

ASK THE EXPERT

By Mark M. Sweeney, Senior Principal, McCallum Sweeney Consulting

Covering All the Bases

This month, the Expert explains why environmental assessments and conveyance strategies are key to locating on a former military site.

Q: A major military base has just closed in an area we have been considering as a location for our new manufacturing facility. What kind of government incentives should we expect to receive if we choose the former base for our plant site?



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The Expert Says: Closed military facilities are now present in many areas of the country. The Base Closure and Realignment Committee (BRAC) process has been going on for more than 15 years. An independent panel identifies an adjustment or realignment of certain military installations. Congress accepts or rejects the recommendations, and then those facilities identified for closure begin the closing and conveyance process, transferring control and ownership of the property to a receiving entity (typically a redevelopment authority).

For potential users of property on a closed installation, a number of major issues should be considered up front:

What is the status of the closing and conveyance?

You described your opportunity as "just closed." This likely means that the various development studies, environmental assessments, real estate plans, etc. may just be getting started. This in turn means that your ability to get beneficial use of some property (land, building, equipment) may not be feasible for a number of months or more.

Some closed base redevelopment authorities have been more aggressive and creative in getting users onto the base and into their property and paying rent. The team for the Charleston Naval Base faced a number of early hurdles getting aligned on the future of the base, but soon took the approach of trying to get as many users in as possible rather than wait and market the base as a whole. The Charleston RDA was able to offer and execute a number of short term (five-year) leases to tenants and soon had more than half the base's usable buildings occupied.

So, depending on the status of the conveyance process at your closed facility, you may have to wait, you may have to consider short-term leases, or you may be able to execute a title transfer.

What is the environmental status of the properties on the closed base?

As part of the base assessment and land use planning, an extensive environmental assessment is necessary. This in turn impacts the land use plan and the conveyance strategies. Different types of planned uses will call for different levels of environmental remediation, and different conveyance types will have different environmental standards.

Even if your potential use is determined compatible for the property, the determined level of clean up that is acceptable to the conveying agencies may not be acceptable to you. The clean up is typically covered by the federal government prior to actual conveyance to the redevelopment authority; it is highly unlikely that you will be able to generate federal subsidies for additional clean up to meet your standards.

For a number of years after the announced closing there will be increased training incentives. The more likely source of high-impact incentives for selecting a closed military facility for your new plant will be the state and local governments and development agencies.

So, like all site selection decisions, consideration of a closed military installation property requires all the normal due diligence, plus investigation of the local BRAC-related issues associated with the property, the environment, and incentives.