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BASE CLOSURE AND PROPERTY REUSE

by

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Abstract

Military base closures are often viewed as a serious threat to a region's local economy. Defense base closings can also offer an unprecedented opportunity to restore the economic health of the community, prompt new industrial development, provide improved public services, and encourage long term economic growth. The purpose of this research is to examine the Base Closure steps and develop a model for the Property Reutilization of the military installations. This study will investigate the political economy of the military base closure: the federal and local public policy process and how it impacts the economic efficiency of public resource allocation. This study will describe a surplus base facility that represented the largest single block of land to become available to a community for many years. Few communities have the opportunity to plan properly the use of large contiguous land parcels, which can thereby, influence and stimulate the community's potential development. The methodology of this paper is descriptive. This paper is based on research data obtained by a comprehensive review of literature and through personal interviews and Department of Defense Officials. Additional data obtained came from the use of the Internet and the Air University Library. This study will highlight a major facility and land use principles involved in the Base Closure and Reuse of a former military. Nevertheless, the final responsibility for land use planning and for securing the optimum use of the former base facilities to serve local needs and objectives still rests fully with the local community leadership itself.

Chapter 1

INTRODUCTION

Background

The Iron Curtain has fallen. The Warsaw Pact has become a distant memory. Thus the threat of Russian aggression in Europe and of a global war initiated by the Russians has been dramatically decreased. At the same time, the United States continues to keep the budget deficit under control. Because of significant economic and political events, the United States Congress deals with the dynamics of how to reshape the military forces, with the number one priority of national security. With a decrease in force structure as the entering argument, it follows that significant savings can be achieved by rethinking America's domestic military base structure and economizing on the operating overhead. Military bases represent a significant opportunity cost both in terms of physical and human values to the employment of these resources in the private or non-private sector. The base closure issue is complex and politically volatile.

Objective

This research will endeavor to assess the true socio-economic costs of base closure and the relevancy of these costs to the base closure decision. It will review and examine government reports and historical base closures for economic comparison of the

eventual round of base closures in the 1990's. This research will address several questions that arise from the fact that so few base closures occurred in the 1980's:

- Why were so few bases closed?
- How does economic and political forces combine to shape military base closures policy – and is that combination detrimental to the efficient allocation of resources?
- What are the socio-economic effects on communities from base closure in the 1990's, and are these effects the same as they were in earlier base closure actions?
- Is there a summary blueprint for guiding and understanding the economic transition from a military dependent economy to a privatized economy that minimizes the negative socioeconomic impact?

This research will additionally seek to determine the economic relevancy of Congressional inaction and protectionism with respect to military base closure. Conclusions from this research might assist planners in the future assessment of economic severity and impact on dependent local communities, and that impact's relevancy to the base closure and realignment decision.

Scope

This paper is limited to the socio-economics of military base closures on the local communities surrounding a military base. It examines the congressional relationship with the Office of Secretary of Defense in the oversight of the base closure decision, and how that relationship is affected by perceived local socio-economics.

This paper does not attempt to assess base closure decision criteria in general, only to explain the salience of socio-economic criteria and political processes that are subsets of the decision criteria. Lastly, though much has been written about it, this thesis will not specifically assess the vague environmental costs of base closure. I follow the General Accounting Office's view that these are sunk costs and should not be used as criteria for closure and on one side or the other of the socio-economic impact ledger.

Methodology

The basic form of this paper is descriptive. This paper is based on research data obtained by a comprehensive review of literature and through personal interviews and Department of Defense Officials. Additional data obtained came from the use of the Internet and the Air University Library.

Definitions

The following is a list of terms used throughout this paper and explained here to obviate any confusion.

The term "Congress" will refer to the appropriate committees in Congress that oversee military base closure. These committees are the Armed Services Committees of the Senate and the House of Representatives, and the Subcommittee on Military Construction (MILCON) in the House and the Defense Appropriations Subcommittee in the Senate.

The term "Commission" will refer to the Defense Secretary's Commission on Base Closure and Realignment established by the Secretary of Defense and approved by Congress on May 3, 1988.

The following terms define the military base structure in the United States:

- The term “major base” defines a military base with more than 300 full-time civilian employees.
- The term “military installation” includes all the major bases as well as several more minor properties managed by the Department of Defense such as training and bombing ranges, communication sites, Reserve Centers, and outlying landing fields.
- The term “military properties” include all the major bases and minor properties as well as 4,000 other (very small) properties consisting of non-capitalized parcels of land.
- The term “realignment” includes any action, which both reduces and relocates functions and civilian personnel positions of a military installation.
- The term ‘local communities’ will refer to all incorporated and unincorporated communities located within 50 miles of the military installation being discussed.

Structure

Part I of this report will focus on the background of military base closure and presents historical information on base closure as a public policy decision making policy. This chapter analyzes the political volatility, both at the national and local levels, associated with closure and realignment. Part II will use a case study technique for extracting key points for analyses. The case study used will be Quonset Point; Naval Air Station located in Rhode Island. Part III will bring case study points and policy together into a model for property disposal, with emphasis on advantages to the local community.

Chapter 2

Base Closure Process

History

Base closings have been occurring for decades, and politics has played a major role in determining which bases would be closed. Economic assistance to affected communities to adjust to a base closure helped the transition, but minimal advance planning by these communities meant that there was little local input regarding reuse.¹

In 1977, Republican U.S. Representative William Cohen of Maine and Democratic House Speaker Thomas P. O'Neill of Boston, both of whose congressional districts had been the frequent targets of Pentagon budget cutters, persuaded Congress to require an environmental impact report before closing any base. The procedure required by the law was long, complicated, expensive, and open to legal challenge. Its result was just what its sponsors intended, and more: not a single military base was closed between 1977 and 1988.²

Base Closure and Realignment

In 1988, Congress passed the Base Closure and Realignment Act to minimize the effect of politics in the selection process and to implement an efficient and cost effective base closure program. The Act set up a commission to select bases for closing and

allowed closures to occur in advance of the completion of environmental impact reports. As a result of the 1988 Base Closure Commission's recommendation more than 60 bases were closed.

Amendments to the 1988 Act resulted in a new 5-year plan for closing bases throughout the United States, which was approved by Congress in October 1990. The Defense Base Authorization and Realignment Act of 1990 and the Defense Economic Adjustment, Diversification, Conversion, and Stabilization Act of 1990 established the procedures to be followed and provided conversion planning funds.

The 1990 base closure bill established a procedure for the identification of bases to be closed or realigned in 1991, 1993, and 1995. The Secretary of Defense made preliminary recommendations based on military value, return on investment, and impacts. In each of the three years the Department of Defense submitted a Force Plan to Congress which was then reviewed by a presidential appointed Base Closure Commission. This commission served as both a check on the Pentagon and a public forum to allow input from affected communities, which almost always challenged the selection of the local base for closure. During the 1990 review process a number changes were made in the list of bases that was originally submitted by the Secretary of Defense, and several bases were taken off the list.

In 1991, the Commission recommended to President Bush that 27 major bases, eight smaller installations are closed, and that 42 other activities be given revised or expanded roles. The President could have directed the Commission to revise the list, accepted the recommendations, or taken no action, which would have had the effect of a veto. President Bush accepted the list as submitted. Congress was then required to vote to

either accept or reject the entire list. In the case of the 1991 list, Congress voted to accept. It is estimated that the base closings on the 1991 list will save \$1.5 billion per year beginning in 1998. It is likely more extensive cuts would be made in 1993 and 1995, for which planning would begin in 1992.³

Economic Impact

Local economic impact is a factor of consideration in the Defense decision-making process. To the extent possible, Defense actions are implemented in a manner that will minimize the impact. An Economic Adjustment Program was initiated for this purpose in May 1961. Since 1970, adjustment assistance has been rendered through the President's Economic Adjustment Committee (EAC), which is composed of 18 federal departments and agencies and is chaired by the Secretary of Defense. The role of the EAC is to help communities "help themselves" by working with local, state, and federal agency representatives to develop strategies and coordinate action plans to generate new job opportunities and alleviate serious social and economic impacts which result from Defense changes. The Office of Economic Adjustment (OEA) serves as the permanent staff for the Committee.⁴ A report published by the EAC in May 1996, entitled "1971-1996: 25 Years of Civilian Reuse", provides an optimistic summary of completed military base economic adjustments (both closure and realignment). The report is a summary of 100 military base economic adjustment projects and focuses on the military and civilian job losses, the replacement jobs, and the principle industrial/commercial/public reuse activity and its eventual impact on the community.

Environmental Impact

Environmental impact is also a factor of consideration in the Defense decision-making process. For example, once a base is declared excess and the federal real estate screening process is complete, an environmental impact statement is prepared in accordance with the National Environmental Policy Act of 1969 (42 U.S. C. 4321 et seq.). The purpose of this action is to study the disposal of federal land and facilities to a non-federal entity. The local community affected by the base closure is asked to develop a reuse plan which may provide a basis for determining the extent of potential impacts that could reasonably be expected to occur. This reuse plan is normally in the form of a master plan, and includes zoning, land use, utility, and transportation elements. Funding for the preparation of such a plan is available to the community under United States Code Title 10, Section 2391, “Military Base Reuse Studies and Community Planning Assistance”, if the Secretary of Defense determines that the closure of the base is likely to impose a significant impact on the affected community. A significant impact involves the loss of 2,500 or more full-time Department of Defense and contractor employee positions in the locality of the affected community.

Notes

¹ Metropolitan Area Planning Council, 1991:12

² Sylvester, 1988

³ Metropolitan Area Planning Council, 1991:13-14

⁴ Office of Economic Adjustment, 1990:1

Chapter 3

Case Study of Quonset Point, NAS

There's a place at old Quonset Point Naval Air Station, across from where the airport terminal is now, where if you look hard enough you can imagine John Wayne briefing a room full of nervous young aviators about a raid on a Japanese held island.

--William R. Lauzon

History

The history of Quonset Point began in the 1890's. In 1893, the State of Rhode Island acquired the broad acreage of Quonset for military purpose, where recruits were trained for the Spanish American War. In June of 1938, it was considered the most favorable site in New England for a Naval Base, along the eastern part of North Kingstown near Narragansett Bay. The following year, the Naval Air Base was built. On May 25, 1939, President Roosevelt signed the documents allowing work to begin on the base, at a cost of thirty to thirty five million dollars. Two companies, Merrit Chapman and Scott, and the George Fuller Company financed the construction of the base. They provided the funds needed to dredge a deep water channel, and build the airfield, hangers, aircraft and maintenance facilities, an aircraft carrier pier, and housing for three thousand people.

Quonset Point officially came to life on July 16, 1940, when construction began on the thirty five million dollar base. The Navy, feeling the winds of imminent war, had

been looking for a location for new air bases on the East Coast. Quonset was picked the one. The station was placed in active operation on October 1, 1940.

More than a hundred carrier air groups and patrol squadrons were created here during the war years. The Naval Torpedo Testing Unit whose aircraft's were based at Quonset, practiced in Narragansett Bay, dropping their ordnance in the water to be snagged by huge nets strung across the water.

Nearby Route 1 was a main vein in Quonset's life support system. Bars flourished and restaurants abounded. Quonset, then the states biggest employer with more than five thousand military workers and about the same number of civilian workers, hummed day and night. But in 1973 the hum stopped dead. Quonset was closed and turned over to the state. Then, it began to deteriorate.

However, the military has not totally abandoned Quonset. The Air National Guard and Army National Guard are stilled based at Quonset Point. The Army National Guard has been at Quonset for twenty-five years and is committed to the base. They are in an old aircraft hangar with a brand new roof, new office space, and an upgraded dinning facility, among other improvements. And they're at Quonset to stay. An investment of \$2.7 million is being made to restore the eight thousand-foot runways the Guard and Quonset Airport Corporation uses every day.¹

Economic Development Corporation

But Quonset lives. It's not jumping, the way it was when thousands of Navy personnel streamed through the place and the pier dwarfed by carriers. The Rhode Island Economic Development Corporation owns the whole parcel of land now. Formally known as Quonset Davisville Port and Commerce Park, it is the biggest industrial park in

the state and one of the biggest in the Northeast. The park boasts 104 tenants and five thousand jobs.²

There are international firms at Quonset also, and nowhere in the park is there a better irony than Toray Plastics and Supfina Machine Company. These two companies, one Japanese and the other German, whose countries less than sixty years ago the United States viewed as our mortal enemies. Today the military base that waged war against our foe now bases employment for the United States.

The largest employer at Quonset is a defense contractor that builds submarines. Electric Boat, the park's first tenant, has been around since 1974 and spent more than ninety million dollars in local and state taxes between 1984 and 1996. The park is at the hub of four major transportation spokes: air, rail, water, and highway, and the federal government is spending millions to upgrade all of it, including a four lane road connector, to eliminate truck traffic through neighborhoods.

The controversial dredging of part of the port to make way for larger container ships is still being considered, as is the concept of filling in some parts of the ports to make more land. With three thousand acres at its disposal, the state would find it difficult to sell the idea of filling in part of the ocean to make more land available.³

Quonset Point was a way of life for the military assigned in Rhode Island and the community the base supported. Over the years of post closure, the base was a mass metallic decay, from huge buildings with broken windows and sagging. It was a place where knee- high vegetation thrived in cracks of gigantic concrete lots, where long lines of new military gear once waited to be shipped to war. Except for pockets of

industrial development, that had become the economic savior of this old base, Quonset was not much more than a monstrous military ghost town.

Today, Quonset Point is being turned into an industrial park. Construction of a freight rail line, along with many other things, a few of which are two steam plant burners, improvements in both Piers, and upgrading of the Quonset Point Airport.

As for the freight rail line, Senator Jack Reed of Rhode Island recently praised the Clinton Administration's decision to include ten million dollars in its federal budget proposal to continue construction of the third track Quonset Point industrial park. This third line will improve the industrial park for plans to redevelop the port.⁴

Developers hoping to build a major East Coast port at Quonset Point are awaiting word from one of the world's major shipping lines, which is deciding to bring the world's largest cargo ships to Narragansett Bay. The problem for the developers of Quonset Point is that, to make the port cheap, a site would have to be found to dispose of the millions of cubic yards of dredging. The cheapest solutions would be to dump the dredging off Quonset Point to create land for the port, but the Army Corps of Engineers and other federal agencies that would have to approve permits has objected.

The Quonset Point case study provides an excellent opportunity to study the economic and political relationships that exist in the base closure process. This study additionally allowed me to assess the transition and reuse procedures. This process can effect the socio economics of the local community if not implemented in a timely manner. With this research and all the variables associated with closing a major installation it is critical to have a model to measure success. The Quonset Point closure case study illustrates many of the common base closure elements that many military

installations and communities deal with when there base makes the Base Realignment and Closure list.

Notes

¹ <http://www.nuwc.navy.mil/hq/history/quonsetpoint.html>, 29 Jan 1999

² <http://www.riedc.com> “Rhode Island Development Corporation”

³ <http://www.riedc.com/new/press/pr96oct10.html>, “Cargo Containerships begin to arrive at Quonset Point Facility”

⁴ <http://www.senate.gov/-reed/releases/971209.htm>

Chapter 4

Model for Property Disposal

President and Congress Initiated

The President and the Congress initiate the disposal of military property by making a final decision to close the base itself, and determines the property to be excess. Property declared excess by a federal agency is turned over to the General Services Administration for disposal, which offers the property to other federal agencies. If no other federal agency expresses an interest in acquiring the property, it is declared surplus, and offered to state and local governments. If no public agencies make a suitable bid, the property is offered for sale to the private sector on a competitive basis. Although property is ordinarily sold at fair market value, discounts of up to 100% are given on the transfer of property, which is to be reused for public airports, wildlife conservation, historic monuments, or health or educational purposes.

The turnover of military property from federal to private ownership has become increasingly complex in recent years because of the economic distress, which often accompanies it. The average time needed for the successful reutilization of a decommissioned base has been estimated at a minimum of 3 to 5 years, during which time small business and real estate values are often particularly hard hit. Asbestos and hazardous material contamination, environmental issues, and the costs of remediating

these problems on military bases are major concerns of both the government and affected communities. It has been estimated by the Inspector General of the Department of Defense that the cleanup bill at military bases could be as high as \$200 billion.¹

Serious problems also arise if no suitable use is found for a decommissioned base and the government is forced to act as caretaker. Any uncertainty over the future use of a base serves to divide the community over the best option for its reutilization, and to jeopardize the plans of potential users by delaying the reutilization process itself. From the perspective of the local military command, the negative effects of base closure on both service and civilian personnel can be devastating. Morale plummets and commands budgets are cut substantially. Employees who leave are often not replaced, even though their services may still be required. At Quonset, the responsibility for much of the planning needed to close a base is to the command itself, thereby placing additional burdens on an already overtaxed staff.

The closure of a base may impact only one small town, or it may affect an entire regional economy. Once the decision is made to close a base, the number of competing ideas for the reuse of the base's facilities can be overwhelming. The current centralized system of government assistance to communities affected by base closures is coordinated by the Economic Adjustment Committee, and involves 18 federal departments and agencies. The nature of this system allows competing interests to use politics to unwittingly extend the economic distress of a base closing by failing to arrive at a consensus over redevelopment priorities. What is needed is a modification of the existing property disposal process, which will allow decisions to be made quickly, and efficiently, with the greatest amount of concurrence possible among all interested parties.²

The case study outlined earlier in this paper showed the dramatic impact of the Quonset Point Redevelopment Authority on the redevelopment of the Quonset Naval Air Station. Similar local organizations should either be incubated or expanded (in the case of inadequate existing organizations) to fulfill a comparable role in every base closure initiative. The coordinating actions of the Economic Adjustment Committee could then be delegated to these organizations as local representatives, which would then be responsible for negotiating a set of turnover agreements between participating federal agencies and departments, the vacating military service, and the local community. The subject of one of these agreements might be anything from a timetable for the cleanup of a site that has been contaminated by improper hazardous material disposal to the payment of maintenance, repair, and utility costs for buildings which have been vacated by the military but have not been reoccupied by new tenants. The overall result of these negotiated agreements should be part of a comprehensive plan which will minimize the period of time that is required to return a closed base to productive reuse.³

Once it becomes excess property a closed base is turned over to the General Services Administration for disposal. Under the Model Process, the subsequent reuse screening to determine interest in the property by other federal agencies would be strictly limited to a period of no more than six months. The failed Breaux-Johnston amendment to the FY 92/93 Defense Authorization Bill would have modified existing property disposal procedures even further by transferring decommissioned military bases directly to the communities which were affected by base closure actions. Under the Model Process, however, “surplus” properties (those in which no federal agencies express an interest) would then be offered to state and local governments, who would be required to

designate a “Redevelopment Coordinator” as a condition of their interest. The Redevelopment Coordinator would be the sole authorized representative of local government for all decisions and negotiations concerning the turnover and subsequent reuse of a decommissioned base. In the case of competing governments vying for control of a particular property, a proposal system would be established by the General Services Administration in order to determine the most qualified group. The Redevelopment Coordinator would also be responsible for the management of the public half of all partnerships with private enterprise that are established in the process of redeveloping a base. Management responsibilities might include such actions as:

- Coordination of efforts required making zoning changes that are critical for redevelopment.
- Preparations of grant proposals in order to compete for project-related federal, state, or local funding.
- Initiation and implementation of creative development proposals, such as designating part of a closed base as the receiving area for a Transfer of Development Rights (TDR) programs.

The general role of the Redevelopment Coordinator is a delegated version of the role of the Office of Economic Adjustment (OEA). The OEA is responsive in base closure actions for:

- Tailoring government assistance to local needs and capabilities.
- Joining available Federal, state, and local government resources with those of the private sector to achieve adjustment goals.
- Replacing lost jobs.

- Assisting in the conversion of surplus military facilities to civilian job producing uses such as airports, schools, and industry.

The Redevelopment Coordinator would also be responsible for negotiating a fair price for the purchase of each parcel of real estate on a surplus base. Since the federal government has a vested interest in selling its property at the highest possible price (in order to defray some of the high costs of environmental remediation on the average base), the Redevelopment Coordinator would balance this interest by acting as a professional bargaining agent for local government. In cases where a piece of property could not be readily disposed of, the federal government would compensate the Redevelopment Coordinator for acting as an interim caretaker. The Redevelopment Coordinator could be an existing organization like the Boston Redevelopment Authority or it could be established on an ad hoc basis, but it must be staffed and managed by experienced, design, engineering, financial, legal, and planning professionals.

Regardless of the impact of a base closure on a particular community, the scope of 10 U.S.C. 2391, "Military Base Reuse Studies and Community Planning Assistance," should be expanded to include funding for all base closures, not just those that involve 2,500 or more government employee positions. Expanded funding of this type could be used to augment the staff of an existing Redevelopment Coordinator, or to create an ad hoc coordinator via a contract with a civilian-planning firm. Funding should also be provided to retain professional planners (or military reserve engineering officers on active duty) to assist military professionals at each base in formulating closure procedures that are consistent with the needs of both the military service and the local community.

Notes

- ¹ Metropolitan, Area, Planning, Council, 1991:16
- ² Langton 1993 : 257
- ³ Langton 1993 :259-260

Chapter 5

Conclusions

The base closure is one issue that will remain alive as long as there is a need for a military in the United States. The issue has continually been revisited in the 20th Century with history providing the interested party with a picture that is painted in confusion and non-logical conclusions as to whether or not a military installation should be closed.

The present base closure process is not prepared to adequately allocate government property for private redevelopment. My research found many positive and negative aspects of the base closure process. There are several inefficiencies and incomplete economic processes that serve to delay closures and therefore delay the potential benefits to communities. Many of the axioms presented in the historical studies are applicable today. Beyond an affirmation of those axioms, I observed the following problems, and offer recommendations for improvement of the base closure process:

Observations My study, in the agreement with historical assessments, concluded that major negative socio-economic impacts on communities when the local military base closes are negligible. This appears to be true even in worst case scenarios where local communities are somewhat isolated and economically dependent on the base. Yet, initial community reactions to base closure continue to be negative. These reactions seem to be

an outgrowth of viewpoints held by federal and local political factions attempting to exert influence and broaden their power base. My research shows this reaction unfounded.

Recommendations: Increased awareness of those parties concerned with the conditions affecting the base closure process and a better understanding of economic and political relationships in public policy making are essential. A DoD decision to close a base to improve government efficiency is dependent on the political process that controls the details of the decision. Too often political influence squeezes the economic efficiencies, causing excessive delays and increased costs. However, if local citizenry and civic leaders realize and understand this process, they can help limit these delays and work toward beneficial redevelopment. My study concludes that base closures can lead to positive socio-economic benefits – local political leaders should grasp that concept for the benefit of their constituencies.

Observation: The base closure process is contentious and too lengthy. This leads to resource allocation inefficiencies and delays economic return to the federal government and ultimately to the individual citizen. The political process that takes place at the federal and local level delays even the simplest closure by several years. Public law and vague procedures promote infighting between civic leaders.

Recommendation: Once a decision to close a base is made, it should be implemented as quickly as the community can be prepared to reuse it. When a base's fate hangs in limbo, and redevelopment is needlessly postponed, it hurts the surrounding communities. Bankers become nervous. Developers shy away. Though recovery is inevitable, it is delayed. The OEA and the DOD need to assist and Congress should not hinder an economically sound closure.

Observation: All possible alternate uses for base reuse are not considered, and some stakeholders are not identified or heard in the base closure process. There is a definite bias in development toward simplistic reuse plans that lean toward obvious assets – such as runways. I found no evidence that other options, other than differing sized airports associated with industrial parks, were considered for Quonset Point.

Recommendation: Make the public more aware of the process and the avenues to be heard. The Environmental Impact Statement process is specific and allows for ample input from stakeholders and for reuse options. However, I experienced very little turnout or preparation for the public hearings that were held in support of the process. Local civic leaders must advertise the existence of the process better. The value of the land the base is now on could be utilized for different purposes. The report, “25 Years of Civilian Reuse,” states numerous other uses can be found for the assets contained on a typical military base. These alternate uses are more or less valuable to individual citizens. For example, the most valuable alternate use of the property on which the base is located may be to make a golf course for some of the stakeholders. To others, more valued uses may be to provide homes for the elderly or homeless, or use base assets as penal institutions. All of these alternative uses must be considered as viable alternatives. My study indicates that there is a breakdown in this portion of the decision making process, and all the alternatives may not be considered for possible reuse issues.

The reuse question is slanted primarily towards privatization of the property in question, and the increase in the possible tax base of the property for local communities. In cases where the base contains an airfield of any substantial size, the decision is almost predestined to include the use of this resource in redevelopment plans. The only question

that remains in these cases, as it does in the Quonset Point case, is how large should the airport be, and who should have the control of the redevelopment.

For example, many of the communities of the OEA study built community related facilities at the closed bases. Colleges were established, low cost housing took the place of military barracks and on-base housing, and at bases which were associated with an airfield, regional and possibly larger civilian airports were established. In the case of the airports, many other associated businesses were established near the air centers, thus improving the over-all efficiency of the area.

The announcement of a base closure sends rippling waves of panic, fears jubilation, and confusion through the hearts and minds of nearby residents. The Department of Defense of the 2000's will be a different organization than the DOD of the past fifteen years. From this new DOD will emerge a leaner military establishment with smaller services requiring fewer bases and installations. The federal government will have little choice but to close and realign these installations in the hopes of cutting the defense budget, thus decreasing the overwhelming budget deficit. In short, base closure is something that will become prolific in the 21st century. From my case study, it is apparent too many mistakes have been made in recent closures. Decisions concerning the closures have been as a result of a "knee jerk" reaction to political decisions. The Department of Defense, as well as the governing bodies of the nation, must look for ways to make this process an orderly transition. They help the local residents in easing their fear of economic disaster, as well as assist the communities in developing viable, long term alternative uses for bases destined for closure.

Public organizations are ultimately subservient to political objectives, and as such, must delegate a large degree of efficient responsibilities to those democratic processes of the people. Here, as in many other policy decisions, efficiency is subsumed by politics. The military base closure problem must be smoothed to allow the efficiencies to be greater and the political influences to be smaller with the increased awareness and understanding of the process stakeholders.

Appendix A

Economic Development Administration

The Economic Development Administration was established under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121), to generate new jobs, to help protect existing jobs, and to stimulate commercial and industrial growth in economically distressed areas of the United States. Assistance is available in rural and urban areas of the Nation experiencing high unemployment, low-income levels, or sudden and severe economic distress. The basic programs include:

- Public works grants to public and private nonprofit organizations and Indian tribes to help build or expand public facilities essential to industrial and commercial growth. Typical projects are industrial parks, access roads, water and sewer lines, and port and airport terminal developments;
- Loan guarantees to industrial and commercial firms. Proceeds from the loans may be used for working capital to maintain and expand operations or for fixed assets such as purchase of machinery and equipment;
- Technical assistance and grants to enable communities and firms to find solutions to problems that stifle economic growth. Under the technical assistance program, funds are used for studies to determine the economic feasibility of resource development to establish jobs to provide on-the-scene assistance to help business

overcome a wide range of management and technical problems through university centers;

- Planning grants to states, cities, districts and Indian reservations to help pay for the expertise needed to plan, implement, and coordinate comprehensive economic development programs; and
- Special economic adjustment assistance to help state and local governments in solving recent and anticipated severe adjustments problems, resulting in abrupt and serious job losses, and to help areas implement strategies to reverse and halt long-term economic deterioration.

(Office of The Federal Register, 1991/1992b:156)

Appendix B

General Services Administration

The General Services Administration (GSA) was established by Section 101 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 751). The GSA establishes policy for and provides economical and efficient management of Government property and records, including construction and operation of buildings, procurement and distribution of supplies, utilization and disposal of property; transportation, traffic, and communications management; and management of the Government wide automatic data processing resources program.

Within the GSA, the Federal Property Resources Service maintains an extensive program to provide for the proper utilization and disposal of Government real property. The goal of this program is to provide for the efficient and economical utilization of Federal real property and the disposal of any real property surplus to Federal requirements.

(Office of the Federal Register, 1991/1992c:609, 620)

Appendix C

The Urban Development Action Grant Program

Initiated by the Carter Administration in 1978, the Urban Development Action Grant (UDAG) program was authorized under the 1977 Housing and Community Development Act. The purpose of the UDAG program is to revitalize distressed cities by stimulating economic development, which in turn creates new permanent jobs and new tax revenues. The program is based on the concept that cities can be most efficiently revitalized by the private sector, with the public sector providing “gap” money to make opportunities within in distressed cities comparable with the opportunities available to development firms outside of distressed cities. Development within cities involves costs not required in the suburbs, such as relocation, demolition, and structured parking; often these costs are not totally offset by higher rental income. In funding this economic gap, the UDAG program makes projects within distressed cities attractive development opportunities for the private sector. The result is economic development through a public/private partnership.

Action Grants are highly flexible, and grant money can be used in virtually any way provided that it is causing new private development for jobs and taxes and is not resulting in the relocation of jobs from one distressed city to another. For example, grants may be used for public infrastructure (water, sewer, streets, underground utilities),

parking, relocation, demolition, land acquisition, equipment, interest subsidies on loans, and subsidies to developers for extraordinary costs, real property improvements and certain fixed equipment. To the extent possible, Action Grants are structured to avoid “up front” grant expenditures. This is a deliberate administrative strategy to insure that the private sector will, in fact, proceed before the grant funds are spent. (Black et al. 1980:100-101).

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