

BASE REALIGNMENT AND CLOSURE

Community Profile

November 2009

Onizuka Air Force Station, California

Community

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Closure at a Glance

Local Redevelopment Authority (LRA):

City of Sunnyvale, CA

Geographic area affected by closing:

City of Sunnyvale, CA

Population of affected area: 138,826 population

Total Acres to be Disposed: 23 acres (18+ acres developable)

Estimated Job Loss Impact:

Jobs Lost*	
Military Personnel	9
Civilian Personnel	150
Contractors	200

Source: Onizuka AFS

Economic Adjustment Challenges

- Managing the needs of a Federal-to-Federal transfer parcel, which cuts the facility into three parcels and impacts the preferred reuse.
- Negotiating conveyance pending site control.
- Balancing costs with expected Economic Development (EDC) proceeds.
- Complexity of redevelopment planning.

Key Reuse Planning & Property Disposal Milestones

5/30/06	Federal Surplus Determination
12/5/06	LRA Homeless Outreach Completed
12/16/08	Reuse Plan Received by Department of Housing and Urban Development (HUD)/Military Service
Pending	HUD Determination on Submission
Pending	National Environmental Policy Act (NEPA) Record of Decision
Pending	Base Closure

Organization

In January 2006, Sunnyvale City Council unanimously approved a resolution requesting the Department of Defense (DoD) recognize the City Council as the LRA for Onizuka. The City Council was formally recognized as LRA on April 27, 2006, and became the primary community point of contact for all matters relating to the base closure. This includes conducting outreach efforts and designing the comprehensive reuse plan to guide Onizuka's redevelopment.

Citizen's Advisory Committee

One key step in the early planning process was establishing a Citizens' Advisory Committee (CAC) representing residents and diverse stakeholders within the community. The CAC provided advisory recommendations to LRA throughout the planning process.

Reuse Plan/Other Studies

The Facility

Since 1960, Onizuka AFS in Sunnyvale has been an important, high security military communication station and support for National Aeronautics and Space Administration Mission Control. DoD has slated Onizuka for closure when its military mission is transferred to Vandenberg Air Force Base in 2011. The 18+ acre site contains 507,457 square feet in 33 outdated buildings, including the "Blue Cube," and is located at Mathilda Avenue just north of State Route 237 and U.S. Route 101. BRAC 1995 realignments reduced Onizuka's workforce by nearly 3,000 jobs, and the 2011 closure will affect the remaining military, Federal, civilian, and contract employees.

During the official review and excess property screening process, the Department of Veterans' Affairs (VA) requested, and the Air Force approved, a portion of the property (2.41 acres) for offices and parking. During LRA outreach to homeless assistance providers and public benefit conveyance eligible entities, two community-based homeless service providers requested 7.2 acres to address the needs of Sunnyvale's homeless residents. These proposals left only 9.4 acres – half the area of the original site – for planning and reuse.

Reuse Planning Activity

In 2007 and 2008 LRA, with resident and stakeholder input from the CAC, completed preliminary market and feasibility analysis for five conceptual land use options. In December 2008, LRA adopted the Onizuka Final Plan which proposed a multi-tenant Auto Center as the preferred reuse for the entire site. The Auto Center was selected for its benefits to the community, to retain existing auto dealerships, and to revitalize an existing retail automotive corridor in Sunnyvale. The preferred reuse created the least environmental (traffic) impacts and greatest economic diversity of any reuse concepts. The following summarizes the Redevelopment Plan, Homeless Assistance Submission (HAS), and Legally Binding Agreement (LBA).

The Redevelopment Plan identifies the auto center as the preferred land use for the conversion of Onizuka AFS when compared with the other conceptual reuse options that were considered: a hotel/conference center with offices; and corporate headquarters (Class A) office development. The Plan also includes the proposed recommendation that the Department of the Air Force dispose of the property in 2011 by means of an EDC to provide for local control over future development, to support job generation, and use EDC proceeds to relocate the Federal interest so that the facility could be developed as a single, feasible parcel.

The HAS identifies Sunnyvale's homeless needs and describes how Sunnyvale plans to balance these needs with other community and economic development needs using Onizuka AFS. Sunnyvale balances these needs by approving the NOIs for homeless housing but at the sole option of LRA, withdraws these claims and uses EDC proceeds to compensate the agencies for the cost of properties elsewhere.

The LBA between LRA and the two homeless service providers approves the two notices of intent (NOIs) for property at Onizuka AFS and effectively creates a lien against the Onizuka AFS for payment of \$8.2 million costs to satisfy the NOIs off site.

During 2009 and 2010, LRA will consider conceptual refinements to improve the Auto Center's feasibility, enhance its market and visual appeal, and work with the VA to find an alternative solution for its property needs. If the refined reuse concept can achieve these objectives, LRA will prepare a Business-Operations Plan and EDC application. The summary below highlights LRA's analysis that to take place in 2009-2010.

- Analyze refinements to improve the feasibility of the adopted Auto Center concept: reconfigure the VA's boundary; increase the number of auto dealers; and, compare a multi-story auto facility on Onizuka versus the possible purchase of an adjacent parcel for additional surface parking.
- Prepare refined Auto Center concept designs.
- Analyze the economic/fiscal impacts of two auto dealer concentrations.
- Assess feasible conditions for auto dealer participation.
- Provide refined historic analysis and recommendations.
- Prepare the business-operational plan to validate the EDC application.
- Provide independent legal counsel to prepare related agreements.

City of Sunnyvale staff have prepared a Request for Proposals (RFP) to recruit consultants with recognized expertise. If any of the refinements prove more feasible, consultants will identify its business impacts on El Camino Real and its fiscal impacts on the City. If acceptable to LRA, then staff would prepare a business plan and EDC application to be approved by LRA and submitted to the Air Force.

Homeless Submission

LRA approved terms of a single LBA with the two non-profit housing development corporations (agencies) that submitted NOIs on behalf of the homeless. The terms memorialized in the LBAs approve the two NOIs for homeless conveyances of Onizuka parcels to construct homeless housing. According to the terms of the LBA, the homeless service providers agree to withdraw their NOIs at the request of LRA and, in lieu of the land conveyance, accept up to \$4.1 million each (\$8.2 million total) to compensate their option, predevelopment, and purchase costs of parcels at other, more appropriate locations.

To facilitate reuse of the entire Onizuka facility, and to expedite homeless housing at current prices, LRA has agreed to advance funds (bridge finance) each agency up to \$4.1 million for acquisition of alternative locations before Onizuka's closure in 2011. The agency withdrawal from the site is conditioned upon LRA recouping the advance from the proceeds of the properties. The LBA balances housing and redevelopment objectives on the property if it is unavailable or infeasible for LRA's preferred reuse. In return, each agency's compensation is capped at \$4.1 million regardless of any escalation in property values. The City's financial risk is additionally minimized, should the Air Force disapprove LRA's recommended disposition strategy, because LRA may leave the NOI encumbrances on the Onizuka facility.

Extensive efforts were made to contact homeless assistance providers, as well as other entities in the vicinity of Onizuka to announce the availability of the property and solicit NOIs:

- Published advertisements in local newspapers of general circulation
- Mailed notifications to homeless services providers, as provided to the City by HUD
- Mailed letters to area local governments soliciting their interest in submitting an NOI
- Mailed letters to state agencies and non-profits also inviting NOIs
- Conducting workshops for homeless assistance providers

Tour of the Onizuka Site representatives of organizations interested in submitting NOIs

Implementation and Partnering Strategies

Onizuka's redevelopment as an Auto Center is an important cornerstone of a comprehensive economic recovery agenda linking job creation, housing and auto sector recovery, retail revitalization, and improved services for Sunnyvale's homeless residents. The new retail Auto Center is expected to create 490 new permanent private sector jobs to mitigate the 350 jobs finally lost by Onizuka's closure but it will depend upon successful partnering with the VA, the Air Force, homeless service agencies, and community's existing auto dealerships that are among the key stakeholder supporting the strategy. The other objectives of this partnering strategy are:

Landmark Quality Redevelopment – LRA expects Onizuka AFS' redevelopment to create a "landmark gateway" into one of Silicon Valley's most extensive business parks and one of Sunnyvale's most visible freeway entries. The quality of construction envisioned in the phrase "landmark gateway" addresses: concerns among surrounding corporate tenants for harmonious design, concerns among auto dealers for highly attractive show-room design, and concerns brought about by Onizuka's resident alumni that recognize the facility's historic significance. The strategy's success will depend upon stakeholder collaboration in designing a unique landmark

Jumpstart Housing Construction – A favorable Air Force Record of Decision will trigger a local homeless housing construction project valued at up to \$40 million. The City has set aside \$8.2 million to jumpstart homeless housing construction upon Air Force agreement to the EDC conveyance. The EDC conveyance agreement will stimulate recovery of the housing sector and include 90 to 120 units for Sunnyvale's homeless population. LRA has been successful in partnering with existing homeless service providers to ensure that BRAC homeless mandates are achieved as an element of the base closure and redevelopment process. The success of this objective depends upon a timely agreement with the EDC conveyance.

Leverage VA Administrative Offices – Another expected benefit of the Auto Center could be the lease, purchase or development of VA office space in Sunnyvale, other than at Onizuka, to address its need for 300,000 gross square footage (GSF) of administrative (research "dry lab") offices. Only 52,000 GSF of VA's office needs could be met at Onizuka. LRA will seek to accommodate VA's lack of adequate office space through a partnership approach to an alternative solution.

Partner in Local Auto Sector Recovery – An important factor in the success of the Auto Center reuse is that the market consists of existing auto dealerships. This creates a situation in which the Auto Center can serve as an economic stimulus for local auto industry. The strategy requires partnering with dealers and developers to attract, retain, relocate, and expand dealerships. The challenges to this partnership strategy include the size and cost of the facility, the partnering capacity of individual dealers, and relocation impacts on individual firms.

Stimulate Existing Retail Recovery and Redevelopment – A last benefit of LRA's approach to the Auto Center project could be the creation of new, private sector investment opportunities among vacated auto dealer properties along the existing retail automotive corridor. Such investment could redevelop and revitalize this important commercial corridor.

There are no environmental remediation needs requiring community engagement. LRA is preparing an EDC business operational plan to prepare for the recommended EDC conveyance of the property.

The downsizing at Onizuka involves surplus real property which is proposed for an Auto Center reuse that will create new jobs and new, diversified economic activity that has been identified in the Final Redevelopment Plan and summarized in Table 1.

Economic Benefits from Auto Center Redevelopment of Onizuka

Type of Benefit	Amount
Total Land Value Supported by Development (a)	\$2.3 million
Land Value per Square Foot	\$3 per sq. ft.
Non-Recurring Employment	453 jobs
Permanent New Employment	490 jobs
One-Time Economic Impact in County	\$64 million
Annual New Economic Impact in County	\$71 million
One-Time Fiscal Benefit to City	\$1.2 million
Annual New Fiscal Benefit to City (b)	\$2.1 to \$2.6 million per year
(a) Amount available for VA relocation, LBA cost recovery, payments to Air Force.	
(b) Varies based on mix of relocating Sunnyvale dealers versus those new to the City.	
Includes new sales taxes from redeveloped El Camino Real sites.	

Table 1: Benefits from Auto Center Redevelopment

Successes/Lessons Learned

Economic Stimulus for \$40M in Housing Construction

The local BRAC screening produced two non-profit NOIs for a no-cost conveyance of one third of the Onizuka AFS site for the construction of housing for Sunnyvale's estimated 299 homeless persons. LRA considered the balance of homeless needs for housing and community needs for economic and other development during 10 public meetings.

At the conclusion of these meetings LRA and the two agencies signed an agreement in which LRA found that the two NOIs balanced the needs of homeless and agreed to approve the two NOIs for homeless housing. If the Air Force approves LRA's EDC, LRA would withdraw their claims and bridge finance the two agencies up to \$4.1 million for each agency to buy property at another location. LRA's advance would be reimbursed by EDC proceeds. A favorable EDC decision will jump start a \$40 million housing construction project with 90-120 units for the homeless – even before Onizuka's closure or conveyance. The City's financial risk is minimized: should Air Force not approve an EDC conveyance, LRA could leave the NOI encumbrances on the property.

Economic Recovery and Automotive Sector Stimulus

An important success has been formulating a strategy that serves as an economic stimulus for the existing retail auto industry. The proposed Auto Center will retain and expand existing retail dealerships and attract those not currently represented in the region. The strategy will diversify the area's economic base and free up existing automotive sites for more intense economic activity. Redeveloping the Onizuka facility into a the Auto Center is expected to create 490 new permanent private sector jobs for local residents, revitalize retail commercial properties more than a mile away, and directly link the nation's auto industry recovery to the community's retail auto sector recovery – only an EDC can ensure this.

Experience Gained/Lessons Learned

Military base closure means that a Federal facility will be available for other public or private use. The reuse planning process should be seen as a way to maximize the public benefit to be derived from this process. The Federal and local screening processes surface interests that can complicate the planning process, posing a challenge to developing economically feasible reuse options, especially on small but economically important sites. Closures can also create opportunities for partnership(s) to maximize the positive economic and community development. Three claimants for the property, a Federal agency and two local non-profits serving the homeless, were initially seen as creating a challenge to maximizing the site's economic reuse potential. With creativity, they are emerging as potential beneficiaries of the property redevelopment, and consequently they are community partners working together toward a mutually beneficial solution to maximize returns on redevelopment.