

TAB 16
COMMUNITY REQUESTS FOR CLOSURE/REALIGNMENT

O'HARE IAP, AIR FORCE RESERVE STATION, ILLINOIS

Community Proposal: The City of Chicago proposes that the O'Hare Air Reserve Station (ARS) be closed and the flying units moved to a new facility to be constructed at Rockford, Illinois.

Recommendation: Close O'Hare ARS as proposed by the City of Chicago and relocate the assigned Air Reserve Component (ARC) units to the Greater Rockford Airport, or another location acceptable to the Secretary of the Air Force, provided the City can demonstrate that it has the financing in place to cover the full cost of replacing facilities, moving and environmental cleanup, without any cost whatsoever to the federal budget and that the closure/realignment must begin by July 1995 and be completed by July 1997. Chicago would also have to fund the full cost of relocating the Army Reserve activity, or leave it in place. If these conditions are not met, the units should remain at O'Hare IAP.

Justification: O'Hare Reserve Base is in the Northwest corner of O'Hare IAP, enjoying immediate access to two runways. Two ARC units are based there: the host, the 928th Airlift Group (AFR), with C-130s; and the 126th Air Refueling Wing (ANG), with KC-135Es. An Army Reserve Center is located adjacent to the base. In addition, a large DLA activity occupies a government owned, recently renovated office building on the base; however, DLA is recommending realignment of this activity to other locations.

The City of Chicago has exercised its right under Section 2924 of P.L. 101-510 to propose closure of O'Hare ARS (Attachment 1). This provision of law mandates the Air Force to consider the proposal. The City desires to acquire the property for aviation-related commercial use. However, in a 1991 land exchange agreement intended to resolve all real property issues between the Air Force and the City at O'Hare IAP, the City specifically agreed that it would seek no more land from the O'Hare ARS (excerpt at Attachment 2).

The Air Force has repeatedly advised the City that the ARC units are adequately housed at O'Hare, and there is no basis for moving them (Attachments 3 & 4). There are no savings from moving; only costs. To justify this realignment under the DoD criteria, therefore, as a minimum all costs of closure/realignment would have to be funded entirely outside the Federal budget. (Neither Defense nor FAA funds, for example, could be involved.) The relocation site would have to meet all operating requirements, such as runway length and freedom from noise-related operating limitations, and be close enough to Chicago that the units would not suffer major loss of personnel. The day-to-day operating costs at the relocation site would have to compare favorably with those at O'Hare IAP.

The City proposes that the ARC units move to Greater Rockford Airport, 55 miles northwest of O'Hare IAP. Virtually no facilities for the units exist at Rockford, so an entirely new base would have to be constructed. The airfield is constrained on two sides by the Rock River and flood plain. At least one runway will have to be extended for KC-135E operations. There appear to be noise and other environmental problems to resolve before a final determination of siting feasibility can be made.

The COBRA model estimates that the cost to close is \$361 million. This estimate is based on the City of Chicago consultant's estimate of construction costs at Rockford, and normal COBRA estimating factors for other costs. There are no apparent savings to offset this cost.

The proceeds from disposal of the real property, which might offset some of the cost, are difficult to estimate. If the airport property were sold at fair market value, the estimated proceeds would be about \$33 million. The buildings may or may not be of use to a buyer. While some are new and all are usable for their current military use, their value to a commercial or civil aviation user are questionable. Demolition and disposal are estimated by the City's consultant to cost \$25 million, which would be an offset to the land value. However, most of the O'Hare ARS qualifies as aviation-related property, which the City could obtain in a no-cost public benefit transfer under the Surplus Property Act of 1944, 50 U.S.C. App. 1622. The DLA building is severable from the Reserve Base and does not appear to be aviation property. However, the building is also of questionable value, and would not contribute much to the cost of relocating the O'Hare ARS activities. Thus, the net cost to close and realign is in a range from \$328 million, if the base is sold at fair market value and the reusable buildings are worth enough to a buyer to offset demolition costs for the others, to \$361 million if the base is turned over to the City in a public benefit transfer. Since there remain no savings in operational or other costs, in either case the payback period is infinity.

Our analysis of the proposal assuming Chicago or some other non-Federal source pays the full cost is as follows. The facilities at O'Hare ARS are adequate, with many new or recently renovated buildings. The recruiting base, the Chicago metropolitan area, is outstanding. There are no serious constraints on mission accomplishment, other than some air traffic control delays due to the dense commercial traffic. However, alert or other time-sensitive missions are not flown from O'Hare ARS. Since the base is adequate for its purpose, no savings would accrue from closing it. The aircraft remain in the force structure plan and the units are not planned for inactivation. In the case of the ANG, the governor's consent would be required to disband. Thus, closure of the base requires that both units be realigned.

The military value of an ARC base at Rockford, fully built up with all the necessary facilities, still does not exceed that of O'Hare. For retention of the mostly part-time ARC

personnel it is not as good, due to the distance from the homes of currently assigned personnel. Some personnel losses and retraining must be anticipated, effecting unit readiness and adding to the cost. It is not clear that the Rockford area alone can provide a steady stream of volunteers large enough to man two large ARC units. Recruiting from Chicago will still be required, but will be much harder due to the distance differential between O'Hare and Rockford.

Clearly, acceptance of this proposal must be based on benefits to the City of Chicago. The proposed move would make some considerable space available for airport related activities at this intensively used air carrier airport. Therefore, as a convenience to the City of Chicago, the Air Force could not object to the proposed closure of O'Hare ARS provided it would be done at no cost to the Federal budget.

Although the City of Chicago had previously stated (Attachment 5) that they did not expect the Air Force to fund relocation and facility replacement costs, the City has been unable to guarantee that it will pay the full cost of moving (Attachment 1, page 3). However, in its most recent correspondence (Attach 6), the City has made the following commitment, "At this time, we wish to commit that all costs associated with our plan will be at no cost to the Department of Defense and that the City of Chicago, together with the host airport, will provide suitable replacement facilities on either a square foot for square foot basis or with more cost efficient functionally equivalent facilities. This commitment of full cost coverage is contingent upon securing necessary financing, which we continue to pursue, and the approval of our governing council body."

Therefore, if the City of Chicago could demonstrate that it has financing in place to cover the full cost of replacing facilities, moving and environmental cleanup, without any cost whatsoever to the federal budget and that the closure/realignment could begin by July 1995, as required by Section 2904 (a) (3) of the Defense Base Closure and Realignment Act of 1990, and the relocation could be completed by July 1997, the Air Force would not object to the proposal. The City would also have to fund the full cost of relocating the Army Reserve activity, or leave it in place. If these conditions are not met, the units should remain at O'Hare IAP.

NOTE: Due to an organizational realignment, as a direct result of the DLA BRAC 93 process, the DLA activities on the O'Hare Reserve Base will be realigned to other locations.

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February 26, 1993

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City of Chicago
Richard M. Daley, Mayor

Department of Aviation

David R. Mosena
Commissioner

Room 3000
20 North Clark Street
Chicago, Illinois 60602
(312) 744-6892
(312) 853-0478 (TT/TDD)
(312) 744-1399 (FAX)

Mr. James F. Boatright
Deputy Assistant Secretary
of the Air Force
SAF/MIT
Room 4C940
Washington, DC 20330-1000

Dear Mr. Boatright:

This letter amends, in part, my letter to you dated January 7, 1993 (enclosed), wherein the City of Chicago, under the 1993 Base Realignment and Closure process, and in accordance with Public Law 101-510, Div. B, Title XXIX, Sec. 2924, proposed the relocation of Air Force Reserve and Air National Guard Units from O'Hare International Airport to the Greater Rockford Airport.

On January 7, 1993, the City of Chicago stated that we could not provide you with a firm commitment that all costs associated with our plan would be provided to the Department of Defense. At this time, we wish to commit that all costs associated with our plan will be at no cost to the Department of Defense and that the City of Chicago, together with the host airport, will provide suitable replacement facilities on either a square foot for square foot basis or with more cost efficient functionally equivalent facilities. This commitment of full cost coverage is contingent upon securing necessary financing, which we continue to pursue, and the approval of our governing council body.

It is our hope that this commitment will allow the Air Force to act favorably upon our request to include the relocation of O'Hare military units in its list of BRAC recommendations to the Department of Defense. We recognize such a recommendation must be conditioned upon our demonstrating that we have secured the necessary financing.

We look forward to working with you throughout this process towards achieving this mutually beneficial result. Again, thank you for your favorable consideration of this matter and please do not hesitate to contact me should you require additional information.

Sincerely,

David R. Mosena
Commissioner

Enclosure

Copy to: The Honorable Les Aspin
United States Secretary of Defense

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City of Chicago
Richard M. Daley, Mayor

Department of Aviation

David R. Mosena
Commissioner

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January 7, 1992

Mr. James F. Boatright
Deputy Assistant Secretary
of the Air Force
SAF/MIT
Room 4C940
Washington, DC 20330-1000

Dear Mr. Boatright:

It was a pleasure meeting you and your staff during my recent visit to Washington, D.C., and I want to thank you again for clarifying for us the Air Force's position regarding the relocation and closure of its facilities.

On behalf of the City of Chicago, and in accordance with our status as an adjacent unit of general local government under Public Law 101-510, Div. B, Title XXIX, Sec. 2924, I am pleased to submit for your consideration our preliminary proposal regarding the O'Hare Air Reserve Forces Facility (ARFF) and the United States Army Reserve Center Fort Dearborn (USARC), located at O'Hare International Airport, Chicago, Illinois, during the 1993 Base Realignment and Closure process. This proposal is in substitution of our proposal to you dated November 18, 1992.

We have endeavored to follow the Final Selection Criteria regarding Military Value, Return on Investment and Impacts as published in the Federal Register, 56 Fed. Reg. 6374 (February 15, 1991) and believe our conceptual proposal clearly meets these criteria.

This proposal results from our continuing desire to enhance the operational efficiency of O'Hare International Airport for the benefit of the national air transportation system. It is also the result of a Conceptual Facilities Replacement Plan (copy previously forwarded to you), a jointly funded \$270,000 study prepared for the City of Chicago and the Greater Rockford Airport Authority. The United States Department of Defense was also a participant in this study.

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Mr. James R. Boatright
January 7, 1992
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- The military will be the largest tenant/operator at Rockford. Current and future mission requirements and the impact on operational readiness of the Department of Defense's total force will be improved. All at a lower cost of doing business in the Rockford area. The Greater Rockford Airport Authority will provide the military with long-term assurances regarding a Joint Use Agreement on a dollar per year lease basis;
- Broad based community and political support for the relocation of the military to Rockford exists (see attached letters of support).

We had hoped to provide you with a firm commitment that all appropriate costs associated with our plan would be provided to the Department of Defense for suitable facilities at Rockford on a square foot for square foot basis as needed to relocate all flying units currently stationed at the O'Hare ARFF. We must, however, advise you that we cannot make such a commitment at this time, although it is still our desire to do so, until we determine the actual cost of the plan and identify the source of funds to cover the cost of the relocation.

We are compelled to take this position because it is the only responsible action for us to take at this time. We remain extremely interested in acquiring the military property at O'Hare and relocating the facilities to Rockford and will continue to work toward that goal whether within or outside of the current BRAC process. The benefits to the military, the City of Chicago and the City of Rockford are simply too great to pass by.

We look forward to working with you and the Department of Defense on this important matter and hope that you will favorably consider our proposal. We have already begun to identify potential sources of funding to accomplish the relocation of the O'Hare ARFF/USARC. Of course, we cannot commit the City of Chicago to this funding until we receive approval from our governing body to proceed.

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Mr. James R. Boatright
January 7, 1992
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The purpose of this study was to provide preliminary technical information regarding the feasibility and costs associated with the relocation of the O'Hare ARFF/USARC to the Greater Rockford Airport. It should be noted that this study considered both the replacement and future expansion of such facilities. We believe that this study confirms the feasibility of the relocation of the existing military facilities and operations to the Greater Rockford Airport.

Our interest is in assisting you as you develop your force structure plan so as to achieve a result in the best interests of our national security as well as the beneficial impacts to civil aviation at O'Hare International Airport and our national air transportation system which would result from this proposal.

We believe that the relocation of the O'Hare military facilities to Rockford represents a unique opportunity for the Air Force for the following reasons:

- The Air Force Reserve and Illinois ANG will be relocated to newly constructed functional equivalent facilities with the ability to expand designed for maximum operational efficiency;
- Existing operational constraints experienced by the military at O'Hare International will not occur at Rockford since prohibitions relating to the number, type and hours of operation do not exist there;
- Military personnel will be advantaged by lower housing costs and lower cost of living expenses in the Rockford area. In addition, adequate facilities exist and are planned to house reservists and visitors;
- The Great Rockford Area, an expanding community, will provide more than an adequate recruitment base for the military both in numbers and demographics. Existing infrastructure exists (highway and rail) between Chicago and Rockford. Rockford is approximately 55 miles from O'Hare;

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LAND EXCHANGE AGREEMENT BETWEEN THE CITY
OF CHICAGO AND THE UNITED STATES AIR FORCE

This Exchange Agreement (hereinafter referred to as "Agreement") is entered into between the United States of America, represented by the Department of the Air Force (hereafter generally referred to as "the Government"), and the City of Chicago, Illinois (hereafter referred to as "the City"). The Agreement provides for the conveyance by the Government to the City and lease or granting of an easement to the Government by the City of certain parcels of land located at O'Hare International Airport, Cook County, Illinois (hereafter referred to as "O'Hare"), and the payment for or construction of certain Government Replacement Facilities at O'Hare by the City. In addition, the City and the Government make a number of other commitments related to the O'Hare Air Reserve Forces Facility (hereinafter referred to as the "military reservation") and O'Hare Airport, as further set forth therein.

It is understood and agreed that this Agreement was initiated by the City and is being undertaken for convenience of and at the expense of the City; that the City is to bear all of the costs of such Replacement Facilities for Government activities, either by paying the Government therefore or by accomplishing construction of the Replacement Facilities itself, as set forth herein; and that the City will make no claims against the Government in any way related to or arising out of the furnishing of the Replacement Facilities to be constructed by the City, other than as provided for in this Agreement. The primary purpose of the Agreement is to permit the City to obtain certain land contiguous to the military reservation at O'Hare for purposes of facilitating the completion of O'Hare Development Projects numbers 560 and

581. A Memorandum of Understanding was executed between the parties on April 26, 1986, regarding a somewhat different land exchange arrangement involving both the Air Force and the Army. A draft agreement was prepared on July 29, 1987, to effectuate that earlier version of the transaction.

The City assures the Government that its long-range plans for O'Hare do not involve acquiring from the Government any more land or causing any more boundary changes beyond those called for in this Agreement and the possible relocation to the north of Runway 27R (paragraph 7.i. herein). The City will continue to support a permanent Government presence at its established military reservation (as modified as a result of this Agreement) at O'Hare. The land to be conveyed or leased under this Agreement is identified in paragraph 2 below and on the map attached as an Exhibit hereto. The Replacement Facilities (hereinafter defined) are identified in paragraph 3. The land exchange and City payment for design and construction of Replacement Facilities will take place in two (2) phases, as described herein.

1. Authority

The Government is entering into this Agreement pursuant to the authority contained in Title 10, United States Code, Section 2233, and the National Defense Authorization Act, 1989, Section 2603. The City is entering into this Agreement pursuant to its Home Rule authority. Both parties warrant that they are authorized to act in the capacities and for the purposes represented.

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DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330-1000

OFFICE OF THE ASSISTANT SECRETARY

NOV 7 1991

The Honorable Richard M. Daley
Mayor of the City of Chicago
City Hall
121 North LaSalle Street
Chicago, Illinois 60602

Dear Mayor Daley:

Thank you for your letter of August 14, 1991, in which you stated that the City of Chicago does not expect the Department of the Air Force to fund any proposed relocation of Air Force activities from the O'Hare Air Reserve Forces Facility (ARFF) or construction of replacement facilities at a new location.

You also have asked for our thoughts as to how the City should proceed with its proposal. First, our participation in discussions with the City about the possibility of a relocation should not be interpreted as acquiescence or agreement in principle to such a proposal. The Air Force strongly prefers not to relocate from O'Hare. Instead, we wish to continue our operations there undisturbed in accordance with terms of the land exchange agreement signed by the City on July 14, 1989, which included a commitment by the City that its long-range plans did not involve acquiring any more land or changes in boundaries, and that the City would continue to support a permanent Government presence at its established military reservation at O'Hare. As I stated in my letter of July 18, 1991, the Air Force relied on these commitments in its planning at O'Hare, including construction of costly new facilities.

Recent Federal legislation governs virtually all base closures and realignments until 1996. On November 5, 1990, Congress enacted the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510, 10 USC 2687 note). Section 2909 of the Act, "Restriction On Other Base Closure Authority," states that the Act "...shall be the exclusive authority..." for selecting or carrying out any closure or realignment of a military installation within the United States through December 31, 1995, with the exception of a category of very small installations not applicable to the O'Hare ARFF. This legislation also established the Defense Base Closure and Realignment Commission, and directed that it shall meet only during calendar years 1991, 1993 and 1995. As you know, the Commission has completed its deliberations for 1991.

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The Act also establishes specific procedures to be followed by the Secretary of Defense in developing closure and realignment recommendations to make to the Commission. Published criteria must be applied to force structure plans, which must be included with budget submissions for fiscal Years 1992, 1994 and 1996. By no later than April 15, 1993 and 1995, the Secretary may publish in the Federal Register and transmit to the Commission and congressional defense committees a list of installations recommended for closure or realignment. The Military Departments expect to be asked to submit proposed recommendations for the Secretary's consideration in formulating the final recommendations which will be forwarded to the Commission.

To ensure concerns of nearby communities are fully considered, Congress included the following provision in the Act:

Sec. 2924. Community Preference Consideration In Closure And Realignment of Military Installations.

In any process of selecting any military installation inside the United States for closure or realignment, the Secretary of Defense shall take such steps as are necessary to assure that special consideration and emphasis is given to any official statement from a unit of general local government adjacent to or within a military installation requesting the closure or realignment of such installation.

In light of this, should the City decide to pursue a relocation of the ARFF away from O'Hare, it would be my suggestion that a formal written proposal be prepared for consideration by the Air Force and the Office of the Secretary of Defense for possible inclusion with the recommendations to be submitted by the Secretary of Defense to the Commission in 1993 or 1995. Since Section 2924 seems clearly to provide for special consideration to be given to the views of what are known as the "collar communities" adjacent to O'Hare, any ARFF relocation proposal by the City should be coordinated with them to assure that their views are included in the proposal as well.

Any relocation proposal would have to meet the following minimum conditions to be acceptable to the Air Force. First, the relocation must be without cost to the Air Force, including moving costs. In addition, the total costs of long-term operations must not exceed the projected costs of continued operations at O'Hare. Of course, the relocation proposal must be acceptable to the receiving location. There also must be a recruiting base of eligible Guard and Reserve personnel available in the vicinity of the receiving location, which is acceptable to the Air Force

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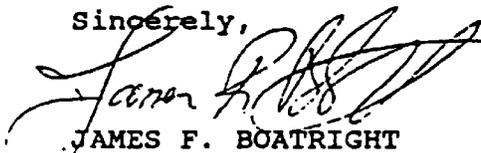
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Reserve and the Illinois Air National Guard and sufficient for their needs. Finally, the facilities at the receiving location, including runways, navigational aids and related support, must be sufficient to handle operational mission requirements of the Reserve and Air National Guard units concerned.

The Air Force will cooperate with you as you develop your proposal and will designate appropriate officials of the Air Force Reserve and Illinois Air National Guard to work with you and your staff for that purpose, particularly regarding the issues of adequacy of the recruiting base and the capability to support operational missions at any proposed receiving location.

If you should decide to go forward with a relocation proposal, I would appreciate being advised of the names of the appropriate people with the City who will be involved. Please let me know if there is any further information I can provide.

Sincerely,



JAMES F. BOATRIGHT
Deputy Assistant Secretary of the Air Force
(Installations)

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DEPARTMENT OF THE AIR FORCE
WASHINGTON DC



OFFICE OF THE ASSISTANT SECRETARY

5 OCT 1992

Ms. Kitty Freidheim
Deputy Commissioner of Aviation
City of Chicago
20 N. Clark Street, Suite 2400
Chicago, IL 60602

Dear Ms. Freidheim:

During the meeting on September 17, 1992, with you and representatives from Rockford, IL, Mr. Ford, Executive Director, Greater Rockford Airport Authority, ask us to help you define what would constitute a comprehensive and attractive proposal to relocate the Air National Guard and the Air Force Reserve activities from O'Hare IAP to Rockford. I responded by telling you that we would do our best to answer your questions and help you with your definitions, however, I stated that we would give serious consideration to any responsible proposal submitted pursuant to the Defense Base Closure and Realignment Act of 1990 (P.L. 101-510). The purpose of this letter is to recap key points which were discussed.

An attractive proposal would meet all of our operational requirements, would be at no cost to the Air Force, and would compare favorably with the current day-to-day operating costs at O'Hare. Some of the key points are as follows:

- Runway length should be 10,000 feet based on what is required for the present KC-135E aircraft.
- There should be ramp space to provide one parking space for each of the presently assigned aircraft.
- Required Hydrant refueling capability.
- Facility replacement costs should be based on replacing all facilities (at present square footage) that exist at O'Hare.
- Personnel and Equipment moving costs should include:
 - Equipment moving/hook-up costs.
 - Communications relocation costs to include additional communications required to provide dual operations during the moving phase.
 - Operational costs to keep the military mission intact during the move.
 - Personnel relocation costs to include all applicable government/military entitlements.

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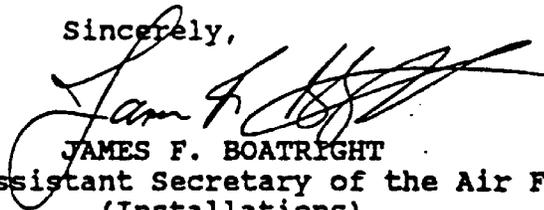
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- Temporary storage costs if required.
- Personnel Travel Costs.
- Proposed Implementation Plan to include phasing that would keep units operational at all times during the move.
- Proposed Land conveyance at new site.
- Operational Comparisons.
 - BOS Costs.
 - Airport Joint Use Agreement Costs.
 - Fire/Crash/Rescue Agreement Costs.
 - Utility Costs.
 - Navigational Aids.
 - Airspace/Air Operations.
- Proposed Airport Master Plan.
- Community Coordination/Reactions (from both losing and gaining communities).
 - Commitment to fund an Environmental Impact Statement (EIS).
 - Commitment to provide documentation that the new site at Greater Rockford Airport is environmentally clean.

As we discussed, any proposal should be submitted by mid November in order to get full and complete consideration in the 1993 Base Closure/Realignment process. I trust this recap will be helpful. Should you have any questions please call my representative for Reserve Affairs, Col Joseph Feather, 703-697-4391. A similar letter has been sent to Mr. Fredrick C. Ford, Executive Director Greater Rockford Airport Authority.

Sincerely,



JAMES F. BOATRIGHT
Deputy Assistant Secretary of the Air Force
(Installations)

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OFFICE OF THE MAYOR
CITY OF CHICAGO

RICHARD M. DALEY
MAYOR

August 14, 1991

Mr. James F. Boatright
Deputy Assistant Secretary for Installations
Department of the Air Force
The Pentagon
Room 4C 940
Washington, D.C. 20301-1000

Dear Mr. Boatright:

Thank you for your letter of July 18, 1991. I understand your concerns about the cost to the Air Force of a possible relocation of the O'Hare military facilities to Rockford or elsewhere. Of course, the City does not expect the Department of the Air Force to fund the proposed relocation from O'Hare or the construction of replacement facilities at a new location.

Now that this matter has been clarified, please give us your thoughts as to how you deem it best to proceed further on these issues. I look forward to fruitful discussions.

Sincerely,

Mayor

cc: Secretary of Defense Dick Cheney
Congressman Dan Rostenkowski

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