

## **Chapter 6**

### ***After Closure: Encouraging New Development***

The Clinton Administration and the Department, with the cooperation of Congress, have significantly improved the process by which base closure properties are disposed and redeveloped into productive civilian uses. Rapid reuse is not only important to communities and workers impacted by the base closure, it is also essential in our efforts to cut costs.

#### **Creating Community Jobs with an Improved Base Reuse Process**

Since the Department began these most recent rounds of closures and realignments in 1988, we have learned that the faster bases are closed, the faster the Department saves money -- and the faster communities can begin creating new jobs.

We have reduced closure time from the nearly five years for bases on the 1988 list to approximately two years for bases on the 1993 list. Much of this improvement is attributable to new policies and procedures designed to expedite mission drawdown and help communities achieve rapid economic redevelopment. Communities are also acting more quickly in developing their reuse plans. We encourage cooperation between DoD and communities affected to explore privatization opportunities utilizing surplus facilities, some of which may involve DoD contracts. In BRAC 88, the average community took nearly two and a half years to create a reuse plan; in the 1993 round that time dropped to only a year.

When the BRAC 88 process began, the property disposal statute (the Federal Property and Administrative Services Act of 1949) allowed DoD to turn over property to communities or institutions at a discount or free only for public purposes such as aviation or recreation -- but not for job creation. Moreover, disposal of the land, buildings, and movable property on bases was bureaucratic and penny-pinching, primarily because the Act was written to maximize the return to the Federal Government from the disposal of such assets. Many business owners wanting to locate on a newly-closed base have been unable to get interim leases because of Pentagon red tape. Disputes over "fair market value" of military property resulted in the worst of both worlds: land and buildings that could support job creation sat idle, while DoD continued to maintain property it no longer needed. Another example was the Stewart B. McKinney Act which gave the homeless priority rights to excess Federal property without giving any consideration to community reuse. It became clear that the 1949 Act did not envision the magnitude of military base closures or the attendant economic disruption to communities.

### ***Improving the Base Reuse Process***

The Clinton Administration worked closely with Congress to address the reuse problem. In 1993, legislation was enacted to allow DoD to turn over property for economic development when community development plans meet a strict test for economic viability and job creation. To make property available for reuse as quickly as possible, the Administration is implementing a new job-centered property disposal process with the following key elements:

***Economic Development Conveyances (EDC).*** Congress changed the law to enable DoD to transfer property at little or no cost for economic development purposes, when communities have a viable plan to create jobs. That legislation also allows for federal recoupment of a portion of eventual profits should the base be sold later.

***Interim Leases.*** Even before base property is ready for sale or transfer, it can be used to create new jobs for the community. Interim leases, with temporary tenants, can be the key to rapid economic redevelopment. DoD encourages interim leases in a variety of ways, including arrangements that allow tenants to lease rent-free in exchange for maintaining the property. These arrangements can now be made with local base commanders who are most familiar with local needs and Service drawdown plans. This step can cut processing time by three months or more.

***Screening of Property.*** The Federal Property Act required DoD to offer base property first to other federal agencies -- a process that took months and even years. The Military Departments are now meeting with community leaders and local planners to explain the screening process and to discuss the community's interest in specific parcels of land. This has shortened the screening process and DoD now looks to the community reuse plan to guide the disposition of base property when federal agencies seek portions of a base.

***Related Personal Property.*** DoD had taken most of the movable property out of a closing base to meet other defense needs, although such property -- everything from furniture to fire trucks -- can be a significant inducement to a prospective tenant or owner. Changes to the property disposal law now make equipment not needed for specific military purposes available to the community when it can enhance the future uses of the real property being considered in its redevelopment plan. While defense needs remain important, local reuse needs receive greater visibility and priority in decisions to allocate such movable property at closing bases.

### ***Revitalizing the Homeless Assistance Process***

The Department was also successful in working with other Federal agencies and Congress to pass the Base Closure Community Redevelopment and Homeless Assistance Act of 1994. This law addresses local reuse needs by balancing homeless assistance needs with economic development needs. Under the new process, local communities work along with homeless providers to decide how best to address homeless needs. The old process permitted homeless providers to acquire property as an entitlement, directly from the Federal government, without regard to local community reuse plans. While in early stages of implementation, this new procedure is expected to significantly simplify the transition of communities affected by the 1995 base closure round.

### **Programs to Help People**

The Federal Government not only has a responsibility to help create jobs in communities but also to assist affected military and civilian employees transition to new employment. Too often in the recent past, the Federal Government has only grudgingly played this role. The Clinton Administration's programs enable the Departments of Defense, Commerce and Labor, among other agencies, to play a more active role.

#### ***Military Transition Assistance***

The uniformed force has been reduced by over 700,000 servicemembers since 1987. Careers have been ended prematurely despite recent military actions such as Desert Storm and Provide Comfort. DoD is making sure that those leaving military service and their families are treated fairly. The Department remains steadfast in its commitment to offer those leaving military service, as well as their family members, a wide range of transition services and benefits. The Department spent over \$1 billion on military transition program assistance in FY 1994. Transition support and services are vital parts of treating members right, even as they prepare to leave military service and embark upon new careers.

#### ***Civilian Transition Assistance***

DoD benefits for civilian employees include voluntary separation incentives, counseling, and transition, job search and relocation assistance. We plan to spend \$2 billion cumulatively in FY94 through FY97 on such programs. Worker retraining and reemployment programs in the Department of Labor (DoL), which can be used to assist displaced defense workers, are estimated to be funded at \$710 million cumulatively for the same period. In October and November 1993, a DoL-led team of Federal and State economic

development and human resource specialists visited BRAC 93 bases; these teams provided employees and communities with information on the availability of job-search and retraining assistance. Similar outreach efforts are planned for BRAC 1995 bases.

Since September 1989, DoD has reduced its civilian end strength by about 220,000 or almost 20 percent. A substantial portion of this downsizing will be associated with BRAC actions. To minimize involuntary layoffs, the Department is aggressively implementing a separation-pay or buyout program. Under this program, DoD offers cash incentives, up to \$25,000, to employees who resign or retire. The buyout is available to employees where it will prevent an involuntary separation or create a vacancy for an employee who would otherwise be separated. To date, the Department has paid close to 55,000 incentives, avoiding significant reduction in force actions throughout the Department.

DoD has other highly effective programs to help civilians find new jobs. The most notable is the Priority Placement Program (PPP), an automated system that matches employees whose jobs are to be eliminated with vacant DoD positions for which they are qualified. Since its inception in 1965, PPP has placed over 120,000 employees. The Deferral Outplacement Referral System (DORS) is another automated system that refers applicants to other Federal agencies and non-Federal employers. These options to involuntary separation will be increasingly important in the Department's efforts to close further installations while minimizing the adverse impact on individuals.

The National Defense Authorization Act for FY 1995 included a provision that allows the Department to establish a pilot program at closing and realigning bases. To encourage private-sector employers to hire DoD people, the Department will not only reimburse employers for retraining costs, but will also pay relocation expenses for employees who move to take a job with a non-Federal employer. These incentives, limited to \$10,000 per employee, will make DoD employees more valuable to civilian employers.

#### ***Homeowners Assistance Program***

The Homeowners Assistance Program (HAP) assists eligible military and federal civilian homeowners who, through no fault of their own, face a financial loss when selling their homes in an area where real estate values have declined because of a base closure or realignment.

In general, HAP works in three ways. The Government helps eligible employees who cannot sell their homes within a reasonable time by either buying their homes for 75 percent of their value prior to the closure announcement, or reimbursing them for most lost equity should the homeowners sell the house for less than the pre-closure announcement value. The program also provides relief for displaced employees facing foreclosure.

To be eligible for HAP benefits, the applicant must be a military member (Coast Guard included), federal civilian or non-appropriated fund employee assigned or employed at or near the installation announced for closure or realignment, and be the owner-occupant on the announcement date. Eligibility is also extended under certain conditions to personnel on overseas tours or those ordered into on-base housing within a specified period prior to the closure or realignment announcement.

### ***Tools to Help Commanders Close Bases***

There are several tools available to help commanders close bases while assisting affected individuals in the transition.

**Dual Compensation Restriction Waivers:** The Office of the Secretary of Defense has the authority to waive dual compensation restrictions for retired military members or civilians hired at closing bases to fill critical transition positions.

**Job Swaps:** Job swaps allow commanders to staff critical jobs at closing bases and create placement opportunities for employees who would otherwise be separated. Job swaps are an exception to the Priority Placement Program. Employees at closing bases may swap jobs with employees at non-closing bases who are, or will soon be eligible for retirement. This provision may also be used to fill vacant critical positions at a closing installation.

**Quality of Life (QoL) and the Base Closure Assistance Team (BCAT):** As Services begin implementing BRAC decisions, commanders are challenged to sustain appropriate levels of quality of life for service members, civilians and family members, even as they face diminished resources, staffing shortages, and the turbulence associated with closure. The September 9, 1993, Deputy Secretary of Defense memo, "Closing Bases Right," refers to maintenance of QoL programs and states, "Expediently closing bases in a manner that balances community reuse needs and military operational requirements, while looking after the needs of our people, is our ultimate goal." The Base Closure Assistance Team initiative is one of the primary tasks outlined in the Under Secretary of Defense for Personnel and Readiness February 25, 1994, Base Closure Action Plan.

The Base Closure Assistance Team has been established in the Office of Family Policy to serve as the commanders' resource to address installation QoL issues. The team will provide training, consultation, and assistance on QoL programs, services, and standards. The intent is to support installation commanders with a planning process designed to raise issues and to recommend strategies for solution. In a climate of decreasing resources, the overall goal is to minimize the stress of closure by sustaining functions through innovation and community collaboration. For BCAT assistance or to obtain planning and resource guides, call the Office of Family Policy at (703) 696-5733, DSN 226-5733.

**Exchange Service and Commissary Policies:** The Department has issued a new policy concerning Exchange Service operations at closing and realigning installations. This policy permits the Exchange Services to continue to operate on closed or realigned installations under certain conditions.

The key to allowing continued exchange operations is that a Reserve component force remain as part of the patron base at the installation or in the immediate local area. The local community must support in writing the continuation of the exchange operation. Appropriated funds are not authorized to support such exchange operations, however host installations can provide common support as long as no additional costs are incurred. The remaining exchange operation must stay a sound business operation and require no new construction.

Commissary operations at closed and some realigned installations will cease due to current Department policy. Since commissaries use appropriated funds, when a base closes the commissary funds and manpower are eliminated.

**Additional Information:** DoD will hold a conference in July 1995 for commanders of BRAC 95 bases to provide training with respect to implementation, property disposal, base reuse, and lessons learned from previous BRAC rounds. The Military Departments also conduct Service-specific training for their respective installation commanders. DoD is also updating the "Commander's Guide to Closing Bases Right" which describes specific base closure issues, identifies relevant laws, policies and directives, and passes on lessons learned from commanders who closed bases with minimal amount of pain to individuals and communities.

### **Environmental Cleanup on Closing Bases**

A key part of the Department's community reinvestment plan is devoted to the development of a common sense, fast-track approach to environmental cleanup. The Administration continues to be committed to a fundamental redesign of the cleanup process based on an approach that eliminates needless delays while protecting human health and the environment. It is an approach that emphasizes speedy assessment, teamwork among regulatory agencies, and responsiveness to the community. On September 9, 1993, the Department of Defense (DoD) issued implementing guidance on the following key elements of the fast-track cleanup initiative:

- Establish Base Cleanup Teams
- Conduct Bottom-up Reviews of Environmental Conditions
- Involve the Community in the Cleanup Process
- Make Clean Parcels Available Early
- Accelerate the National Environmental Policy Act (NEPA) Process

Environmental specialists from DoD, U.S. Environmental Protection Agency, and state environmental agencies form cleanup teams at every major closing or realigning base where property will be available for transfer. Each team conducts a bottom-up review of base environmental programs and develops a cleanup plan that considers both risk to human health and the environment and community reuse interests. Clean parcels are identified early in the process and made available for reuse. Communities participate in the cleanup process through Restoration Advisory Boards.

### ***Restoration Advisory Boards***

The President's Fast-Track Cleanup Program emphasizes the need for effective public involvement in the cleanup process. DoD's September 9, 1993, Fast-Track Clean-Up Guidance requires closing bases to establish Restoration Advisory Boards (RABs) where property will be available for transfer to the community. RABs provide an opportunity for communities to have input to the cleanup process by serving as a forum for exchange of information between key players in the cleanup process -- the closing base, the Environmental Protection Agency, the state regulatory agency and members of the local community. The intent is to foster a partnership which will permit the cleanup process to proceed more smoothly, and result in the release of parcels which can be readily reused by the community. RABs work closely with local reuse committees to ensure that cleanup options being considered support future reuse.

### ***National Environmental Policy Act***

The National Environmental Policy Act (NEPA) applies to the disposal of closing base property and to the relocation of functions from a base being closed or realigned to a receiving base.

DoD intends to find areas where NEPA can be used in the planning process to speed the transition of installations from military to civilian use.

## **Economic Adjustment Assistance and Planning Grants for Communities**

DoD's Office of Economic Adjustment (OEA) is the first contact that base closure communities have with the Federal government. OEA has over 30 years of experience and a good record in helping communities develop economic adjustment strategies and detailed base reuse plans. OEA project managers are assigned to communities and remain in constant contact with them throughout the entire reuse process. They walk local leaders through the base reuse and transition process, evaluate alternative proposals for base reuse (e.g., is a commercial airport viable?), develop a marketing strategy, and prepare management plans

and site layouts. OEA also awards planning grants and helps communities apply for a variety of assistance from other Federal agencies.

Other Federal agencies have programs and financial assistance available to help communities impacted by base closure. The Department of Commerce's Economic Development Administration (EDA) has \$500 million budgeted cumulatively for the period FY94 through FY97 for defense diversification activities. EDA funds are flexible and can be used to help communities with technical assistance, planning, or implementation of an adjustment strategy, including construction of public facilities or finding revolving loan funds. The Federal Aviation Administration spends \$40 million a year on a program to fund conversion of military airports to civilian use. The Small Business Administration offers guaranteed loans and the "Section 504" debt financing program.

In the past, OEA suffered from inadequate resources. The Clinton Administration is now giving OEA the resources and support it needs to do a better job -- to begin helping communities sooner; to provide larger grants; and to go beyond its traditional focus on planning, to actually helping communities get started on their redevelopment activities.

The sooner a community starts planning for local economic redevelopment, the sooner it is on the road to recovery. OEA has expedited the approval of initial planning grants. Once a community creates a local, representative organization to plan and manage the base reuse and adjustment process, OEA approves its grant within two weeks. These grants now average \$1 million per community over five years. For the hardest hit communities, usually those that have been host to a complex set of closing DoD facilities, OEA will provide up to \$3.5 million over the same period.

In the past, communities affected by base closings faced a tangle of government agencies and overlapping programs. In particular, DoD was too often unresponsive on issues relating to environmental cleanup and property disposition. Base Commanders lacked training or experience in closing bases, and the Services, focusing on their core missions, did not encourage commanders to take community needs into account.

To bring the transition to the community level, the Clinton Administration named a corps of on-site advocates to cut through such red tape and slash bureaucratic thickets. The Base Transition Coordinators (BTC's), most of them previous residents of their community, serve as full time community advocates and local points of contact with the Federal Government.

In the early stages of base closure planning, the Base Transition Coordinators work with their community to identify reuse needs -- e.g., which parcels of land to develop first and which facilities it would like to consider for interim use. These community needs can

then be accommodated, wherever possible, in DoD's plans for drawing-down and closing the base. The Base Transition Coordinators can also cut through DoD red tape to get interim leases issued quickly to businesses that want to locate on the base. In addition to advocating community needs within the DoD, the Base Transition Coordinators work with other Federal agencies to speed the screening and disposal of base property.

Base Transition Coordinators also work with Federal and State agencies to keep environmental cleanup on a fast-track. Among other things, these individuals ensure that information concerning the nature and extent of contamination is made available to community planners as early as possible, and they push for priority treatment of parcels of land with the potential for rapid redevelopment.

Every community with a base slated for closure or major realignment (including bases on the 1988 and 1991 lists) have been assigned a Base Transition Coordinator. Sixty-seven coordinators are currently in place, reporting directly to the Office of the Secretary of Defense. Additional coordinators will be added for BRAC 95 bases.

**Publications To Help Communities:** A joint DoD-Department of Commerce center, called the Office of Economic Conversion Information, has been established to provide information needed to anticipate, plan for, and respond to defense downsizing. This clearinghouse provides information on all Federal transition assistance programs available to assist businesses, communities and people. It can be accessed via telephone at 1-800-345-1222 or via the Internet at ECIX.DOC.GOV.

For additional information, or to obtain publications on the base reuse process, call the Office of Economic Adjustment (OEA) at (703) 604-5690.

## **Conclusion**

We are beginning to see the effects of these changes. 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 security and maintenance expenses. 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.

The disposal and reuse process is not easy. Some communities have a tough time attracting new businesses, and sometimes doing so takes considerable time, but it does happen. For example, the Department has tracked nearly 100 closures, from 1961 through 1993. Although 90,000 civilian jobs were eliminated from these closures, *over 170,000 new jobs have been created -- almost twice as many!*