

BASE REALIGNMENT AND CLOSURE

Community Profile

November 2009

Riverbank Army Ammunition Plant (RBAAP), California

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N/A

Closure at a Glance

Local Redevelopment Authority (LRA):

City of Riverbank, California

Geographic area affected by closing:

Riverbank, CA

Population of affected area (before closure): 22,000

Total Acres to be Disposed: 172 acres

Estimated Job Loss Impact:

Jobs Lost	
Military Personnel	0
Civilian Personnel	4
Contractors	89

Source: Appendix O, Base Realignment and Closure
Commission Report to the President, 2005

Economic Adjustment Challenges:

- Access to capital for redevelopment
- Aging and/or failing infrastructure
- Facility does not meet current codes for seismic protection, which will require significant investment in order to allow future occupancy
- Removal of buildings coated with "galbestos," an asbestos-containing material which has begun to peel, potentially becoming friable
- Expected need to demolish over half the structures on the site due to condition or functional obsolescence.

Key Reuse Planning & Property Disposal Milestones:

5/9/06	Federal Surplus Determination
1/19/07	LRA Homeless Outreach Completed
11/10/08	Reuse Plan Submitted to Department of Housing and Urban Development (HUD)/Military Service
3/13/09	HUD Determination on Submission
Pending	National Environmental Protection Act (NEPA) Record of Decision
Pending	Base Closure

Organization

The City of Riverbank, California, is the federally recognized entity responsible for redevelopment of the Riverbank Army Ammunition Plant (RBAAP) in Riverbank, California. Riverbank is a small, rural community of about 22,000 in the fertile Central Valley, five miles north of Modesto.

The Riverbank City Council, reconstituted as the Riverbank Local Redevelopment Authority (“RLRA”), was formed in 2006, and recognized as an Implementation LRA in March 2009. The Riverbank Mayor serves as the RLRA Chair.

RBAAP is a government-owned, contractor-operated (GOCO) military industrial installation under the jurisdiction of the Army Joint Munitions Command. The Plant was originally constructed in 1942 under the authority of the Defense Plant Corporation by Aluminum Corporation of America (ALCOA) as an aluminum reduction plant. Prior to government acquisition of the property the land was used for agriculture.

The RBAAP facility was closed after World War II and the land was used for storage of government surplus materials, including corn and grain. In 1951 the facility was converted to manufacture steel cartridge cases for joint Army and Navy use. In 1952, the Norris Thermador Corporation, later known as Norris Industries (NI), was awarded the contract for conversion and operation of RBAAP. NI has operated the facility as the GOCO ever since. Cartridge production at the facility ceased in May 2009, and the mission transferred to Rock Island Arsenal, Illinois.

Reuse Plan/Other Studies

RBAAP has been a prominent fixture in the Riverbank community for over six decades. There are more than 190 structures and an estimated 920,000 square feet of roofed industrial areas scattered around the 172-acre site. Only 75 acres of the facility are developed, leaving just under 100 acres of vacant property available for new development and job creation. As production waned, the GOCO has been permitted to lease excess industrial space to private business tenants under the Armament Retooling and Munitions Support (ARMS) program. Currently, the Army leases 20 percent of the unused portion of the site to 10 private business tenants under the ARMS program.

RLRA’s primary objective, as set forth in the reuse plan, is to utilize the land and make improvements to better the economic condition of the community. This can best be accomplished by retaining and expanding the existing businesses, allowing local businesses with growth potential to locate on the property, and attracting new businesses with a need for the specific industrial site amenities. The reuse plan, therefore, envisions the continuation of industrial uses as an industrial park to enhance the surrounding community’s economic base.

The foundation of the base reuse concept is first and foremost the retention and expansion of current tenants, which are providing much-needed jobs to the community. RLRA has been adamant about accommodating current tenants into plans for expanding their operations during the transition process. These steps have included providing economic assistance and ensuring that any equipment or fixtures these businesses are currently using are retained with the installation and available for reuse. RLRA has taken great pains to see that any changes in ownership or facility use management do not interrupt the day-to-day activities during and after conveyance.

The reuse plan recognizes the inescapable importance of sustainability and increased market support for green energy technologies, environmentally-friendly products, and new public policies. It therefore focuses on attracting businesses that contribute to an overall goal of reducing waste and pollution, providing new energy technologies, or moving traditional products toward sustainability. Additionally, many of the existing tenant businesses are in green or in emerging sustainable sectors of traditional industries.

The national rising tide of investments in green businesses indicates that as a green-friendly industrial park, Riverbank’s redeveloped RBAAP will be poised to ride a wave of green innovation based on both continuing improvements in energy efficiency and the creation and adoption of clean energy technologies.

To that end, the reuse plan lays out a strategy for a diverse industrial and manufacturing center where entrepreneurship, opportunity, environmental consciousness, and local/regional economic growth can thrive (Figure 1). Our first challenge is to upgrade the hodge-podge of structures. Most are over 40 years old and none meet health and safety codes.

As a matter of public policy, the key decision makers and citizens of Riverbank, following state leaders, have taken a proactive stance on the environment. As a result, the reuse plan is optimistic about the role green innovation can play in the redevelopment of the RBAAP. The RLRA believes that the same actions necessary to encourage clean energy technology and reduce emissions can also provide jobs and expand prosperity through the innovation and creation of new green products and services developed and produced by businesses at the new Riverbank Industrial Park.



Figure 1: Rendering of RBAAP Concept

The clustering of new alternative energy and recycling companies could attract new business, promote research activity, stimulate innovation and enhance and drive economic development regionally. The concentration of related environmental companies and new technologies are likely to stimulate more research and innovation through the collaboration. Businesses at RBAAP have already experienced these phenomena. Three existing green businesses have joined to create two additional sustainable technology businesses. The existing businesses saw new opportunities for collaboration and for start up and spin-off businesses. In just this way, industry clustering of environmental technologies and training are very likely to provide an impetus and the framework for jobs not seen in the region prior.

Conveyance Strategy

Based on the community's vision, goals, and objectives to see the site transformed from an aging and blighted military facility to a diverse industrial and manufacturing facility, a variety of disposal methods were studied to determine which disposal method, or combination of methods, would yield the maximum job generation potential. We believe the property needs a comprehensive conveyance strategy which takes into account the integrated nature of the property and the infrastructure.

While the military nature of the manufacturing process required open buffer zones around the periphery of the property, those buffer areas are no longer required for security purposes. Accordingly, those open unimproved areas do not contribute significantly to the use of existing structure and should be available for market uses and to improve aesthetics and integration with the community.

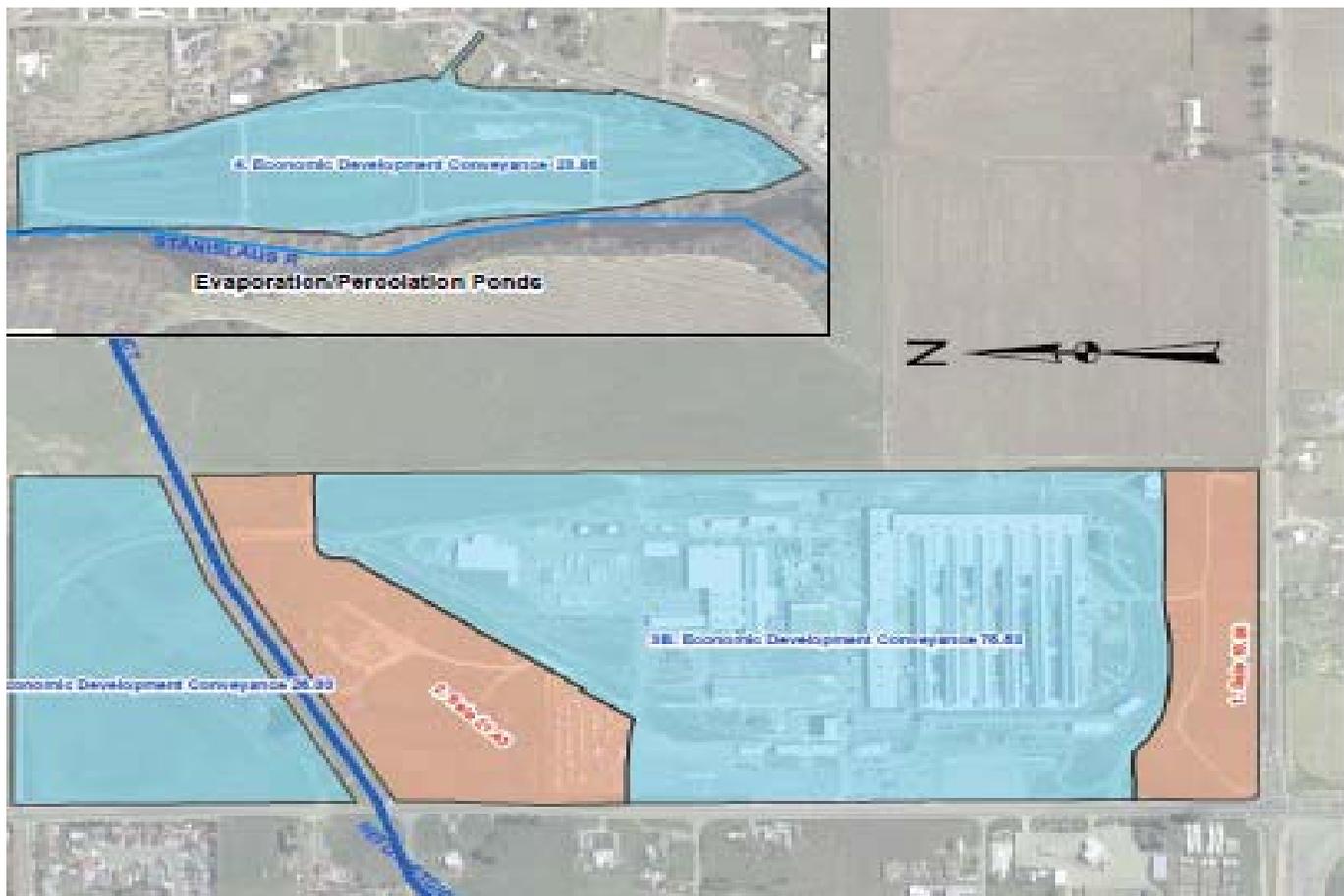


Figure 2: RBAAP Site map

In accordance with the RBAAP Site Map (Figure 2), RLRA recommended that the Army dispose at fair market value those portions of the property identified as Parcel 1 and Parcel 2 (orange-shaded areas). RLRA will apply for the remaining balance of the RBAAP property – Parcel 3A, 3B, and the Evaporation Ponds noted as Parcel 4 – through an economic development conveyance (EDC).

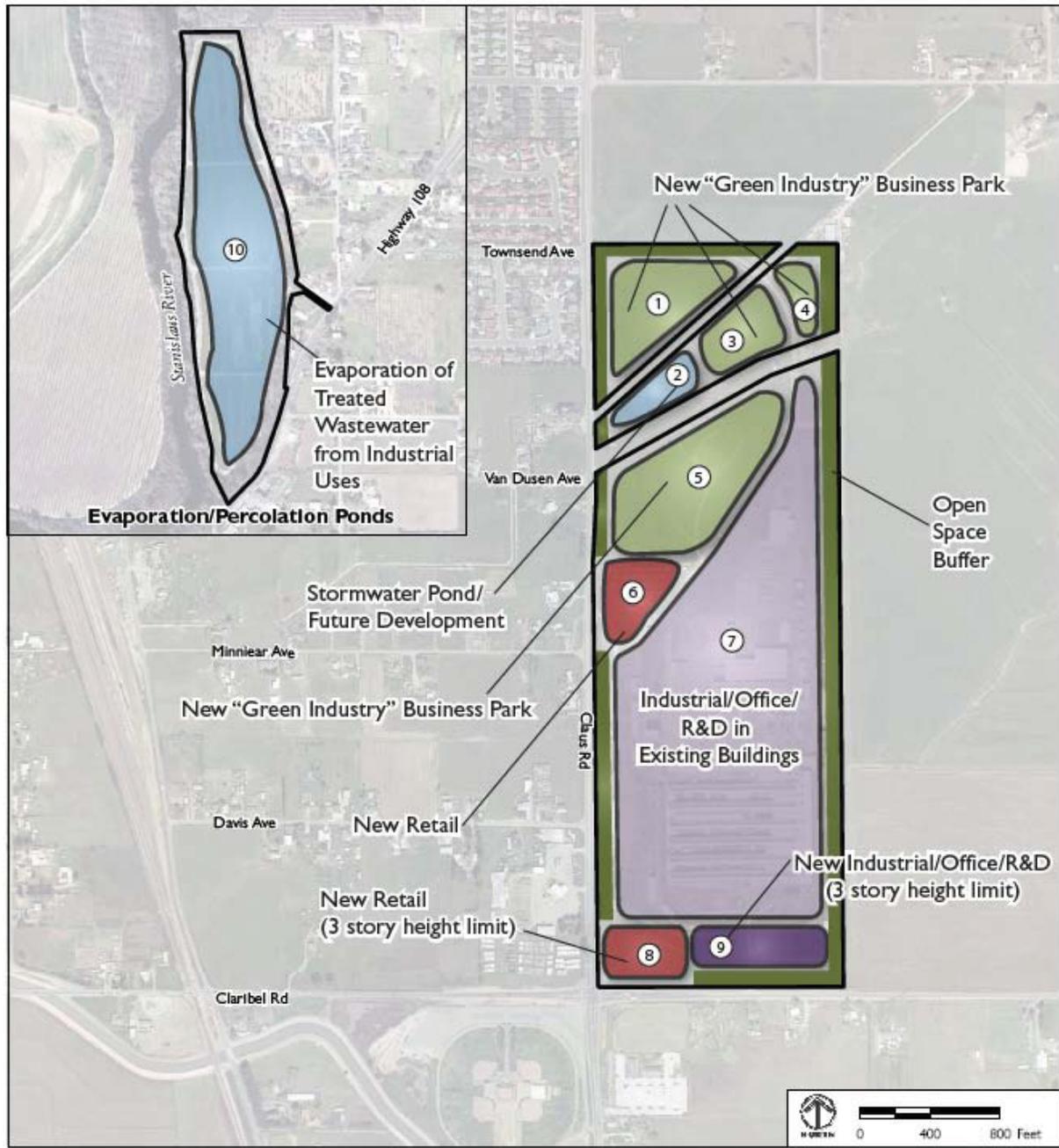


Figure 3: Riverbank Business Park

Along with encouraging the expansion and collaboration of existing tenants, RLRA has been collaborating with state and federal agencies to place pilot projects and green innovation and training centers on the site. RLRA has the following studies/analysis/reports in process as part of the reuse plan implementation process:

- Strategic Plan
- Specific Plan and Environmental Impact Report (EIR)
- Infrastructure and Operational Analysis (OA)
- Business and Operations Plan (BOP)
- Marketing and Branding Study
- Community Financing District Study

The studies will further evaluate the market feasibility of the reuse plan, plan for operations and site upgrades after the facilities use contract expires, define the site plan, determine building density, identify circulation patterns, and complete other planning actions to refine the reuse plan. The OA and BOP were funded by the Office of Economic Adjustment (OEA) as part of RLRA's preparation of an EDC application. The Strategic Plan/Specific Plan will be accompanied by an EIR required for compliance with the California Environmental Quality Act (CEQA), which will tier off of the final property disposal Environmental Assessment (EA) completed by the Army for compliance with NEPA. The plans and EIR were funded by a \$180,000 (\$150,000 federal, \$30,000 non-federal match) grant from the Economic Development Administration (EDA), a \$70,000 grant from the Community Development Block Grant (CDBG) program, and a \$300,000 loan from the Stanislaus County Economic Development Bank.

Homeless Submission

RLRA submitted its reuse plan including the homeless submission application on November 10, 2009, and received a final determination from HUD on March 13, 2009.

RLRA carried out the required homeless submission outreach to 67 homeless assistance providers and received one Notice of Interest (NOI) during the public outreach period. RLRA did not receive any NOIs for Public Benefit Conveyances.

The only entity that submitted a no-cost homeless assistance conveyance NOI was determined to be ineligible, but the reuse plan nonetheless balanced the needs of the community in the vicinity of the installation for economic redevelopment and other development with the need of the homeless in the community.

Implementation and Partnering Strategies

Planning and implementing the redevelopment of a site with an active mission and information access restrictions have been the greatest challenges. Two years into the planning process, RLRA was only allowed to tour 40 percent of the site. Upon completion of cartridge production (May 2009) RLRA was afforded increased access and was able to perform the necessary assessments. This shift has greatly eased the ability of RLRA to move forward with redevelopment planning.

An expedited disposal process is critically important for RLRA in order to begin marketing and redevelopment activities as soon as possible. An early transfer option will allow RLRA to gain control of the majority of the facility within six months, and a year prior to the September 2011 statutory deadline. Existing tenants, the hub of early redevelopment efforts, currently provide over 350 jobs at the site. Retention of these jobs is a critical goal of the redevelopment efforts, and renegotiation of the tenant leases as quickly as possible to long-term, more favorable leasing rates is critical to the viability of each tenant. RLRA has a proven track record of success, as well as strong support from the community and the region, experienced economic development staff, and strong political relationships. These have been necessary when working through the challenges of extending, transferring and/or rescinding permits associated with the operations of the site and possibly important for future marketing of the site. Additionally, the site is a National Priorities List site; therefore, the complexity of delisting requires the Army, and many state and Federal agencies working together for the common good.

RLRA's proposed approach is to accelerate the disposal process and in doing so transform the inherent value in the property, avoid operational costs for the Army, invest in the requisite infrastructure to bring it up to code and facilitate private sector use. In order to accomplish these objectives and secure the necessary funding, RLRA must have control of the site as soon as possible.

Successes/Lessons Learned

RLRA began early in the Base Realignment and Closure process by developing a strategy to access additional planning funds from as many sources as possible. RLRA has been aggressive both in seeking additional funding and in forming alliances with businesses, agencies and initiatives. Waiting for RLRA control of the site could prevent RLRA from competing for funding opportunities due to the timeline of funding cycles.

Additional planning grants from Stanislaus County through the CDBG program, as well as from EDA and the California Energy Commission, have allowed RLRA to develop a strategic plan for the site, a marketing plan, a branding plan. These grants also enabled RLRA to put a community financing district in place prior to transfer.

Much of this success is a direct result of a well-developed communication strategy. Outreach and communication to a variety of constituent and stakeholder groups and also to key individuals, in as many ways as possible, as often as is reasonable without being a nuisance, has opened many doors. It has also enlarged and bettered the project by way of information sharing, collaboration, and reputation by association.

The most valuable lesson we learned, and thankfully we learned it early in the process, is to work closely with our OEA representative, keep them informed, and trust their guidance.