

**Red River Redevelopment Authority
BRAC 2005
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What is Lone Star Army Ammunition Plant and why is it closing?

Lone Star Army Ammunition Plant is a military base that is owned by the United States Army and operated by a private contractor to produce ammunition and related products. The contractor also manages the maintenance of the facility. This relationship between the contractor and the Army is formalized through a “facilities use contract”.

During the BRAC process in 2005, the Army and Congress decided that there was over capacity and significant cost in the Army ammunition plant infrastructure. Commercial operations from the US, UK, China, South Korea, South Africa and Israel, have made the munitions business very competitive on a global scale. Faced with budget pressure and wars in multiple theaters, the Army has chosen to reduce its overhead by consolidating operations and to procure many of these products through globally competitive sources. The Base Realignment and Closure Commission acted on the Army’s recommendation, the Congress passed the law and the President waived a signing of the bill allowing the closure actions to take effect. As a result, the Army must cease all operations, and terminate or relocate all employees and contractors at Lone Star.

Unfortunately, this decision has been made and the Army will fulfill its closure mission. The most important lesson learned from past rounds of Base Closure actions is for the community to work quickly to accept the task at hand and move the property quickly into productive use. Those communities who fight the inevitable end up recovering far more slowly than those who embrace the challenge and move on. The RRRRA is prepared to lead the effort to convert the facility to commercial uses and do so with the best interests of the citizens of Bowie County in mind.

The regulations at 32 CFR 174.3 defines “closure” as the relocation of all personnel and contractors except those required for on-going caretaker, clean-up and other functions. The Department of the Army and the Army staff at LSAAP have indicated that the ammunition production mission at LSAAP must end by December 2008. The only contract commitment made to the local operating contractor expires on September 30, 2008. This most recent contract includes tasks that will help to accelerate the base closure mission. The RRRRA has no influence over these commercial matters between the contractor and the Army.

For the last 10 years, RRRRA has worked closely with many different companies and their site selection representatives as they explore real estate acquisition decisions and plant and equipment expenditures here on the Red River Commerce Park. The Authority understands that a strong business case must be made by companies to shareholders and investors in order to justify these investments. Typically, companies that seek public support for incentives or concessions to locate in a community are also willing to make certain disclosures about their business plans and assurances of future employment levels, tax base, and infrastructure investment.

A clearly integrated and balanced development would create the best reuse scenarios for the entire region. The RRRA understands it is difficult when companies face challenges with their ability to operate and compete successfully in the marketplace and hard decisions must be made. The RRRA believes it has a responsibility to look out for the best interests of the local workforce and the financial, health and safety interest of the taxpayers.

The citizens of Bowie County have been there for the Army mission in the past and will continue to do so in the future, but this round of base closures has created substantial challenges for all of us as we convert Lone Star from military mission to private sector economic development. It will take all of us working together to move past these challenges to a successful future. We've done it before with the 1995 realignment of RRAD. We can do it again.

Despite the community's best efforts, the Army chose to close LSAAP. The RRRA understands the closure was going to have an adverse impact on the entire community. Our job now is to work together to minimize those impacts as much as possible and do everything we can to not only get us back on track but to look at opportunities to improve the economic situation.

What is the property tax impact going to be due to the closure of Lone Star and Red River?

Currently, there is no property tax liability on the Lone Star and Red River properties since they are federal enclaves. The RRRA's goal is to generate new business opportunities to create new jobs which would expand the tax base. It is also an RRRA goal to promote the retention of existing jobs. Both are achievable.

The real windfall for the community is in the spending effect associated with new jobs. The idea is that new jobs mean an increased tax base through the purchase of homes and the spending of dollars in the marketplace and those taxes and purchases add up to a lot more money for public and private entities than just the property taxes on the plant property.

If the RRRA can acquire some or all of the surplus property under an Economic Development Conveyance, then the property can be purchased for a discounted rate and the leasing, land sales and revenue from other assets can be reinvested in the site to upgrade the roads, utility systems, rail, police and fire protection, historic property rehabilitation, public building construction, planning and marketing the property and other purposes. If the property is sold into the private sector, the Army gets all the money and the costs of redeveloping and improving the public infrastructure gets shifted to YOU, the taxpayer, in the form of higher taxes.

A key impediment to creating and retaining jobs and positioning the sale of property into the private or municipal sector is the time it will take to assess the environmental conditions and to get the environmental regulators and the Army to approve the land transfers. The RRRRA seeks an early transfer and rapid identification of the problems so the Army doesn't retain ownership indefinitely, defer the environmental work unnecessarily and thereby substantially delay the tax producing benefits of the property. Even if the current tenants at Lone Star desire to purchase property there, the community will not see the tax benefits of private ownership until these matters are resolved.

What is federal impact aid to schools and what does that have to do with BRAC?

Since 1950, Congress has provided financial assistance to local school districts through the Impact Aid Program. The program was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on Indian lands.

The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965 (ESEA)) provides assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other Federal properties and, to a lesser extent, concentrations of children who have parents in the uniformed services or employed on eligible Federal properties who do not live on Federal property.

There are no school children living on Lone Star or Red River surplus properties, and it is unclear how the federal government will adjust the federal impact aid distributions as a result of the decrease in the in federal property in the County.

What will happen to the timber after it transfers ownership?

In 2006/2007, the RRRRA retained Kingwood Forestry Services to conduct a timber survey and estimated valuation of the timber on the surplus Lone Star and Red River properties. If all of the timber on the 14,474 acres of forested area was cut today and sold into the market the value of that timber would be between \$27 and \$38 million. (The variance is due to statistical confidence levels with the survey). Obviously, the timber is a very valuable asset.

Clear cutting all that timber today would be an environmental disaster, so the RRRRA has developed several draft models that impose reasonable standards of care regarding timber management. One possibility would be a simple extension of the Army's land management plan. The Army's plan, for example, is primarily a "select cut" program and delivered \$1.5 million in gross revenue in FY 2006. Bowie County citizens received approximately \$400,000 or roughly 27% of the gross proceeds in a distribution from those sales. This accounts for 40% of net sales, which the

government is required to deliver under an agreement pursuant to the Sikes Act. That also means that the Army's forestry program retained about \$500,000 for management of the timber and the rest went to Uncle Sam.

Whether the Army's land management plan is adopted or a new standard such as the Sustainable Forestry Initiative (SFI) is adopted, the RRRRA will advocate forcefully for the responsible management of the forests regardless of ownership. The RRRRA will insist that covenants and deed restrictions are placed on timbered lands to protect the environmental sustainability of these areas and to permit hunting and certain limited recreational uses. If the RRRRA successfully acquires these forested lands, the RRRRA will develop a land final management model that is subject to public scrutiny. Based on estimates generated by Kingwood for the RRRRA, the forested lands on the surplus parcels could generate on average approximately \$1.0 million per year in revenue in the long term that could be reinvested in land management, infrastructure to support job creation, and operations and maintenance of the broader area. That's \$600,000 more than the Army delivered to Bowie County for all Army owned lands in 2006.

In the short term, the RRRRA has proposed a revenue sharing formula with the Army as initial payment for the property. The current proposal is limited to a "first cut right" which means that revenue from subsequent harvests will be fully available for redevelopment purposes, but the first cut will be split between the RRRRA and Army. The proposal the Army has on the table is to sell all the timbered lands at public auction and send all the money to the US Treasury. The future owner could then do with the land whatever is lawful. The RRRRA will continue to persist in the effort to bring this value back to the citizens of Bowie County.

Who will take care of the cemeteries after closure?

The RRRRA is committed to arranging for the perpetual care and access to the cemeteries.

Can we still hunt on the property after closure?

On-going outdoor recreation activities will be the decision of the ultimate owner of the property. The RRRRA position is as long as the health and safety of the citizens is protected, the Authority will support on-going public access for outdoor recreation activities. If the RRRRA owns hunting ground as a result of the disposal action, a formal hunting program will be established. An advisory council of interested sportsman and conservationists will be formed to inform the RRRRA Board and Staff on the safest, most accessible and most sustainable approach to seasonal harvests. Interested citizens who would like to participate in this advisory program should contact the RRRRA to be put on a mailing list for future communication on this topic.

What is the fate of the current tenants located on Lone Star?

The RRRRA will do everything practicable, lawful, and in the interests of the citizens of the County to keep existing businesses in place and help them grow. The RRRRA does not control this decision at the moment. The Army has the legal authority to decide how property is disposed of and therefore controls the fate of the current tenants.

My grandparents owned property at Lone Star before the government took it from them. Can they get it back or get the first right to buy it back?

This is a question of “reversionary interest”. This simply means that the deed that transferred the property to the Army says that the previous owner can get it back once the Army is done with it. The Corps of Engineers Real Estate Division has informed the RRRRA over the phone that the land parcels at both Lone Star and Red River have clear titles and no reversionary rights exist. If any citizen has any documentation pertaining to any type of reversionary right for any parcel within the surplus footprint they should contact the Corps of Engineers or the RRRRA.

What is a Notice of Interest (NOI) and were there any submitted to the RRRRA during the homeless screening process?

A Notice of Interest is submitted by any official agency to request possible conveyance of surplus military property for public purposes. A NOI must have a sponsoring agency that can provide financial backing to the project. During the ninety day screening period in 2006, no NOIs were submitted to the RRRRA.

What is the Reuse Plan and why do we need to complete one?

Once a military property is considered surplus under BRAC, the community may form a Local Redevelopment Authority (LRA). This locally formed redevelopment authority applies for recognition by the Department of Defense to be the approved LRA for the surplus properties. Under government regulations found at 32 CFR 174.5(b), the “LRA should focus primarily on developing a comprehensive redevelopment plan based upon local needs. The plan should recommend land uses based upon an exploration of feasible reuse alternatives. If applicable, the plan should consider notices of interest received under a base closure law. This section shall not be construed to require a plan that is enforceable, under state and local land use laws, nor is it intended to create any exemption from such laws”.

The Red River Redevelopment Authority is the approved LRA for Lone Star and the surplus property on Red River. The RRRRA’s primary responsibility under the law is to prepare the reuse plan. The RRRRA had to conduct screenings early in the process to determine whether other legally permissible parties expressed a “notice of interest”. Those screening processes were conducted in accordance with other

provisions in the law since the BRAC announcement became final in November 2005. No individuals or organizations expressed a legally permissible interest in the property. The plan that is available at www.rrcp.org (Reuse Plan) tab is the result of this legal responsibility. It should be noted that in both policy and urban and regional planning practice, long range comprehensive planning documents typically indicate the desired future land use descriptions and do not prescribe a specific private sector entity that may or may not acquire the property.

The plan is used to meet requirements of the National Environmental Policy Act (NEPA), as a supplement to a homeless assistance submission required by the Department of Housing and Urban Development (HUD), and is used to guide the Army's property disposal plan. The NEPA documents and the disposal plan are the responsibility of the Army. The homeless assistance submission is crafted by the LRA and must be approved by HUD before the Army can begin disposal.

What is a homeless assistance submission and why does the LRA have to do one?

The law that governs this submission is intended to institute a community-based process to address the needs of homeless in base closure and realignment communities. Many base closure sites have substantial housing resources and the law provides for those assets to be used to address the needs of homeless populations near the base.

The RRA followed the process in the law and received no interest in property at either Red River or Lone Star for homeless assistance purposes. It should also be noted that there are no housing resources at either of these sites. The submission to the Department of Housing and Urban Development which addresses the requirements in the law is found at 32 CFR 176. The RRA has crafted a draft submission and held public hearings on the draft submission on June 26th. The RRA is in the process of finalizing the submission to HUD, but has already reflected this lack of interest in homeless assistance providers in the LRA reuse plan that was submitted to the Army on May 15, 2007. It is not anticipated that any changes to the homeless submission will be made based on the public hearing process, since the general public made no comments during that hearing that were germane to the subject of homelessness.

Who actually owns the property at LSAAP and RRAD and who decides what happens to it?

The property is "owned" by the Army and the Secretary of the Army must sign off on all property transfers. The legal mechanisms for property transfer that the Secretary of the Army can use are outlined in the guidance document DOD 4165.66M Paragraph C.5.5 or you can read about them in Chapter 7 of the RRA's Reuse Plan found on the RRA website at (www.rrcp.org).

What disposal mechanism is the RRRR going to recommend?

The RRRR proposal that was transmitted to the Secretary of the Army on June 19, 2007 and endorsed by all 4 United States Senators from Texas and Arkansas as well as Representative Ralph Hall and Representative Mike Ross requests a transfer of fee title to all surplus property and improvements on LSAAP and RRAD with the exception of a set-aside of approximately 4,800 acres in the Northeast corner of LSAAP for the purposes of future ammunition production operations and certain parcels to be reserved for public sale by the Army. The request invokes a variety of disposition authorities and financial consideration mechanisms. It requests a role for the community in the environmental clean-up process to protect the health and safety of the citizens of Bowie County through an Environmental Services Cooperative Agreement. It also requests fee transfer to the RRRR of those properties requested by September 30, 2007. It is the intent of the RRRR to acquire these properties under the most favorable terms which allow for the most effective redevelopment of Lone Star and Red River to the benefit of the entire region.

What is Early Transfer and will it interfere with Army mission at LSAAP?

Early Transfer simply means a change on paper in the ownership structure of the land prior to environmental clean-up. The community made an official request for Early Transfer of all the land and buildings because this request would trigger events that could lead to transfer of property as it becomes available for redevelopment, regardless of who may eventually own it. If this request was not made, then the Army would likely wait until 2009 or 2010 to start the process, which would delay ownership transfer for years. The consequences are that no jobs can be created in the interim period, the property will not be available to be put on the tax rolls, the buildings and infrastructure will deteriorate and become even more difficult to redevelop.

The RRRR has repeatedly asserted that Early Transfer will not impact Army mission. In fact, the RRRR's request for Early Transfer was made with the cooperation of Army officials. Beyond kick-starting the environmental investigations, the RRRR fully expects the Army to reserve occupancy on the production, storage and other key areas and continue operations until they are complete. The RRRR has agreed not to engage in redevelopment activity that encumbers mission.

What is ESCA?

ESCA stands for Environmental Services Cooperative Agreement. ESCA is a grant funded program that allows potential future owners to participate in the clean-up of environmentally contaminated sites. Both LSAAP and RRAD have many environmental challenges due to their past use. The Army recognized early on that the RRRRA and its consultant team of ELM Consulting and MKM Engineers was qualified to assess and manage environmental remediation activities on the surplus properties. As a result, the Army recently awarded the RRRRA an ESCA for \$2.3 million to begin the “characterization” process. The scope of the contract includes field inspection and sampling to determine the absence or presence of potential contamination and munitions and explosives of concern. Subsequent efforts will be conducted under the authority of the Army to complete more detailed investigations and where appropriate remedial design and construction projects to clean the property to regulatory standards.

The RRRRA believes very strongly that the community needs to be involved in managing the clean-up efforts for the future health and safety of the citizens of Bowie County. This can be done through future ESCA’s between the Army and RRRRA. Unfortunately, the Army has suggested that will go out for public bid through the Army Corps of Engineers to do this work or to do a direct contract to potentially responsible polluters as a settlement for their responsibility. Since the Army is ultimately responsible for the problems that exist, the community leadership and RRRRA Board feel strongly that some checks and balances are appropriate in the process. Those checks and balances can be achieved through Army-funded and community led clean-up activities managed through the RRRRA. This is especially true since the RRRRA, as representatives of the citizens of the county, may own some of this once contaminated property some day. Indeed, the law authorizes ESCAs because this cooperative agreement between the polluter and the potential future owner helps to create appropriate checks and balances.

How is County Judge James Carlow involved with the RRRRA?

Judge Carlow is a valued member of the RRRRA BRAC negotiation team, is not being paid a salary or other enumeration by the RRRRA and otherwise and has no direct financial interest in projects done on the Commerce Park.

Who are the RRRR board members and how do they get that job?

The RRRR board members are appointed by the member municipal jurisdictions that make up the DoD approved local redevelopment authority. The board members and who appointed them are listed below:

Denis Washington	Bowie County
Gabe Tarr	Bowie County
Mike Ashford	Bowie County
Wayne Cranfill	Mayor of Hooks
Michael Sandefur	Mayor of Leary
Ralph Noeth	Mayor of Maud
Ron Collins	Mayor of Nash
Michael Brock	Mayor of New Boston
Michael Coleman	Mayor of Redlick
Leroy Jones	Mayor of Redwater
Brenda Rochelle	Mayor of Texarkana, TX
Don Morriss	Mayor of Texarkana, TX
John Jarvis	Mayor of Texarkana, TX
Mike Huddleston	Mayor of Wake Village
Vacant	Mayor of Dekalb

How much are the RRRR board members paid?

The Board members of the RRRR receive no compensation for their time and effort to bring new jobs to the community. They have no direct personal financial interest in projects done on the Commerce Park.

How many jobs has the RRRR created?

The Red River Commerce Park, operated by the RRRR, has supported the site development for over a dozen companies on the Commerce Park with a payroll of over 1,000 employees. The RRRR recently announced the land sale of 20 acres to Red River Biodiesel. This renewable energy company has already started site work and intends to be up and running late this year or early next, creating new “green” jobs for the future of the County. The RRRR is in the early stages of a 55,000 square foot office/warehouse building in support of Army contract jobs at RRAD.