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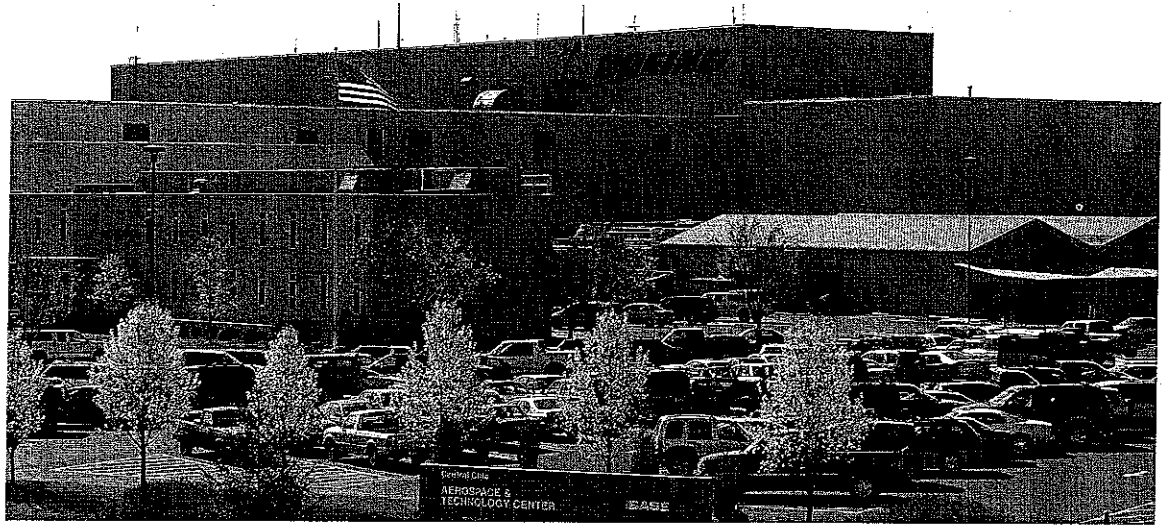
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# stability, solid as bedrock

By Wally Horton, Joe Renaud, Michael M. Brown & Rick Platt



*"The Newark Air Force Base could have become vacant, dilapidated buildings covered with weeds," said one person close to the base closure process. Instead, nearly 10 years later, the flag still flies over the former Newark Air Force Base and hundreds of people are at work every day. The Air Force's first privatization-in-place is now named the Central Ohio Aerospace and Technology Center where over 940 people report to work for 20 different employers. An acquisition in 2002 has transformed the former base into a 350-acre business campus that boasts to be the 18th largest industrial park in Central Ohio.*

*Wally Horton, the first Aerospace Guidance and Metrology Center (AGMC) technical director, served as chairman of the Re-Use Commission and as the Port Authority director. Colonel Joe Renaud, USAF (retired), AGMC commander 1991-1996, is the Ohio governor's aerospace and defense advisor. Rick Platt is executive director of the Heath-Newark-Licking County Port Authority. Michael M. Brown is a freelance writer from Licking County, Ohio.*

**S**eismic stability in central Ohio was a primary reason for the site location decision that led to the creation of Newark Air Force Base.

This characteristic, coupled with an existing facility built to withstand the shock of a 50-ton press, created an ideal foundation in 1960 for two newly-created programs within the United States Air Force. Economic stability proved to be another challenge though.

Central Ohio's economic stability was tested after the 1993 Department of Defense base closure announcement. With the announcement made, the Newark and Heath communities worried about potential dire economic consequences. Gone was the \$200 million economic impact on a small community located 30 miles east of Columbus, Ohio. Gone also were 1,700 highly-technical, well-pay-

ing civilian jobs along with 70 active duty military and 120 Air Force Reserve positions. However, a strong, stable leadership team formed by community leaders, base personnel, and the eventual contractor group assured that this unique asset would have a new life through privatization.

The road to privatization was anything but smooth. The complexity of the closure led many to believe that privatization was not a viable option. There were too many uncertainties and there were multiple competing interests with different visions for the Newark closure. Despite the uncertainties, the October 1996 closure date was firm.

Outright closure was problematic. The Aerospace Guidance and Metrology Center (AGMC) at Newark Air Force Base had a unique mission. AGMC was the single manager for the Air Force Metrology and Calibration (AFMETCAL) program, which would continue to exist. Newark AFB was also the Air Force Center of Excellence for guidance

## PRIVATIZATION AT THE FORMER NEWARK (OHIO) AIR FORCE BASE

*Base closings don't always have to bring negative results and calamity to communities. A facility founded for its ground stability proves to serve as the basis for workforce and economic stability. The remarkable privatization-in-place at the Newark Air Force Base in Heath, Ohio, is described by those directly affected — the community and Air Force authors. The Heath-Newark-Licking County Port Authority has taken title to the AFB and private contractors have taken over the workloads while preserving a \$200 million regional economic impact. Additional investments have turned the 57-acre former Air Force facility into a 350-acre business campus, home to operations for top defense and aerospace contractors and the 18th largest industrial park in Central Ohio.*

system repair. It provided repair services for the Minuteman and Peacekeeper Missile Guidance Systems, most of the front line aircraft inertial guidance systems, and three joint service systems for the Army and Navy. Each of these systems continued to require a source of repair, as this work was not performed elsewhere.

With the programs continuing, the work of AGMC had to be sustained at previous levels throughout the closure process and would need to be reconstituted without interruption after closure. The essence of the work was in the unique facilities, high-cost integrated equipment, and the skills of the existing work force. This was a difficult undertaking under any conditions, but the morale of the highly skilled civilian workforce held the key to success.

Like any civilian workforce, these people had deep roots in the local area and were not very mobile. At the time, it was estimated that less than 15 percent would be willing to move. If morale was lost, critical weapon system support would be degraded during and after closure. Many, inside and outside the Air Force, thought program support would degrade to unacceptable levels.

#### **ONLY VIABLE OPTION: PRIVATIZATION-IN-PLACE**

Ultimately, privatization-in-place of the Center's workload became the only acceptable solution. It saved the day both for the Air Force and the local community. The workload was transitioned seamlessly and quality customer support never missed a beat thanks to the faith and hard work of many determined men and women. In 1993, however, privatization was not acceptable to weapon system managers, the Air Force Materiel Command (AFMC) headquarters, or the original equipment manufacturers.

In the chaotic days of 1993 and 1994, the closure outcome was unclear. Though the original directive spoke of privatization, many in and out of the government believed there were better options. Within days of the closure announcement in March 1993, all post-closure options were back under consideration. These options included movement of the entire workload to another organic base and movement of the workload to the private sector in another location. What had been clear in early March of that year became totally uncertain. Morale had been expectedly bad with the closure announcement, but it was downright low with the additional uncertainty in the scenario for the closure

Multiple teams worked through several options and collectively maneuvered along a rocky road between vested interest and workable solutions. They were in the middle of a web of many powerful stakeholders such as Members of Congress, Department of Defense offices, management and union organizations within Newark Air Force Base, the Base Realignment and Closure Commission

(BRAC), the General Accounting Office (GAO), and the State of Ohio, along with local interests in Newark, Heath, and Licking County.

In March 1993, Wally Horton, the first AGMC technical director, came out of retirement to help lead the effort to save the base. The community wanted to reverse the decision, so it turned to the man who knew the most about the work inside the gates. Horton rallied retirees, local officials, community leaders, and the congressional delegation. He sent a loud and clear message to the BRAC commission and to Washington, that the work was critical and must be preserved either by retaining Newark AFB, the preferred option, or through privatization-in-place. His message was received.

By the end of the commission's review, it became evident that the commission believed a private outside contractor, employing the Newark AFB civilians at the current Air Force facilities, could do the work. The commission agreed with the original Air Force recommendation for privatization-in-place and included that recommendation in the commission's report forwarded to the President.

#### **PRIVATIZATION OPTION STILL QUESTIONED**

In September 1993 after the closure was approved, the AGMC Commander, Colonel Joe Renaud, was directed by Headquarters AFMC to put all the original options back on the table. Privatization-in-place was not, at that time, a popular outcome for many of the stakeholders. While the closure language clearly stated the required direction, the closure began to flounder while the language was re-interpreted and all the possible options were again explored.

The clock was ticking though. The October 1, 1996 deadline was immovable regardless of the

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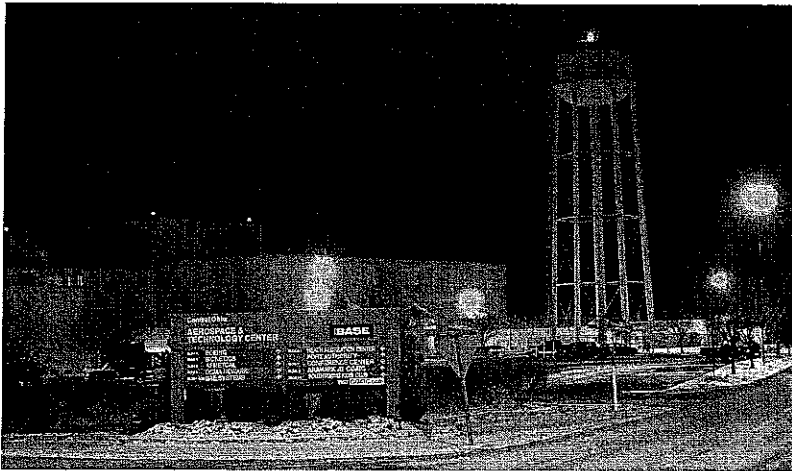
starting date. For every successful leap, there were additional roadblocks to hurdle. For nearly three years, the community on and off the base held its collective breath as the ground was literally shifting under its feet with the latest proposal, rumor, or possibility of permanent closure.

While this external work was taking place, the internal work was more critical. The essence of the capability was in the personnel. If there was to be

a successful outcome, regardless of the scenario for closure, it would only be with the full cooperation and help of the workforce.

There were two key factors during the entire period of closure and beyond—the morale of the workforce and the retention of the personnel skill sets. Both of these factors were essential to keep the mission supported and to attain an effective transition to what was at the time an unknown outcome.

Getting through constant turmoil while moving toward privatization was a team effort that extracted the best in human ingenuity, determination, and spirit. The personnel assistance tools chosen as part of the strategy to address morale and retention



*The Boeing Company is the largest tenant at the Central Ohio Aerospace and Technology Center, a facility that hosts operations for Fortune 100 companies and small businesses alike. An estimated \$200 million annual impact on the Central Ohio economy was preserved with privatized metrology labs and guidance system repair depots retained. Meanwhile, the former base fire station became home to a research and development operation and the former motor pool building became the headquarters for a small business.*

eventually led to a National Award for Excellence in 1996 from the National Association of Counties for outstanding employee assistance programs.

With the closure outcome still uncertain in 1994 and 1995, AGMC worked with an AFMC Acquisition Strategy Panel (ASP) to specify contact approaches for the Newark workload. The ASP separated the Metrology work from the guidance system repair work, but kept the contract milestones the same.

The ASP explored all possible relocation options for the Air Force Primary Standards Laboratory (AFPSL) and the management portion of the AFMETCAL program. Also reviewed were the elements of the AFMETCAL program that should be retained organically in the Air Force as opposed to being placed on contract. Additionally the ASP reviewed whether these functions should be co-located or separated. There was strong consideration for moving the management to an Air Force installation, while contracting out the AFPSL and calibration technical order development at a “to be determined” contractor location.

## DECISION AT LAST: PRIVATIZATION-IN-PLACE

For the guidance system repair portion, the ASP first addressed the notion by some Air Force stakeholders that the work could be moved cost-effectively to another location. Air Logistics Centers wanted to move the workload to their separate locations. Additionally, private contractors initially sought to move specified mission work to corporate sites far from Newark. This movement would have “orphaned” a portion of the work, which no location was reasonably able to receive, resulting in a net increase in cost for the movement of the entire workload.

Ultimately, privatization-in-place was chosen, not by the Air Force, but by the contractors. PIP occurred through an ASP decision to write a single contract for the entire repair workload, requiring the selected contractor to determine the most efficient location for supporting the entire workload.

The ultimate decision was really like a three-legged stool. Success required retention of the workforce, the laboratories, and the repair work. Weaken one leg and the stability is gone.

It was only possible to have the metrology laboratories remain in the Newark AFB facilities, if the repair work was to remain. As nearly all mission work was performed in a single 750,000-square-foot building, any partial occupancy would be unduly expensive. The uncertainty was settled when these contracts were awarded in December 1995 to a Rockwell division (later purchased by Boeing) and Wyle Laboratories.

A consortium of businesses won the guidance system repair contract in December 1995 and the AFPSL management contract was awarded shortly thereafter. Uncertainty was settled when these contracts were awarded, providing the first concrete indication to the workforce that privatization was a reality.

Less than one year out from base closure. The clock was still ticking.

Due to contracting restrictions, there was little public knowledge of the sensitive behind-the-scenes work in achieving this outcome. There were numerous objections that had to be resolved before the decision was made to keep the essential mission of repair and metrology, at the existing Newark AFB facilities. In one form or another, the answer to each objection was tied to the funding available for closure. If the cost escalated, the savings to the Air Force for closure would disappear.

## PORT AUTHORITY CREATED TO PROVIDE LOCAL STABILITY

In parallel, the community ably met a key challenge. Again, it was stability that won out.

For the local communities, the loss of a \$200 million annual economic impact, loss of jobs (an estimated 4.6 percent of the area's workforce), and ero-

sion of the area's tax base was a strong motivation. However, some, locally, cautioned that if the Air Force soon did what it had already threatened to do—close the base—it was the local communities that would be stuck with a hard-to-fill facility. The “white elephant” argument became a barrier to local participation.

“The Newark Air Force Base could have become vacant, dilapidated buildings covered with weeds,” says Wally Horton, head of the local Re-Use Commission during this time period. “Without a determination to overcome so many obstacles, and convincing many important people to come over to our side, the history would have been much different.”

Ultimately, the pursuit of economic stability won out.

The local officials also addressed the Air Force concerns of assuring that the community was fully capable of accepting and managing the base property while also facilitating a successful transition from the Air Force to a contractor-run program. In 1995, the Heath-Newark-Licking County Port Authority was formed to assume ownership and management of former base facilities. An Economic Development Conveyance agreement between the Air Force and the Port Authority provided the means whereby the local communities could properly maintain the base facilities.

Under the 10-year agreement, the Port Authority agreed to pay over \$11 million for ownership of the nearly one million square feet of building space and 56 acres of ground. As long as the facility remained available for lease to Air Force P.I.P. contractors, a portion of the purchase price would be forgiven each year.

## **BOTH PATHS CONVERGE**

October 1, 1996, was the day of transfer of the Newark Air Force Base and the opening of the now-renamed Central Ohio Aerospace and Technology Center (C.O.A.T.C.) under Port Authority ownership. The Newark privatization was touted as a model for others to follow by Secretary of the Air Force Sheila Widnall saying, “Newark has carved a path for thousands of others who are just beginning a similar journey.”

The final privatization result was indeed a win-win for the Air Force and the community. Success came when more people recognized what the local community knew. The privatized base could continue offering seamless customer service and save a great deal of money compared to closing and moving out. This was the best option for the Air Force and, coincidentally, for the workforce and local communities as well. Some ten years later, privatization at Newark is still regarded by those who know the operational challenges, as the first and most successful privatization-in-place.

Over 940 people report to work for more than 20 different employers. The combined payroll exceeded \$50 million in 2004. The concentration of aerospace and defense firms now ranks among the largest in Ohio.

## **FAST FORWARD 10 YEARS**

Today, stability remains the hallmark of the Newark privatization-in-place.

The workforce, whose skills were crucial to retaining at Newark in order to transition to privatization, was rewarded with job stability. Among the current skilled workforce, an estimated 75 percent also worked here when it was an Air Force Base.

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The repair workload, under contract to The Boeing Company, was renewed by the Air Force in October 2004 with an option through 2014. Boeing's on-site subcontractors include Honeywell, Raytheon, Northrop Grumman, Kearfott, Smiths, Draper, L3 Communications, and BAE Systems.

The Boeing Guidance Repair Center is recognized by Boeing as a Strategic Center for defense electronics, guidance, and navigation repair and is Boeing's largest operation in Ohio. It added manufacturing to its repertoire with new work attracted to the facility since 1996.

In January 2005, Boeing made public its plans to relocate a portion of its AWACS workload to the C.O.A.T.C. The expansion provides 35 new jobs in Ohio and another niche for Boeing at C.O.A.T.C. The project, which was supported by a \$1.5 million state-local-port authority incentive package, was heralded by local officials as a sign of long-term economic stability.

BAE Systems, the largest of Boeing's subcontractors, has grown significantly since first coming to the base in 1996 to provide engineering services for missile systems. Original workload supported just three employees but, through growth, today supports more than 50. BAE leases the former base fire station from the Port Authority where it houses its research and development on the next generation of missile systems.

The metrology laboratories workload was awarded to Bionetics Corporation in 2001 and was renewed in 2004. Bionetics, and subcontractors AdTech Systems and Goldbelt Falcon, oversee a

first class operation that is a model for privatized government labs. The 20-year contract is the definition of stability.

Remarking on the Air Force's site selection decision in the early 1960's to locate in Central Ohio, Colonel Marvin Cook, director of Air Force Metrology, said, "Over these past forty years, we've found that when it came to stability, Licking County offered more than just stable soil."



Ohio officials, Licking County Commissioner Marcia Phelps, Newark Mayor Bruce Bain, and Heath Mayor Dan Dupps join Wally Horton, the retired first director of the Heath-Newark-Licking County Port Authority, in cutting the birthday cake honoring the Port Authority's 10-year anniversary on May 18, 1995.

#### Achievements During and After the Successful Privatization-in-Place

- AGMC, AFMC, and the contractor team achieved a seamless transition of workload, which was virtually invisible to the customer in the field.
- The Air Force avoided an expensive (estimated at \$300 million) closure and reconstitution of the AGMC capability. The major cost would have been associated with moving highly sophisticated precision equipment integrated into the existing facilities; preparing new facilities; then installing and testing this equipment while building a new skilled workforce for metrology and gyroscope repair. Ability to support ongoing missions would have been almost non-existent during this transition.
- The Port Authority, Air Force, and Boeing established an innovative facilities purchase and lease agreement assuring the Air Force workload will be sustained at a high level of support for the foreseeable future.
- The \$200 million annual economic impact with about 940 high-tech workers has been sustained to the present day.
- The guidance repair depot and metrology laboratories that came to Newark AFB in 1962 remain in place at the C.O.A.T.C through today.
- The Central Ohio Aerospace and Technology Center (COATC), as a private enterprise in contrast to a non-taxable federal installation, is the largest source of revenue for the city of Heath. COATC has paid out more than \$1 million in local property taxes since the privatization took effect and collects more than \$1 million annually in local taxes.
- The Port Authority is entirely self-sustaining and manages the former Newark Air Force Base without any government subsidies. It is the fourth largest port authority in Ohio and the largest in the state not receiving a tax subsidy.
- The former Air Force base buildings are now 100 percent leased out by the Port Authority.

This model privatization is nationally-recognized for continued mission success and outstanding customer service. It remains a pillar of sustained, economic development strength for Licking County and Ohio as well.

#### A BASE FOR THE FUTURE

The Port Authority has leveraged its success as property manager into other areas. Most notably, the Port Authority acquired additional property in 2002 and has begun, with state grant assistance, to invest in infrastructure improvements designed to prepare it for industrial development. This acquisition has turned the 56-acre former base into a 350-acre business campus that ranks among the 25 largest in Central Ohio.

The workload, access, and geographic features that attracted the government work in the 1960's forms a niche that, it is hoped, will attract another generation of high tech manufacturing firms. The Port Authority has married up aggressive financial incentives, including a 100 percent tax abatement program and foreign-trade zone status, with natural incentives such as interstate access just five miles away, an open-access rail line, a plentiful underground aquifer, and a high pressure gas line with direct access to an interstate transmission line.

Thus, a large part of the Port Authority's daily mission is working with a diverse array of commercial and industrial prospects to help realize future growth potential. The bedrock that was the magnet for the Newark Air Force Base in the past now forms the foundation upon which the Heath and Newark communities will build for the future.