

CONCEPT FOR IMPLEMENTING THE BROOKS BASE EFFICIENCY PROJECT AT BROOKS AFB TX

INTRODUCTION

The FY00 Defense Appropriations Bill, 24 Oct 99, Section 8158 gave the Secretary of the Air Force authority to carry out a demonstration project at Brooks Air Force Base (BAFB) Texas to improve mission effectiveness and reduce the cost of providing quality installation support. At the broad level, this legislation gives the Secretary expanded authority to enter into agreements to sell, lease, or otherwise convey base property to a public or private party. In addition, it relieves this demonstration from some federal property statutes, establishes a project fund for capturing and expending revenues, and simplifies reporting requirements to Congress. Subsection (n) restricts these authorities from taking effect until 15 Jun 00, and the authority to enter into new agreements expires on 20 Sep 04. This paper outlines the proposed concept for the demonstration project.

SUMMARY OF STRATEGY

The Air Force intends to pursue conveyance of the entire BAFB real property to the City of San Antonio and leaseback of required facilities. This strategy appears to be cost effective and most advantageous to both the community and the Air Force. Because the desired BAFB end state is a thriving bio-science/academic/environmental technical center of excellence in the southeast quadrant of San Antonio, future development of the 500 acres of undeveloped land is both desired and encouraged. Therefore, as one of the terms of conveyance, the Air Force will require the City of San Antonio to competitively select a third party real property developer for the further development of the base and require the City to use the Air Force as an advisor during this process. The Air Force anticipates municipal services at no cost, a share of future development revenues, and other compensation from the City of San Antonio as fair market value compensation for base property. By giving the City of San Antonio the "right of first refusal" to the BAFB property, the Air Force intends to enter into exclusive and detailed negotiations with the City before pursuing other approaches. If, during these negotiations or at anytime prior to final conveyance, either party decides to terminate this course of action, the Air Force then will pursue a separate transaction directly with a third party developer through a competitive process to fulfill the intentions of the demonstration project.

RATIONALE

The *AFMC Special Study for Brooks Air Force Base* responded to a request by Congress and direction by the Secretary of the Air Force to identify ways to substantially reduce BAFB base operating costs. The study concluded that the most advantageous option for the Air Force would be to transfer ownership of BAFB to the City of San Antonio and lease back those facilities needed to perform the missions of the base. In return for base property, the City would provide various services to the Air Force. And, in the event of

future development, both the Air Force and the City would share in downstream revenues. This win-win arrangement would benefit the City through sale and lease of property to the private sector and through an expanded tax base. It would benefit the Air Force through greatly reduced operating costs and through an enhanced physical environment, populated by high tech businesses.

Discussions with BAFB leaders, the results of the Special Study, and congressional interest in turn sparked great interest in the City. The Mayor of San Antonio appointed an independent advisory committee to determine the economic feasibility of a “city base”. On 4 Nov 99 the San Antonio City Council unanimously approved the committee’s final report. The committee analyses supported the conclusions of the Special Study and confirmed the feasibility of a “city base” concept. The recommendations to “aggressively pursue negotiations with the Air Force on the city base”, and retain a third party developer through competition” indicated to the Air Force that the City was serious in its interest. Because studies on both sides agree that this course of action appears sound, and frank exchanges between City and Air Force leadership indicate serious intentions, the Air Force believes pursuing exclusive negotiations with the City is most prudent.

In addition, the Air Force has analyzed proposed timelines for implementation that indicate the conveyance and leaseback option with the City would produce the most immediate savings to the Air Force in base operating support costs. Upon final conveyance, the City could begin immediately to initiate transfer of municipal services. Under a conveyance option to the third party, the competitive process for selection would be lengthier, delaying the assumption of services and reducing savings. The City also has indicated informally its intention to provide favorable zoning and economic incentives to speed development at BAFB.

Finally, there is an intangible advantage to entering into exclusive negotiations with the City of San Antonio. City management has stated repeatedly that it very much wants to help the Air Force reduce costs and increase high-tech jobs at BAFB. City management also has stated publicly that it is interested in acquiring the base. BAFB is located in an economically challenged area of the City, and community leaders intend to use this acquisition to spur economic development across this historically neglected southeast corridor. The City’s interest, dedication to the Air Force, and commitment to renewed development are intangible benefits that cannot be underestimated. Thus, the Air Force should acknowledge the benefits of this partnership and choose to deal first with the City under an exclusive arrangement. San Antonio is committed to working both with and for the Air Force.

CRITERIA FOR SUCCESS

As the Air Force begins to plan for negotiations with the City of San Antonio for conveyance and leaseback, we must first know what the Air Force requires for this deal to be considered a success. Because the Brooks Base Efficiency Project is a pilot project, we are mindful of the responsibility to produce transferable lessons from this project for other

DOD installations. The Air Force also seeks to make this process as transparent as possible to the BAFB population, Air Force leadership, and Congress so that it can be thoroughly examined throughout development and implementation. The Brooks Base Efficiency Project has the publicly stated goal to maintain, if not improve, mission effectiveness while reducing costs.

NEXT STEPS

The Air Force intends to begin now the planning activities necessary before the Brooks Base Efficiency Project begins on 15 Jun 00. The planning phase begins with defining mission organization organic and support requirements and capturing, in greater detail than before, the Quality of Life services, municipal services, and costs of all activities on BAFB to support those missions. As a first step, the Air Force will develop an improved inventory of all facility space at Brooks. From this foundational data, BAFB can develop current and foreseeable future mission requirements for facilities and land use that would be the cornerstone in future negotiations.

In addition, the Air Force intends to publish two Requests for Information to solicit interest from the private and public sector in BAFB real property development and in mission enhancing partnerships. These responses will give Brooks and the City indications of the feasibility and desirability of specific options and help shape the future under this project.

Planning activities to gather the needed factual information can begin in conjunction with the City of San Antonio. Future negotiations will be more productive and move quickly, if both parties begin from a common baseline. It makes sense for the Air Force and the City to pay jointly for one property appraisal and build a joint master plan. The Air Force will not compromise its future negotiation position by these joint activities. Procuring some necessary documents together, such as a legal description of the property, is cost effective, time saving and prudent. The Air Force also will begin immediately the Environmental Impact Analysis Process (EIAP) by drafting the Description of Proposed Actions and Alternatives (DOPAA). Should the DOPAA indicate the need for an Environmental Impact Statement, a lengthy document and process that could take from 12 to 18 months, it is prudent to begin now.

RECOMMENDATION

Approve the concept for implementing this demonstration project: The Brooks Base Efficiency Project can begin a strategy to exclusively convey the entire BAFB real property to the City of San Antonio and leaseback the required facilities to accomplish the mission. The Air Force specifically seeks approval to undertake the following planning activities that should occur before 15 Jun 00:

- Develop AF criteria for project success

- Develop facility space, Quality of Life, and municipal service baselines
- Begin the EIAP with the DOPAA, including a joint land-use plan with the City of San Antonio
- Release of two Request for Information announcements to solicit interest from potential mission partners and real property developers
- Define the Project Fund process
- Develop a format for the Annual Report to Congress, due March of each year.
- Develop Air Force coordination/approval chain for all activities related to this project