, but one that assesses each request against the standards deemed necessary for a successful program. In all cases, either an award is made, or additional information is requested. In some cases, an award will be reduced if the request appears to overestimate need or it appears some projected services may be cost prohibitive.

While the method of accessing funds to operate DCA and DDP programs is generally well understood by our local and State delivery system, there were enough differences in

how they could be used that we felt we should provide additional technical assistance. When the BRAC 93 announcement was made in July of 1993, Secretary Reich and the President announced that a special team consisting of representatives from DOL, DOD, the Department of Commerce, and our State and local partners would visit all of the major BRAC 93 bases within 60 days of the final announcement.

We met this commitment by visiting 22 major bases during this period. Six sites involved the participation of either the Secretary of the Navy, Army, Air Force or Labor. At each site we held a town hall meeting with affected employees, with over 10,500 workers participating. At five bases we asked for customer feedback. Over 400 individuals responded with 81 percent indicating that the team visits were beneficial, 75 percent said the information provided was useful, and 60 percent felt that the government cared about their plight.

In addition to meetings with workers and base officials, each visit included a half or full day meeting to provide technical assistance to State and local staff. Subjects discussed at each site included the availability of funds, grant assistance, eligibility issues and other technical matters. Starting with the BRAC 89 bases and including bases in both BRAC 91 and BRAC 93, the Department has awarded almost \$115 million to assist about 28,000 workers at 48 bases and installations. This includes 10 grants for almost \$40 million dollars to serve over 7,400 individuals at BRAC 93 sites.

At many of the bases impacted by BRAC 93, DOL has worked with DOD to encourage and support the development of Transition Assistance Centers (TACs). These "one-stop" centers have been established at most if not all of the major bases. They provide workers with access to a wide variety of information on services and programs available to them from both DOD and the JTPA system. Many TACs are jointly managed and run DOD and EDWAA staff. Assessment and testing services are available, and extensive information on available jobs and job search strategies may be accessed. We believe that these centers provide effective services, and we continue to support and encourage their use.

To provide you with a little more detail on specific programs, let me briefly review two: first, on March 29, 1994, the Department awarded South Carolina \$15 million to help 2,300 workers being dislocated because of the closure of the Charleston Naval Shipyard. Although the operational closure of the base does not occur until next year, the project has already helped over 2,500 workers with 700 being placed in retraining programs. As the layoffs continue over the next few months, it is anticipated that many more of the enrolled participants will enter retraining programs. In addition, we expect many of the 1,500 employees who have not yet enrolled in the project, currently working 12 hour/6 day shifts to begin to seek services as work slows and the closure date becomes imminent.

My second example is the Mare Island Naval Shipyard. On April 28, 1994, the Department awarded California \$8 million to assist 1,523 workers being dislocated from this base. Although layoff dates have not been established for the complex, 500 workers have enrolled already in the project. It is anticipated that enrollments will increase sharply once the layoffs are announced and dislocations become imminent. This project involves a number of unique efforts to find jobs for workers and to link to base reuse activities. An outstanding TAC has been established under the joint efforts of the SSG and the Base Commander.

Most of the BRAC 93 bases have closure dates in 1996 and 1997 and beyond. As a result, many dislocated worker programs at these bases are just now becoming fully operational. For some of the older base closings we have additional data which shows considerable success in retraining and placing workers. For example: 1) England AFB received an award in March of 1992. As of September 94, 159 workers had been enrolled in the program, 78 had received classroom training, 4 received on-the-job training and 128 have already found a new job; 2) Mather & McClellan AFB's received an award in April of 92. As of September 94, 1001 workers had enrolled, 631 received training and 697 had left the program and entered employment. These numbers generally reflect the overall national entered employment rate of about 70 percent for workers who have been through the program. This number will vary some as economic conditions change.

What are we planning to do in the future? In some sense, we have been working on BRAC issues for several years. DOL's relationship with DOD and the individual bases is ongoing. We continue to provide technical assistance to bases and grantees. We have regular meetings with DOD staff to discuss and resolve issues that arise. We have already formed joint work groups to lay out plans for BRAC 95. At this time we anticipate we will have another round of technical assistance visits, which will build on the lessons we learned in the earlier visits.

We will also have an improved and more effective grant application process in place July 1 of this year. This will make it easier for local BRAC-impacted communities to access NRA funds, and will lead to more effective grants. This process was "reengineered" by a team of federal, State and local staff who have extensive experience in running programs for dislocated workers and working in BRAC-impacted communities.

We have spent a great deal of time in the last two years learning how to access our customers and to listen to their needs and wishes. In the DOL, for example, we have conducted our first ever national survey on dislocated worker customer satisfaction. Along with our State and local partners, we have created the Enterprise Council through which we look at system-wide issues, problems and opportunities to increase customer satisfaction, outcomes and how to engage the delivery system in continuous improvement.

Mr. Chairman, the continuation of our efforts to assist workers affected by the recommendations of this Commission may be affected by actions yet to be taken by this Congress. The House is considering reductions to the EDWAA FY 95 appropriation of \$99 million against the already approved level of \$1.296 billion. As the program is forward funded, these funds do not become available until July of this year. If this is the total reduction, and if it is taken proportionately from formula and NRA funds, there will not be a devastating impact on defense related projects. If, however, such funds were to come solely from the NRA account, this would seriously reduce our ability to assist defense and BRAC-impacted workers in the next year.

The Administration has advanced a proposal to consolidate job training programs into one adult job training system. Within this proposal, we would retain an NRA for cases like base closures, disasters and other significant dislocations. The Department is concerned about new block grant proposals before the Congress. We are especially concerned about proposals which would omit this vital component.

This concludes my remarks. I appreciate the opportunity to appear here today and would be happy to answer any questions you or members of the Commission may have.

Document Separator

**STATEMENT OF
TIMOTHY FIELDS, JR.
DEPUTY ASSISTANT ADMINISTRATOR
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
MARCH 16, 1995**

Good afternoon, Mr. Chairman and Members of the Commission. Thank you for inviting me here today to discuss the U.S. Environmental Protection Agency's (EPA's) activities involved in the reuse of closing military bases.

First, I will discuss EPA's role in the economic recovery of communities where military bases are slated for closure. EPA is committed to the revitalization of communities affected by base closure. President Clinton's Five Point Plan to speed the economic recovery of communities where bases are slated for closure is built on the partnership EPA, the Department of Defense (DOD), and the States have worked hard to develop. EPA's main contribution to the President's program is in the area of "Fast Track Cleanup." The Fast Track Cleanup program focuses cleanup efforts to facilitate the reuse of closing bases. Its foundation is the Base Realignment and Closure (BRAC) Cleanup Team that works to identify clean parcels for early reuse, determine the environmental suitability of parcels for leasing where cleanup is underway, and accelerate the cleanup.

In returning closing bases to productive use, we will appropriately address environmental protection and economic redevelopment. We will implement the applicable laws and regulations fully. Communities around the bases deserve full

protection under the law. At the same time, we will work with DOD, the States, and local communities to successfully convert closing military bases to civilian uses.

EPA and DOD see the closure and realignment of military bases as both a challenge and an opportunity to work with the States, local communities, and citizen groups to achieve a balance between the need to assure the protection of human health and the environment, and the need to minimize the impact on the community by facilitating the timely reuse of the installations. There are often unique challenges in cleanup and conversion that do not arise at bases remaining open. There may be a need to accommodate community reuse and shift our priorities for cleanup from the "worst first" to the "most attractive for reuse first." EPA is committed to help in this priority shift, as long as we ensure that any immediate threats to public health and the environment are addressed. We recognize how important it is to ensure coordination between the cleanup efforts and the reuse efforts. Information concerning the nature and extent of contamination must be made available to the community reuse effort as early as possible to assure that the reuse planning process takes into account the existing conditions at the installation.

Moreover, we see this as an opportunity for involved parties to work cooperatively. Together, we can diffuse the conflict sometimes attributed to tension between economic interests and environmental protection. EPA and DOD will maintain their mandate to protect human health and the environment, and will work together to help affected communities gain a healthy economy without having to sacrifice a healthy environment.

The President's program calls for an "empowered" cleanup team that makes decisions locally and quickly. The BRAC Cleanup Teams, established at 77 bases with environmental contamination and land available for transfer, are comprised of DOD personnel, a State regulator, and an EPA Remedial Project Manager (RPM). Of the 77 bases, 23 are on the National Priorities List (NPL). For major closing or realigning bases on the NPL, EPA Regions are committed to assigning an RPM to work full-time with DOD, the State, and local communities to expedite the cleanup process. For closing bases not on the NPL, or for minor realigning bases, the Region may assign a full-time RPM or may assign an RPM to more than one base, depending on the needs at the base. EPA RPMs are empowered to make decisions or have immediate access to high level EPA decisionmakers when the need arises. The RPM is supported by a team of EPA experts in such areas as hydrogeology, health risk assessment and toxicology, ecological risk assessment, engineering, community relations, field work support, and clean parcel identification. These experts work across installations, depending upon the needs at each site.

EPA calls its own program to support Fast Track Cleanup the "Model Accelerated Cleanup (MAC) Program." The MAC program is supported by resources from DOD for activities related to accelerated cleanup at closing bases. The resources from DOD will continue for at least five years for the 1988, 1991, and 1993 base closure rounds so that EPA may continue to assist with accelerated cleanup of DOD base closure facilities in support of President Clinton's goal of economic revitalization. The Agency's role in accelerating cleanup of closing and realigning bases will be carried

out concurrently with its responsibility under various statutes and other authorities to ensure compliance with requirements that protect human health and the environment. The resources from DOD will not be used to support any enforcement actions at these bases.

I will now focus on some of the primary statutory requirements related to cleanup and property transfer and then turn my attention to accomplishments. Under CERCLA, Presidential delegation (Executive Order 12580, "Superfund Implementation"), and other authorities, DOD is responsible for cleaning up DOD facilities consistent with the requirements of section 120 of CERCLA. The Congress has charged each federal department with CERCLA compliance in the same manner and to the same extent as any private entity, and charged EPA with maintaining a Federal Agency Hazardous Waste Compliance Docket, and, where appropriate, placing Federal facilities on the NPL. Of special note for base closures, under section 120(e)(1), DOD must consult with EPA and appropriate State authorities regarding the remedial investigation and feasibility study (RI/FS) for a facility. Moreover, under section 120(e)(2), EPA must review completed RI/FSs and DOD must enter into an interagency agreement (IAG) with EPA (frequently, affected States are included in the IAG) which selects the remedial action that needs to be taken, establishes a schedule for completion of the remedial action and arranges for long-term operation and maintenance of the remedy. Finally, under section 120(e)(4), if DOD and EPA are unable to agree on the selection of a remedy for a site on the NPL, EPA selects the remedy.

To assure that EPA will have an adequate basis on which to evaluate DOD's proposed remedy, EPA and DOD have established IAGs at nearly all of DOD's NPL sites during the RI/FS phase. IAGs provide enforceable schedules for the major tasks and establish a site-wide sequence for planned activities. Although base closure does not change DOD's obligation to perform all necessary cleanup actions, it focuses attention on the need for timely reuse of certain portions of the installation. In some cases, timely reuse may require modification of IAG schedules.

Congress has responded to concerns that information on environmental conditions at closing bases be developed rapidly. The National Defense Authorization Act for Fiscal Years 1992 and 1993, P.L. 102-190, imposed deadlines for the submission to EPA of draft final RI/FSs for closing bases on the NPL. The deadlines were December 5, 1993, and December 5, 1994, for Round I and II closures, respectively. Extensions were granted in a number of cases.

Not only do the study and cleanup requirements continue to apply at closing and realigning bases, but CERCLA section 120(h) places additional obligations on Federal agencies when they transfer property. CERCLA section 120(h) affects the transfer of Federally-owned property on which any hazardous substance was stored for a year or more, or known to have been released or disposed of on the property. All contracts for sale or other transfer must include notice of the type, quantity, and date of the hazardous substance storage, release, or disposal. Therefore, when DOD intends to transfer property, it must examine its records to determine if there is

evidence of storage, known release, or disposal of hazardous substances on the property. If so, DOD must provide notice to any transferee, including a lessee.

Another significant property transfer requirement under the Superfund law is applicable whenever any Federally-owned property impacted by hazardous substances is transferred "to any other person or entity" -- that is, a party other than the Federal government. Under CERCLA section 120(h)(3), transfers by deed must include a covenant by the United States that all remedial action necessary to protect human health and the environment has been taken prior to conveyance and a covenant to undertake any further remedial action if found to be necessary. The covenant requirements do not apply to leases and other non-deed transfers. Therefore, as long as the notice requirements are satisfied, and the lease is structured to assure that the planned use will not interfere with the remediation of the facility, interim uses via lease may facilitate the economic transition.

In October 1992, Congress passed the Community Environmental Response Facilitation Act (CERFA), P.L. 102-426, amending CERCLA Section 120(h)(3) to facilitate reuse. CERFA requires identification of uncontaminated parcels and allows property to be deeded, upon demonstration that an approved remedy is operating properly and successfully. Although CERFA amends section 120(h)(3) of CERCLA so that a parcel may be transferred by deed during the remedial action if the approved remedy has been constructed and its "proper and successful" operation is demonstrated to EPA, a period of several years may be required to reach that point in the cleanup process.

Leasing property has been acknowledged to provide an effective means of facilitating reuse prior to the completion of cleanup. The FY94 Defense Authorization Act directed EPA and DOD to establish a Memorandum of Understanding (MOU) to assure an adequate regulatory role in the leasing of parcels at closing bases. The MOU acknowledges that a DOD guidance document was developed with EPA participation which provides for a consultation process in the development of an Environmental Baseline Survey (EBS) and a Finding of Suitability to Lease (FOSL) which includes any restrictions or limitations on reuse necessary to protect human health and the environment. The guidance directs the military services to include in each lease and sublease a series of model provisions intended to assure that the lease will not impede cleanup. The guidance also provides the public and the proposed tenant with access to the information contained in the EBS and FOSL.

CERFA also requires that DOD identify "uncontaminated parcels" based on an evaluation of data from a specified series of sources. The identification must consider petroleum products as well as CERCLA hazardous substances and is not considered complete until concurrence by EPA for real property which is part of a facility listed on the NPL, or by the State in the case of other real property. It is important to note that parcels which do not meet the CERFA criteria may still be eligible for transfer by deed.

EPA has stated in the April 19, 1994 memorandum, "Military Base Closures: Guidance on EPA Concurrence in the Identification of Uncontaminated Parcels under CERCLA Section 120(h)(4)" that in order to use CERFA to identify parcels with

substantial reuse potential, (the stated intent of Congress), there will be circumstances in which a parcel can properly be identified as "uncontaminated" even though some de minimis quantity of hazardous substances or petroleum products have been stored and may have been released on the parcel. The EPA guidance identifies housing areas, stained pavement, and some areas where pesticides have been applied as examples of parcels where the activity associated with storage or release is unlikely to create a condition which would pose a threat to human health or the environment. EPA is working with the States to encourage them to adopt a similar approach at non-NPL installations closed under BRAC 3 where uncontaminated parcels are to be identified by March 27, 1995. Our Regions are currently working with BRAC 3 installations to complete the identification of CERFA parcels at these installations. Although CERFA does not require EPA concurrence in decisions to transfer uncontaminated parcels, the parcel identification process (with EPA or State concurrence, as appropriate) will provide a measure of certainty for prospective purchasers.

To summarize, returning closing bases to productive use requires that a parcel or facility be classified as:

- (a) an uncontaminated area;
- (b) a contaminated area that has a remedy in place operating properly and successfully so that it can be deeded under CERCLA section 120(h)(3); or
- (c) a contaminated area that has not yet been remediated, but may be appropriate for commercial reuse under a lease.

EPA will continue to be involved in these efforts.

I will now highlight major EPA accomplishments in working with DOD, States, and communities to expedite reuse of closing bases.

EPA supported the development of, and participated in, the BRAC Cleanup Team training courses held around the country in late 1993. The BRAC Cleanup Teams completed BRAC Cleanup Plans for the 77 fast track bases by May 1994. DOD required BRAC Cleanup Plans for all fast track bases. The objective of the DOD-wide BRAC Cleanup Plan initiative was to develop a comprehensive and consolidated status and strategy for expedited environmental cleanup at each fast track installation so that property reuse can be accomplished in a timely fashion. Reuse considerations were factored into the BRAC Cleanup Plans when available. The Plans are considered living documents and EPA will participate in the updates of the Plans.

To facilitate the process of transferring property by deed, DOD issued guidance on June 1, 1994, on the environmental review process to reach a finding of suitability to transfer (FOST) for real property under the BRAC process. EPA was involved in the development of the guidance and in the development of a companion guidance, "Fast Track To FOST: A Guide To Determining Whether Property Is Environmentally Suitable For Transfer." The "Fast Track to FOST" is a guide to organizing and coordinating the evaluation of the environmental condition of real property to determine the property's suitability for deed transfer. The FOST guidance, along with the FOSL guidance mentioned earlier, provide the framework for the BRAC Cleanup Team to identify and document property that is environmentally suitable for transfer or lease, respectively.

I also include EPA's April 19, 1994 memorandum as an accomplishment because it furthers Congress' goal of expeditiously transferring uncontaminated real property. It makes it possible for more property to be classified as uncontaminated than would a more narrow interpretation of CERCLA section 120(h)(4). At installations closed under BRAC 1 and 2, parcel identification was mandated by April 19, 1994. EPA Regions concurred in the identification of 213 parcels totalling over 37,000 acres at 12 installations listed on the NPL.

One of EPA's early efforts to facilitate property transfers was the issuance of a memorandum on September 22, 1992, "Facilitating Property Transfers at Federal Facilities" related to NPL listing and reuse. This memorandum is important because I believe there is still confusion about the consequences of NPL listing and its implications for property transfer.

The purpose of NPL listing is to define priorities for further evaluation of the extent and impact of releases. An NPL site consists of all areas potentially impacted by hazardous substance releases.

Closing bases which were listed on the NPL were generally listed "fenceline to fenceline" because the Preliminary Assessment/Site Inspection information provided by the military service did not provide adequate documentation for EPA to determine that any particular portion of the installation was not impacted by hazardous substance releases. To ensure that all areas potentially affected by releases were addressed, and to avoid the need for subsequent Federal rulemaking to enlarge the site, the entire installation was included as part of the NPL designation:

DOD has recommended that, as data becomes available, the NPL listing description be amended to "delete" clean parcels. It is generally the policy of EPA not to delete portions of a Superfund site once it is on the NPL. However, EPA stated in the September 1992 memo that transfers of property at closing bases could be facilitated by focusing on the extent or "boundary" of the NPL site. EPA suggested that in future listings the site may not extend to the entire installation if sufficient data is provided by the military service. For existing sites the memorandum suggests that there may be cases in which EPA should "go on the record that [where the parties have reached consensus that a portion of the installation is uncontaminated] that parcel is not, nor has been, part of the NPL site." Because this memorandum was written before CERFA was enacted, it should be noted that the information required to reach such a consensus will not, in all cases, correspond to the information used to identify parcels under CERFA.

EPA further recognizes that some potential buyers may be concerned about purchasing property that is part of an NPL site. We believe that the best way to address buyers' concerns is to correct some common misunderstandings about CERCLA liability and to highlight certain provisions about the transfer of Federally owned property. CERCLA liability is not determined by whether property is part of an NPL site. Liability is defined by CERCLA section 107, which makes no reference to NPL listing. Rather, liability on the basis of property ownership arises if the property is part of a CERCLA "facility" (i.e., an area to which contamination has come to be located). The fact that a parcel lies within the area used to define an NPL site does

not impose liability on the purchaser; liability is imposed by the presence of contamination. Thus, if there is no contamination present, there is no CERCLA liability. Conversely, if there is contamination present, there is CERCLA liability even if the parcel is not considered part of an NPL site. Even if transferred property on an NPL site which was thought to be clean turns out to be contaminated, or if additional response actions are needed after the property is transferred, CERCLA sections 120(h)(3) and (h)(4) provide the guarantee that DOD will conduct any response actions found to be necessary after the date of transfer. In addition, the transferred property remains subject to Section 120(e) of CERCLA and any existing IAG, which would require the military service to conduct an RI/FS and remedial action to address any newly discovered contamination as part of the response at the site.

Recognizing that many portions of closing bases are currently being utilized for residential, commercial or industrial purposes, EPA and DOD are using measures such as interim leases, when appropriate, to give local communities access to property at closing installations until remedial action has been "taken" and the property could then be transferred by deed. In addition, in order to facilitate economic recovery, there may be instances where Interim Remedial Actions can be undertaken prior to the completion of the installation-wide RI/FS. These Interim Remedial Actions will reduce the threat associated with contaminants at the site in a timely manner and will provide an opportunity to deed parcels at an earlier point in time, once the final remedial action has been demonstrated to be operating properly and successfully.

The use of interim remedial actions is one of the many tools for accelerating and streamlining cleanup at Federal facilities found in the August 22, 1994 memorandum, "Guidance on Accelerating CERCLA Environmental Restoration at Federal Facilities" jointly signed by EPA, DOD, and the Department of Energy. The BRAC Cleanup Teams employ the acceleration tools on a daily basis. Use by the BRAC Cleanup Teams of the various guidances I have described advances the goals of the President's program.

Several of the Superfund Administrative Reforms will further strengthen and improve the Fast Track Cleanup Program. One Reform Initiative in the area of "Consistent Program Implementation" is that EPA will complete its land use guidance this Spring. The guidance will describe the relationship between the development of remedial alternatives and the reasonably expected future land uses at sites. The guidance emphasizes the need to involve community representatives in the evaluation of future land use options. In many base closure situations it is probable that the current use will change, but it is often difficult to predict what the future use will be. The guidance encourages decisionmakers to consider all available information relating to future land use, rather than relying on the traditional assumptions that residential use should be anticipated. The guidance provides direction to the decisionmaker in evaluating remedial alternatives while acknowledging that important questions relating to future changes in land use must be considered.

Two other Superfund Reform Initiatives should lead to improvements in consistency and streamlining in site characterization and remedy selection in the

Superfund program generally, and at closing bases as well: completion of the soil screening guidance and development of additional presumptive remedies. The draft soil screening level guidance contains methodologies for developing soil screening levels for 107 chemicals to reduce the time and cost of completing soil investigation. EPA has already completed a desk-top study of ten sites, which determined the comprehensiveness of the soil screening levels. The soil screening guidance will help identify portions of installations that do not require further attention. The screening levels will also be useful in streamlining the baseline risk assessment.

Presumptive remedies are standardized remedies for certain types of sites and are based on scientific and engineering analyses performed at similar Superfund sites. EPA has issued guidance on presumptive remedies for municipal landfills and volatile organic compounds in soil. A presumptive remedy for ground water is nearing completion and efforts are underway to assist DOD in applying these tools at closing bases. The technical requirements for additional presumptive remedies will also be developed, which will provide the framework for the development of subsequent presumptive remedies.

In addition to cleanup and property transfer issues, EPA is working closely with DOD to enhance the role of communities in the cleanup of its facilities. EPA and DOD issued joint guidelines on the implementation of Restoration Advisory Boards (RABs) on September 27, 1994. RABs are a forum for exchange of information and partnership among citizens, the installation, DOD, EPA and the State. They offer an opportunity for communities to provide input to the cleanup process. RABs will serve

to improve DOD's cleanup program by increasing community understanding and support for cleanup efforts, improving the soundness of government decisions, and ensuring cleanups are responsive to community needs. The establishment of RABs at 69 closing bases is a major accomplishment. In addition, EPA is working with DOD to ensure that it follows Executive Order 12898 on Environmental Justice. We are working with DOD toward the goal of ensuring that no one suffers a disproportionate share of any adverse health and environmental effects associated with the restoration and reuse of closing bases.

EPA also serves as a member of the Defense Environmental Response Task Force (DERTF), a Congressionally mandated interagency task force that was established to study and provide findings and recommendations for expediting and improving environmental response actions at military installations being closed or realigned. During FY 1994 the DERTF met three times at locations where military installations are being closed or realigned. During its meetings, the DERTF received briefings and reports from the public; installation representatives; and five working groups that were established to review the following: leasing, fast track cleanup implementation, environmental baseline surveys, future land use, and environmental justice. The DERTF prepared an annual report to Congress for FY 1994 and continues to meet in FY 1995. One initiative of the DERTF that I am particularly excited about is an effort that is currently ongoing to observe 15 BRAC Cleanup Teams in 10 different states and 8 EPA Regions to determine what contributes to a successful team and what

inhibits the team. The results of the observations will be compiled and analyzed, and lessons learned will be provided to the field by summer of 1995.

As you have heard, the relatively young Fast Track Cleanup program has accomplished a great deal. One recommendation I can offer to improve the process is to strengthen the communication link between the BRAC Cleanup Team and the local reuse authority. One key to effective property transfer is early knowledge of the community's proposed future land use to enhance the selection of appropriately protective cleanup standards. A workgroup supporting the DERTF and chaired by EPA is looking at ways to improve communication and coordination between the cleanup and reuse groups.

As EPA and DOD continue to work together to implement CERFA, and BRAC 4 bases are added, we will be challenged, particularly in the resource arena, to support a partnership which will:

- o provide timely identification of uncontaminated parcels;
- o provide timely concurrence in the identification of uncontaminated parcels;
- o increase coordination of environmental and economic efforts;
- o jointly foster acceleration efforts; and
- o jointly pursue appropriate interim remedial measures so that property can be deeded following DOD's demonstration that a remedy is operating properly and successfully.

Working with the States and local communities, EPA and DOD can assure that closing bases are safe for new productive uses. We can achieve this goal, in part, by improving public confidence that the facilities are ready for reuse.

EPA and DOD endeavor to be highly sensitive to public interests and potentially conflicting economic concerns, and to comply with a wide range of statutory requirements. We remain committed to the prompt return of property at closing military installations to safe and productive reuse while adequately protecting human health and the environment.

Realigning the Defense Department's base structure is work of historic proportions. Two of the defining movements of the late 20th century are conversion from the Cold War and growing appreciation for environmental values. We have the opportunity to be part of both movements at the same time. We at the U.S. Environmental Protection Agency are excited to be part of this work, and we hope to continue to contribute positively and constructively to it.

Mr. Chairman and Members, this concludes my statement. I thank you for this opportunity to address the Commission. I would be pleased to answer any questions you may have.



Proposed Questions For Panel Two:

Honorable William Ginsberg, Assistant Secretary of Commerce
(Economic Development)

Mr. James Van Erden, Administrator of Labor (Work-Based
Learning)

Mr. Timothy Fields, Deputy Assistant Administrator of EPA (Solid
Waste & Emergency Response)

QUESTIONS OF SECRETARY GINSBERG (Commerce):

(NOTE TO COMMISSIONERS: The Department of Commerce Economic Development Administration (EDA) provides economic development grants to help communities implement their economic development plans.

-- It has been called to the attention of the Commission that the Administration's budget request for Fiscal Year '96 proposes to cut EDA for defense conversion from \$120 million in FY 95 to \$80 million.

QUESTIONS:

1. Has there been an increase in community demands on EDA resources? To what extent? How has EDA met the demands?
2. What is the average cost of an EDA community grant?
3. In June 1994, you announced that grant-making authority would be delegated to the EDA regions, instead of Washington headquarters. How would you evaluate this policy change?

4. What is the current time frame for EDA to complete the review of funding applications?
5. What coordinated efforts exist between the Commerce Department's Economic Development Administration and the Pentagon's Office of Economic Adjustment?
6. What role is the Office of Economic Conversion playing in the base closure process?
7. What are the Commerce Department's greatest challenges in the reuse process? What is being done to overcome them?
8. What are some of the major weaknesses that you see in the reuse process? Do you have recommendations regarding these?

QUESTIONS OF MR. VAN ERDEN (Labor):

-- This morning, the U.S. Conference of Mayors recommends that military bases be automatically designated as "Enterprise Zones" so that they may better take advantages of economic development projects, such as using tax credits for the hiring of out-of-work federal employees.

QUESTIONS:

1. For a number of months now the Conference has publicly called for the Enterprise Zone designation. Has the Department taken a position on this issue?
2. What obstacles do you propose could impede its success?

-- The Department of Labor can now offer intensive retraining to workers at a BRAC base up to 24 months before the operational closing of the base.

QUESTIONS:

1. Is the retraining of BRAC base workers usually geared towards meeting the workforce needs of the proposed new base owners/tenants? What percentage of workers actually prepare for new careers?
2. Has the Department evaluated its retraining program for workers impacted by defense downsizing? What are the findings?

3. What was appropriated for Fiscal Year 1995 to provide for retraining and other readjustment services to assist workers impacted by defense downsizing?

-- Your testimony states that as of this date, the Department of Labor has obligated all of the funds available in the Defense Diversification Program (DDP). Additionally, virtually all of the funds are depleted in the Defense Conversion Adjustment (DCA) Program -- both programs provide retraining and readjustment assistance to Defense dislocated workers. You also state that the Congress has authorized use of Economic Development Worker Adjustment Assistance (EDWAA) national reserve funds for the depleted DCA and DDP programs.

QUESTION:

1. For what other programs would the national reserve funds have been used? What happens to those programs? Was the EDWAA program overfunded for fiscal year 1995? How much of EDWAA funding will the Department need to fund the depleted DCA and DPP programs?

2. With the addition of many workers from BRAC 1991, 1993, and now 1995 rounds adversely effected by defense downsizing, how has the Department prepared to offer its services to meet the increase in caseload?

QUESTIONS

1. Other than funding, what are the Department of Labor's greatest challenges in assisting workers impacted by defense downsizing?

2. What recommendations would you make to this Commission to improve the programs that are designed to assist workers impacted by defense downsizing?

QUESTIONS OF MR. FIELDS (EPA):

(NOTE TO COMMISSIONERS: EPA's primary involvement in reuse is to support and oversee cleanup of military installations. EPA establishes cleanup agreements with military services, and is part of the hands-on teams with various cleanup entities on the bases.)

-- Part of EPA's Military Accelerated Cleanup involvement on closing bases is to contribute technical expertise such as risk assessment to the cleanup of closing bases.

QUESTIONS:

1. Does EPA's technical assistance in base cleanup tend to bias cleanup efforts towards additional study and sampling, resulting in more time and expense?

2. Are there ways in which EPA's participation has resulted in saving time and cleanup costs?

-- Most contaminated property will require several years before the cleanup remedy is found to be operating successfully, allowing for transfer of the property.

QUESTIONS:

1. Given that this process requires several years, what share of those projected years consists of sampling, analyzing, and designing the

cleanup remedy versus actually constructing and operating the cleanup remedy?

2. Are we progressing to the construction and operation phase of cleanup more quickly now than we did before the Fast-Track program?

-- According to a February 1995 GAO report on environmental cleanup of closing bases, the military services requested that EPA and state environmental agencies concur on 120 thousand acres of BRAC I and II base property as uncontaminated. The environmental regulatory agencies gave such concurrence on 34 thousand acres.

QUESTIONS:

1. Why didn't EPA or state environmental agencies concur that more of the property was uncontaminated?

2. What is EPA doing to ensure that a higher percentage of property on BRAC III installations will be successfully identified as uncontaminated property this year?

-- Under CERCLA, EPA works with DoD to determine the final cleanup remedy for a closing base. If DoD and EPA cannot agree on the remedy, EPA is to make the final selection.

QUESTIONS:

1. Is it possible that EPA would select a remedy for the base that DoD's cleanup budget could not afford?

2. If so, how is such a dispute to be resolved?

-- The Restoration Advisory Boards at closing bases are organized and run primarily by DoD, but the cleanup recommendations of the Restoration Advisory Boards are equally applicable to EPA's efforts.

QUESTION:

1. How has EPA's work on closing bases implemented recommendations of the Restoration Advisory Boards?

-- The U.S. Conference of Mayors recommends better coordination between state and federal governments to eliminate duplicate environmental compliance. Specifically, the Conference recommends that the federal government agree to "find compliance with state regulations that are substantially equivalent, provided that the state agrees to meet federal timetables and provide a 'single point' of contact."

QUESTION:

1. What position does EPA take on this recommendation?

-- Under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), it is not possible to transfer by deed clean property which is located above contaminated groundwater, even if the future user agrees not to use or interfere with the groundwater. Such property can be transferred by deed only after the military has installed and begun pumping and treating groundwater.

QUESTIONS:

1. If the reuse entity has no reason to access the groundwater, why can't the uncontaminated surface be transferred before the remedy for the groundwater has been constructed?
2. Can EPA consider means to transfer such property earlier in the CERCLA process?

QUESTIONS:

1. What are the Department's greatest challenges in the reuse process? What is being done to overcome them?
2. What recommendations would you make to improve the reuse process?





DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Please refer to this number
when responding 950224-6

The Honorable David Pryor
United States Senate
Washington, D.C. 20510

Dear Senator Pryor:

On March 16, 1995, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military bases. This letter is to invite you to be the first witness to testify at this hearing.

As an advocate for improving the process by which military properties are turned over for civilian reuse, the Commission would like you to discuss recent legislative activities surrounding the issue of reuse of former military installations. We would also be interested in any legislative or regulatory recommendations you may have regarding this matter.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope you will give the Commission your views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 9:00 a.m. Please provide 100 copies of your prepared statement to the Commission staff not later than the close of business on Friday, March 10, 1995.

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

Letter to The Honorable David Pryor

February 21, 1995

Page 2

I look forward to your testimony.

Kindest personal regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan J. Dixon". The signature is fluid and somewhat stylized, with the first name "Alan" being more prominent than the last name "Dixon".

Alan J. Dixon
Chairman

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Please refer to this number
when responding 950224-11

The Honorable Victor Ashe
President
The United States Conference of Mayors
1620 Eye Street, N.W.
Washington, D.C. 20006

Dear Mayor Ashe:

On March 16, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designee to testify on behalf of the U. S. Conference of Mayors at the morning session of the hearing.

The Commission would like to be informed of the Conference's activities surrounding the issue of reuse of former military installations. We would be very interested in hearing about the specific recommendations which I understand the Conference will soon announce regarding its action plan on the reuse process. In addition, we hope that your testimony would highlight any legislative or regulatory recommendations the Conference may have regarding this matter.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission the Conference's views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 9:00 a.m. Please provide 100 copies of your prepared statement to the Commission staff not later than March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

If your staff has any questions before the hearing, they may contact Ms. Sylvia

Letter to The Honorable Victor Ashe
The United States Conference of Mayors
February 21, 1995
Page 2

Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with a large initial "A" and "D".

Alan J. Dixon
Chairman

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

The Honorable Carolyn Long Banks
President
The National League of Cities
1301 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Councilwoman Banks:

On March 16, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designee to testify at the morning session of the hearing on behalf of the National League of Cities.

The Commission would like to be informed of the League's activities surrounding the issue of reuse of former military installations. We would be very interested in hearing about any specific positions the League has taken regarding implementation of the reuse process. In addition, we hope that your testimony would highlight any legislative or regulatory recommendations the League may have regarding this matter.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission the League's views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 9:00 a.m. Please provide 100 copies of your prepared statement to the Commission staff not later than March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to The Honorable Carolyn Long Banks
The National League of Cities
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan J. Dixon". The signature is written in black ink and is positioned above the printed name and title.

Alan J. Dixon
Chairman

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

The Honorable Randall Franke
President
The National Association of Counties
440 First Street, N.W.
8th Floor
Washington, D.C. 20001

Dear Commissioner Franke:

On March 16, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designee to testify at the morning session of the hearing on behalf of the National Association of Counties.

The Commission would like to be informed of the Association's activities surrounding the issue of reuse of former military installations. We would be very interested in hearing about any specific positions the Association has taken regarding implementation of the reuse process. In addition, we hope that your testimony would highlight any legislative or regulatory recommendations the Association may have regarding this matter.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission the Association's views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 9:00 a.m. Please provide 100 copies of your prepared statement to the Commission staff not later than March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to The Honorable Randall Franke
The National Association of Counties
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" and last name "Dixon" clearly distinguishable.

Alan J. Dixon
Chairman

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Mr. Karl F. Nollenberger
Chairman
International City and County Management Association
Suite 500
777 North Capitol Street, N.E.
Washington, D.C. 20002

Dear Mr. Nollenberger:

On March 16, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designee to testify on behalf of the International City and County Management Association at the morning session of the hearing.

The Commission would like to be informed of ICMA's activities surrounding the issue of reuse of former military installations. We would be very interested in hearing about any specific positions ICMA has taken regarding implementation of the reuse process. In addition, we hope that your testimony would highlight any legislative or regulatory recommendations ICMA may have regarding this matter.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission ICMA'S views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 9:00 a.m. Please provide 100 copies of your prepared statement to the Commission staff not later than March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to Mr. Karl F. Nollenberger
International City and County Management Association
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a large, stylized loop.

Alan J. Dixon
Chairman

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Please refer to this number
when responding 950224-12

Ms. Ann Summers
The National Association of Installation Developers
1725 Duke Street, Suite 630
Alexandria, Virginia 22314

Dear Ms. Summers:

On March 16, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designee to testify on behalf of the National Association of Installation Developers at the morning session of the hearing.

The Commission would like to be informed of NAID's activities surrounding the issue of reuse of former military installations. We would be very interested in hearing about any specific positions NAID has taken regarding implementation of the reuse process. In addition, we hope that your testimony would highlight any legislative or regulatory recommendations NAID may have regarding this matter.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission NAID's views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 9:00 a.m. Please provide 100 copies of your prepared statement to the Commission staff not later than March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to Ms. Ann Summers

The National Association of Installation Developers

February 21, 1995

Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan J. Dixon". The signature is written in black ink and is positioned above the printed name and title.

Alan J. Dixon
Chairman

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Tyrus W. Cobb, Ph.D.
President
Business Executives for National Security
1615 L Street, N.W.
Suite 330
Washington, D.C. 20036

Dear Dr. Cobb:

On March 16, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designee to testify on behalf of Business Executives for National Security at the morning session of the hearing.

The Commission would like to be informed of BENS' activities surrounding the issue of reuse of former military installations. We would be very interested in hearing about any specific positions BENS has taken regarding implementation of the reuse process. In addition, we hope that your testimony would highlight any legislative or regulatory recommendations BENS may have regarding this matter.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission BENS' views on this important question.

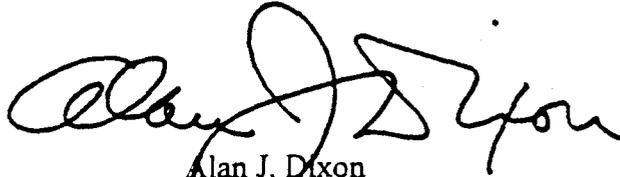
The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 9:00 a.m. Please provide 100 copies of your prepared statement to the Commission staff not later than March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to Tyrus W. Cobb, Ph.D
Business Executives for National Security
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a large, stylized loop.

Alan J. Dixon
Chairman

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Please refer to this number
when responding 950224-10

The Honorable Paul Kaminiski
Under Secretary of Defense, Acquisition & Technology
Department of Defense
Washington, D.C. 20301-3010

Dear Secretary Kaminiski:

On March 16, 1995, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite Mr. Joshua Gotbaum, Assistant Secretary for Economic Security, and Ms. Sherri Goodman, Deputy Under Secretary for Environmental Security, of your staff to testify at this hearing, along with a representative from each of the military departments.

The Commission would like a status report on planning efforts and grant activities to local communities involved in military installation closures. In addition, we would like to be informed of major obstacles and accomplishments encountered in working with these communities to expedite reuse of the bases. We would be very interested in hearing specifics about transition project management and other Federal outreach programs, as well as how each Service implements the reuse process. We hope that the testimony will also highlight any recommendations each witness may have in the area of reuse.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that the witnesses will give the Commission their views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 1:30 p.m. Each witness is requested to provide 100 copies of a prepared statement to the Commission staff not later than the close of business on Friday, March 10, 1995. Additionally, one joint oral opening statement limited to five minutes is requested at the hearing.

Letter to the Honorable Paul Kaminiski
Department of Defense
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to the testimonies of your staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" and last name "Dixon" clearly distinguishable.

Alan J. Dixon
Chairman

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Please refer to this number
when responding 950224-7

The Honorable William W. Ginsberg
Assistant Secretary for Economic Development
United States Department of Commerce
Room 7800B
14th and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Secretary Ginsberg:

On March 16, 1995, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designated representative to testify at the hearing.

The Commission would like to be informed of the Department's procedural measures and grant activities involved in military installation closures. In addition, we would like to discuss major obstacles and accomplishments encountered in working with local communities to expedite reuse of the bases. We would be very interested in hearing specifics about the outreach programs and how the reuse process is implemented. We hope that the testimony will also highlight any recommendations you may have in the area of reuse.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission your views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 1:30 p.m. Please provide 100 copies of a prepared statement to the Commission staff not later than the close of business on Friday, March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to The Honorable William W. Ginsberg
United States Department of Commerce
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan J. Dixon". The signature is fluid and somewhat stylized, with the first name "Alan" being particularly prominent.

Alan J. Dixon
Chairman

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Please refer to this number
when responding 950224-8

The Honorable Doug Ross
Assistant Secretary of Labor
Employment and Training Administration
United States Department of Labor
Room S2307
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Secretary Ross:

On March 16, 1995, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you or your designated representative to testify at the hearing.

The Commission would like to be informed of the Department's employment and training activities involved in military installation closures. In addition, we would like to discuss major obstacles and accomplishments encountered in working with local communities to expedite reuse of the bases. We would be very interested in hearing specifics about the Department's activities in implementing the reuse process. We hope that the testimony will also highlight any recommendations you may have in the area of reuse.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases marked for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission your views on this important question.

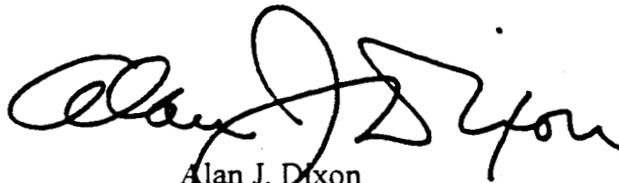
The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 1:30 p.m. Please provide 100 copies of a prepared statement to the Commission staff not later than the close of business on Friday, March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to Secretary Doug Ross
United States Department of Labor
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

Alan J. Dixon
Chairman

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 21, 1995

Please refer to this number
when responding 950224-9

Mr. Steven A. Herman
Assistant Administrator
Enforcement and Compliance Assurance
United States Environmental Protection Agency
1035 WT
401 M Street, S.W.
Washington, D.C. 20640

Dear Mr. Herman:

On March 16, 1995, the Defense Base Closure and Realignment Commission will hold a hearing to address the issue of "post-closure" activities at military installations. This letter is to invite you to testify at the hearing.

The Commission would like to discuss the Environmental Protection Agency's procedural measures, clean-up standards, and leasing activities involved in military installation closures. In addition, we would like to discuss major obstacles and accomplishments encountered in working with other agencies and local communities to expedite reuse of the bases. We would be very interested in hearing specifics about implementation of the environmental restoration activities undertaken pursuant to the Comprehensive Environmental Response Compensation and Liability Act. We hope that the testimony will also highlight any recommendations you may have in the area of reuse.

I believe that the Commission would be well served by reviewing: 1) issues associated with ensuring that bases approved for closure are closed in a timely fashion, and 2) issues and methods which ensure that the Federal government assists local communities as efficiently as possible in the transition of the base to the local economy. Additionally, based on the Commission's findings, I would anticipate the Commission submitting recommendations on ways the reuse process may be improved. I hope that you will give the Commission your views on this important question.

The hearing will be held in room SH-216 of the Hart Senate Office Building beginning at 1:30 p.m. Please provide 100 copies of a prepared statement to the Commission staff not later than the close of business on Friday, March 10, 1995. Please limit your oral opening statement to five minutes so that there will be an opportunity for Commissioners to ask questions.

Letter to Mr. Steven Herman
United States Environmental Protection Agency
February 21, 1995
Page 2

If your staff has any questions before the hearing, they may contact Ms. Sylvia Davis Thompson of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" and last name "Dixon" clearly distinguishable.

Alan J. Dixon
Chairman