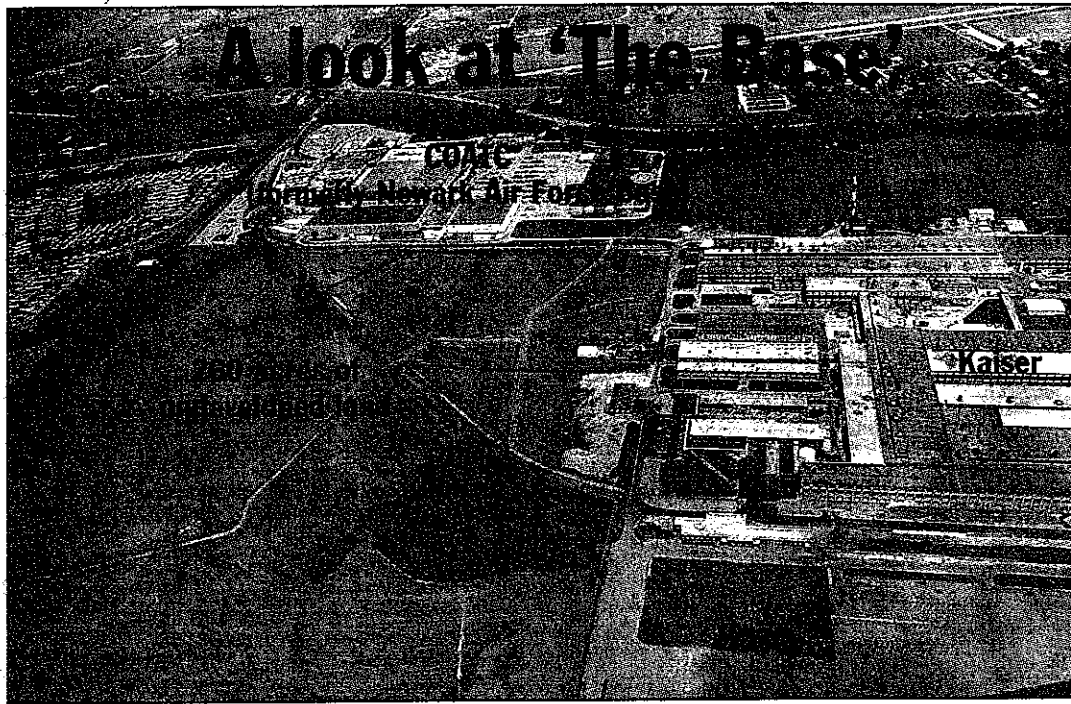


# Newark Air Force Base

## 10 years later



(Aerial photo by Kevin Graff, *The Advocate*)

### Privatized COATC continues defense work, may expand

By DAVID GILLIGAN  
Advocate Reporter

HEATH — Ten years ago, Licking County held its collective breath when the federal government announced it would close the Newark Air Force Base by Oct. 1, 1996.

After all, more than 1,500 civilians worked there in 1993, making it one of the county's largest employers. In addition, operations at the base represented a \$200 million regional economic impact when the Air Force pulled out.

But the Air Force faced hard times and had to cut spending. The Cold War was over and the government was consolidating military depots as a way to free up more money for its fighting forces, said Joe Renaud, a retired Air Force colonel who was commander of the base during its closure.

The Newark base was one of dozens of military installations on the chopping block throughout the country, and the inevitable closure seemed to cast a dark cloud over the local economy.

However, the closure announcement did include a glimmer of hope. The government recommended awarding contracts to private companies, and left three options to implement the na-

tion's first privatization in place.

Jump ahead 10 years and the mood at the Central Ohio Aerospace and Technology Center (COATC) — still affectionately referred to as "the base" — is optimistic.

Out of the ashes of the Air Force's departure rose the COATC, which is home to two Fortune 100 companies and six of the top 20 defense contractors. That places the base in the top five largest concentrations of the aerospace and defense industry in Ohio.

The Boeing Co. and other private businesses contractors with government contracts are completing high-quality work on missile guidance systems under budget, and managers of the center are looking to expand.

It's a stark contrast to the gloom-and-doom that infected base employees when fear and doubt about privatizing the workload loomed.

"People lived in shock from 1993 until we awarded a (privatization-in-place) contract in late 1995 and until it took effect in 1996," Renaud said. "They went through two-and-a-half years of uncertainty before that sigh of relief."

The Heath Newark-Licking County  
See COATC/7A

#### About this series

One Sunday 10 years ago, Licking Countians awoke to news that a major employer, Newark Air Force Base, was on a list of military installations that might be closed by the federal government to cut costs.

Today is the first day of a special two-day series by *The Advocate* on the effect the Newark Air Force Base's closure and subsequent privatization has had on the community since 1993.

The series will examine the degree of success of the nation's first privatization-in-place, and the impact it has had on former employees and the local economy. We talk to former and current employees, community leaders and those who lived through the uncertainty of 10 years ago, when the planned closure threatened to devastate the Licking County economy.

Monday's paper includes a look at the impact of base closures nationally.

**The Advocate**

SUNDAY  
JUNE 29, 2003

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Port Authority took the reins from the Air Force in October 1996 with two goals in mind: Retain as many jobs from the fallout of the Air Force exodus and expand operations and employment at the base.

What happened?

In 1993 when the Air Force announced it would be leaving Heath, local officials scrambled to save the base, and nearly everyone looked to one man.

Wally Horton, a retired civilian Air Force engineer known as "the father of the Newark Air Force Base," helped convince the Air Force to locate its metrology and calibration unit in Heath in the 1950s and lobby to keep it off other closure lists prior to 1993.

The operations at the base exceeded from the 1960s until its closure and earned several government accolades, he said. Realizing the importance of the base's operations and its impact on the community, Horton in 1993 rallied Air Force retirees and local leaders to help stop the closure.

The work performed at the base was vital to the military and would suffer if the base was closed and the workloads distributed to contractors throughout the country, he said.

Soon, Horton realized that stopping the closure was a lost cause and focused on privatization. Renaud said the base was closed, in part, to keep larger military depots open.

"I would say they made a real mistake in closing the base, so we had to go with the next best thing, which was privatization," Horton said recently from his Heath home.

The federal government also recommended privatizing the facility in the 1993 closure announcement, but it took nearly a year for local and federal leaders to agree on the concept, Renaud said.

The trick was convincing businesses that expressed high interest in earning the government contracts to keep the workload intact at the base, Horton said.

Moving operations at the companies' existing sites elsewhere

History of Newark Air Force Base

• Early 1950s — Kaiser Aluminum and Chemical Corp. builds a giant aluminum press to stamp out aircraft wings spars under an Air Force contract on a 70-acre site near the company's Heath plant.

• 1953-1954 — The government curtails the heavy press program because of a defense shift toward missiles, so the Air Force decides to use the facility for industrial equipment storage.

• 1959-1962 — The storage facility is redesignated as the Heath Maintenance Annex of the Dayton Air Force Depot. The Air Force then moves its worldwide metrology department from Dayton to Heath. By June 1962, nearly 1,000 people are employed at the Annex.

• Late 1962 — The first inertial guidance systems for the Atlas and Minuteman missiles arrive for repair, and the Annex is renamed the Newark Air Force Station.

• 1965 — The first aircraft guidance system is received and the facility is assigned management responsibility for worldwide certification of Precision Measurement Equipment Laboratories.

• 1968 — Newark Air Force Station is renamed the Aerospace Guidance and Metrology Center, part of the Air Force Material Command.

• 1973 — The 2083 Air Base Group is established to perform support functions for the center. It is deactivated in 1991.

• 1987 — The facility becomes Newark Air Force Base.

• 1991 — About 600 people are laid off. During its peak, NAFB employed more than 2,500 people and was Licking County's largest employer.

• March 1991 — NAFB officials praise workers for technical support during the Gulf War.

• April 1991 — The government releases a 1990 study revealing the base had a nearly \$254 million

regional economic impact. NAFB had awarded \$41.4 million in contracts for services, materials and supplies. Nearly \$6 million went to local businesses.

• January 1993 — More than 350 workers are laid off.

• March 12, 1993 — Col. Joseph Renaud, base commander, announces President Clinton, Congress and the Base Realignment and Closure Commission placed NAFB on a list of 31 other military installations nationwide set for closure.

• 1993 — Local leaders rally to set up the Newark-Heath-Air Force Base Reuse Commission. The group's goal is to retain jobs and convince the Air Force to turn the workloads over to the private sector.

• Dec. 15, 1995 — The Autometrics and Missile Systems Division of Rockwell International Corp. wins the \$284 million contract to handle maintenance and repair activities at the NAFB. Wyle Laboratories wins the \$19 million contract to perform the metrology and calibration activities. Both companies vow to maintain employment levels.

• January 1996 — Privatization-in-place immediately begins as contractors arrive on site to start the transition process.

• Sept. 17, 1996 — The Air Force holds closing ceremonies and retires the Aerospace Guidance and Metrology Center flag.

• Oct. 1996 — The Heath-Newark-Licking County Port Authority officially assumes managerial duties of the new Central Ohio Aerospace and Technology Center. More than 1,000 workers remain on site.

Source: Advocate research

the government provided a lot of guidance because they recognized the significance closure would have the area and the people who worked there."

To secure the workload and assure the retention of most of the base's civilian employees, the commission established the private Heath-Newark-Licking County Port Authority to manage what would become the non-governmental Central Ohio Aerospace and Technology Center. To this day, Heath, Newark and Licking County each ap-

point three private community members to the Port Authority's board of directors.

With the cooperation of the federal government, the Port Authority eventually purchased the base for the bargain price of \$11.2 million between Heath, Newark and Licking County. That purchase was paid off using the money generated by leases paid by tenants of the base to the Port Authority, Groff said.

There was no need to offer any tax incentives to major con-

tractors because interest in obtaining the government contracts was extremely high, Platt said. To this day, no significant tax abatements exist at the COATC, he said.

Groff said the transition was seamless, and officials were highly successful in attracting Rockwell International Corp., which was later bought out by Boeing, and Wyle Laboratories. The two companies and a consortium of smaller businesses won contracts from the Air Force in 1995 and immediately picked up where the Air Force left off at the new COATC in 1996, Renaud said.

"The whole process was the best cooperative effort between the three local governments I've seen," he said. "Since then, that cooperation has really continued with several different projects among all three."

Horton said one of the most difficult aspects of privatization was keeping talented employees who were looking for jobs elsewhere in the face uncertainty surrounding the closure.

"Washington was not all for privatization at first, despite what they say now, which caused a lot of doubts in people's minds," Horton said. "I worried that we were going to lose a lot of good people before I convinced them not to move the work at the base."

Not only did the local job market stand to lose a considerable asset in the base, but the overall economic impact would also take a huge hit.

The city of Heath alone had collected more than \$1 million in income tax revenue per year before privatization, said Heath Mayor Dan Dupps.

Has privatization worked?

Ten years have gone by since closure was announced and workers are still punching time-cards at the base. Keeping the base opened was a success but to what degree?

The degree of the success of privatizing high-tech, federal operations can be measured in several ways.

Economically, the Department of Defense claims it is saving \$6 billion per year by the closures of certain military bases.

Also, tenants at the base will contribute over \$1 million in local taxes this year, according to Rick Platt, executive director of the Port Authority.

That figure includes about \$930,000 in income tax revenue from the 975 employees at the base for local municipalities, including more than \$700,000 for the city of Heath, Platt said. The remainder will go to various local communities and school districts that utilize income tax withholdings.

Also, the COATC has also paid out more than \$730,000 in property taxes since the 1996 privatization, the majority of which has gone to Heath City Schools, Platt said. That's additional revenue created by privatization because the Air Force, as with any government operation, was exempt from paying any property taxes.

The base is the single-largest source of revenue for the city of Heath primarily from income taxes paid by base employees, Dupps said. Property taxes collected by the city are minimal but have helped the city maintain roughly the same level of revenue as when the Air Force

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# COATC

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controlled the base.

But perhaps the best way to gauge the local success of privatization is to look at the goals laid out by the Port Authority — job retention and job creation.

"Whenever someone asks me if privatization was successful, well, we're still here," Platt said. "I think it's been even more successful than people thought it would ever be."

At the time closure was announced in 1993, more than 1,500 civilians worked at the base, Renaud said. When the base became private in 1996, more than 1,000 jobs remained there and now 975 employees work for more than 12 companies housed at the COATC today, according to the Port Authority.

Most people who were involved in the closure agree that job losses could have been much worse and that the Port Authority has done a good job in retaining employment levels and accommodating COATC tenants.

The credit goes to the drive of local communities, the foresight of government officials and the willingness of private industry to take a chance on managing the transition of a federal workforce, Dupps said.

### "The base" evolves

Ten years after the closure was announced and almost seven years after private industry took over, Horton and Renaud say the Port Authority has just recently taken major steps to achieve its second goal of expansion.

"Since privatization-in-place, results from that goal have come a little slower than I expected," Horton said.

Last year, the Port Authority hired Platt as its executive director based on his experience in economic development and purchased 260 acres of adjacent land primed for development from Kaiser, making it a 350-acre business campus. The Port Authority is also working to establish a foreign trade zone within that purchase to provide tax in-

centives for companies looking to locate there.

Platt has also aggressively lobbied local, federal and state lawmakers to support the operations at the base and has brought in national experts to educate business and community leaders throughout Licking County.

The Port Authority is also working to expand the center by attracting a more diverse group of tenants and to promote economic development throughout the county.

He said there are at least three myths that must be dispelled when looking to expand COATC.

- The Port Authority is a completely private entity that receives no government subsidies. Its revenue comes from leases to contractors at the base.

- The Air Force still maintains limited operations at COATC with 141 employees at its Metrology and Calibration program and Defense Contracts Management Agency of Newark.

- Although Boeing is by far the

largest employer at the base with about 600 employees, a consortium of at least 11 other companies also maintain operations there.

Platt said other amenities of the COATC, such as an on-site daycare center, food service and conference center should appeal to interested companies.

"These are things that you don't find in an industrial park in the middle of a cornfield," he said.

Platt believes building a caucus of support among government leaders and allowing current base tenants to market their local success will entice diverse new companies and benefit current businesses at the base and elsewhere throughout the county.

"I believe the economy will turn around, and we'll see a lot of good things happening at the base," Dupps said.

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## Employment levels

During its peak, the Newark Air Force Base employed more than 2,500 people and was Licking County's largest employer. When closure was announced in 1993, 1,500 people worked at the base. The Heath-Newark-Licking County Port Authority was successful in retaining just more than 1,000 jobs at Rockwell International Corp. and Wyle Laboratories when the base was privatized in 1996.

Here is the breakdown of the current employment levels by contract tenant at the base:

| Defense contractors                           |            |
|---|------------|
| Boeing Co. and various sub-contractors        | 603        |
| • Air Force Metrology and Calibration program | 123        |
| • BAE Systems                                 | 52         |
| • Defense Contracts Management Agency Newark  | 18         |
| Others  |            |
| Southtowne Kids Club daycare center           | 11         |
| Heath-Newark-Licking County Port Authority    | 8          |
| <b>Total</b>                                  | <b>975</b> |

Source: Heath-Newark-Licking County Port Authority and COATC tenants

Molly Harrington, The Advocate