



LRA Meeting: February 12, 2008

SUBJECT: Update and Proposed Path Forward for Onizuka AFS: Balancing the Needs of Veterans Affairs, Homeless and the Community

REPORT IN BRIEF

The City Council, acting as the Department of Defense-designated Onizuka Local Redevelopment Authority (LRA), has begun Phase II of planning for the closure for Onizuka AFS, which includes analysis of five conceptual reuse options, and will culminate in selection of a preferred option for the Final Redevelopment Plan. As part of the redevelopment selection process, Base Realignment and Closure (BRAC) statutes charge the LRA with balancing homeless needs for housing with community needs for economic and other development.

BRAC-mandated Federal and local screening procedures produced requests for portions of the Onizuka site from the Department of Veteran Affairs (VA) (for offices/parking) and from two non-profit housing agencies (for homeless housing). Staff recommends the LRA authorize staff to explore with the Air Force, VA and housing agencies the removal of VA and homeless housing encumbrances from Onizuka and possible strategies for their accommodation, optimally at alternative locations.

On January 24, 2008 the Onizuka Air Force Station Citizen's Advisory Committee (CAC) met and reviewed this report. The CAC voted unanimously in accordance with the staff recommendation.

BACKGROUND

When the Department of Defense (DOD) recognized the City of Sunnyvale as the Onizuka LRA, it delegated authority to formulate a redevelopment plan that balances homeless needs for housing with other community development needs. As noted in the attached *Onizuka Fact Sheet*, the City is scheduled to submit the Redevelopment Plan to DOD, and a Homeless Assistance Submission to the Department of Housing and Urban Development (HUD), in summer 2008. While the LRA will propose a property disposition method (Air Force public sale, economic development conveyance, etc.), DOD retains responsibility and authority for final selection of the method of property conveyance.

The City has historically addressed local homeless needs for housing in a variety of ways, including collaboration with other local government agencies. In 2005 Sunnyvale prepared its *2005-2010 Consolidated Plan* which identifies community needs, including homeless needs for housing, and objectives to be addressed. Federal resources for addressing the needs of low income populations include the City's allocation of HUD's Community Development Block Grant funds, which are used in part for housing services to low/moderate income persons.

To date, several major components of the Onizuka BRAC process have been accomplished. In October and December 2006 the LRA reviewed the City's relevant policy including the Moffett Park Specific Plan, which currently regulates Onizuka's conversion to civilian use. In January 2007 the LRA reviewed the site's prior land uses as well as property, market and environmental conditions. All reviewed policy, uses, and site conditions do not support low-density offices or residential housing. In March 2007 the LRA concluded Phase I of the BRAC planning process by selecting five conceptual reuse options, including two options that stem from the Federal screening mandates: VA offices and homeless housing. In the January 2007 report, staff proposed further analysis of strategies that might more equitably balance homeless housing:

Final resolution of the NOIs [Notices of Interest] should await formulation of the preferred option, a strategy to leverage homeless housing, and the City's negotiation of the final plan with the Air Force, Veteran's Affairs, the developer and homeless service providers.

(Excerpt from LRA Report No. 07-002, Onizuka Air Force Station Conceptual Reuse Options for Base Realignment and Closure)

Consistent with this recommendation, staff has since analyzed both housing agency NOI submissions considering site conditions, City policy and most importantly, the merits of each proposal. Early in the NOI evaluation process staff identified technical deficiencies with each proposal and notified each agency accordingly. Subsequently, both housing agencies responded in writing to those deficiencies, and made project presentations to the Onizuka Citizens Advisory Committee (CAC) at their November 19, 2007 meeting. In December staff interviewed both housing agencies to further evaluate their responses to the deficiencies. During these meetings staff advised the agencies that site analysis, City policy, and NOI review conducted to date was unlikely to result in a staff recommendation that Onizuka be used for housing.

The Onizuka redevelopment plan is scheduled to be completed in summer 2008 with submission to appropriate Federal agencies. Since staff's June 2007 report (LRA 07-004, *Homeless Housing Notice of Interest, Deficiency Correction phase, and Alternative Site Strategy*), DOD has approved a grant award to Sunnyvale for Phase II, the final planning phase which includes technical analysis of reuse conceptual alternatives. The City has selected an independent consulting firm, Bay Area Economics, to provide technical analysis and prepare the final reuse plan.

EXISTING POLICY

➤ **Legislative Management Sub-Element**

Goal 7.3C: Participate in intergovernmental activities, including national, state and regional groups, as a means to represent the City's interests, influence policy and legislation, and enhance awareness.

In balancing homeless needs for housing with community needs for economic development, the City relies upon a consensus of community values that have been codified over time in the *City of Sunnyvale General Plan*, the April 2004 *Moffett Park Specific Plan* (MPSP), and the May 2005, *City of Sunnyvale 2005-2010 Consolidated Plan*, which identifies homeless housing needs and City objectives to meet them.

DISCUSSION

The Base Closure Community Redevelopment and Homeless Act of 1994 introduces complexities in the planning process by establishing a federal screening process that resulted in VA's claim on 52,000 gross square foot (GSF) headquarters office/parking, and a local screening process that generated two Notices of Interest to acquire a total of 7.2 acres for 247 units of housing. These requests for Onizuka facilities can be viewed as property encumbrances that severely limit development options and create significant disposal challenges. Staff proposes to explore a scenario in which the City facilitates removing these federally mandated encumbrances at federal cost, while minimizing financial impacts on the Air Force and substantially accommodating both VA wishes and homeless needs.

1. Status of the Veteran Affairs Option and Next Steps

The VA expects to exercise its option on the Onizuka headquarters while considering other budget, boundary and office facility options. As staff noted in the March 2007 report (LRA No. 07-002, *Onizuka Air Force Station Conceptual Reuse Options for Base Realignment and Closure*), there is no simple roadmap for resolving the challenges created by VA's encumbrance. However, the Phase II analysis currently underway will provide objective information to facilitate pragmatic discussions and complex negotiations among the key stakeholders.

The complexity of potential interagency agreements may also necessitate “back-up” options for VA, i.e., legislative and/or budget remedies.

As part of its review of options, the LRA has requested meetings with Congresswoman Anna Eshoo to seek advice on congressional options including possible disposition scenarios, as well as requested support for a comprehensive congressional budget solution to VA’s 300,000 gsf office deficiency in Palo Alto. Consistent with his invitation at a recent BRAC conference, a letter is also being sent requesting a meeting with Rep. Sam Farr, who serves on the House Appropriations Committee, and the Subcommittee on Military Quality of Life and Veterans Affairs and Related Agencies.

Finally, LRA staff is reviewing preliminary strategies with outside legal counsel, including legal costs for scoping and developing terms of multi-party agreements should these prove feasible. This exploration is intended to pave the way for an Office of Economic Adjustment (OEA) grant augmentation submission should an agreement prove feasible and the LRA provide direction to enter negotiations (following presentation of reports to the LRA in spring). Given the short deadline for the submission of the redevelopment plan, early submission to address potential funding needs is warranted.

2. Homeless Housing NOI Evaluation and Next Steps

Nothing in the City’s plans, policies or regulations that govern Onizuka’s civilian reuse, nor anything in its historic uses, facilities or current conditions imply that residential uses are appropriate for Onizuka. In any other situation it is unlikely the City staff would recommend consideration of approving two contiguous land uses which are so inharmonious with each other, given City land use, zoning and density policies. On the other hand, Onizuka presents a unique, one-time opportunity to address Sunnyvale’s homeless needs by acquiring Federal land under a no-cost conveyance. The two homeless housing NOI project proposals would create 247 units of housing for Sunnyvale’s homeless population of 299 (see *City of Sunnyvale 2005-2010 Consolidated Plan*, May 2005, p.ES-6). Despite its complexities, this dilemma presents Sunnyvale with a unique opportunity to simultaneously address stakeholder issues and best meet community needs. However, achieving this kind of mutually beneficial resolution is not a clear cut or simple process.

BRAC regulations do not *require* LRA accommodation of homeless housing – either at Onizuka or elsewhere – but do place responsibility with the LRA to “balance” economic development and homeless housing needs. BRAC regulations do not define “balance” but imply weighing a number of factors for stakeholders, thereby suggesting a broad range of options for consideration, from financial support for homeless housing projects, to support for projects at other locations.

The independent analysis currently underway will more accurately assess the effect of VA and homeless encumbrances on site reuse options, and whether any option might be able to offset VA and homeless costs at other sites. Consultant analysis will also determine the value that the City could add to the property through density, zoning or other entitlements. This “entitlement value” might also be used for substantive accommodations of VA and housing, possibly including their relocation to other sites. Consultants are scheduled to present preliminary analysis and findings to the LRA in March. The analysis will provide a foundation for subsequent discussions with agencies, and recommendations to the LRA for the homeless assistance submission.

Summary

Both VA and NOI requests are encumbrances on the Onizuka property that have emerged from Federal screening mandates. Staff proposes to explore linking or leveraging their removal as a Federal responsibility. Staff analysis will seek maximum feasible accommodation for each agency, while removing VA and NOI encumbrances in other ways or to other locations. This approach utilizes Federal mandates to partner the City with local housing agencies in seeking tangible benefits for the homeless, and assures good faith discussion on substantive progress toward each agency’s goals. The strategy seeks to leverage non-City resources derived from the sale of Onizuka in the solution of VA and homeless issues. To move expeditiously through this process, this report is requesting LRA authorization for staff to hold specific and substantive exploratory discussions with the Air Force, VA and local housing agencies including:

- the legal and financial feasibility of removing VA and NOI encumbrances,
- alternate locations for each agency that has requested property, and
- other resolution options as they are raised through the discussion process.

Staff is also seeking LRA approval to submit a grant augmentation request to the DOD Office of Economic Adjustment (OEA) for legal costs should discussions result in feasible options for future negotiation. Staff will return to the LRA with results of the discussions in early spring 2008 to recommend a path forward and request authorization of negotiations (if appropriate). However, early application to OEA will help to ensure timely review of the LRA funding request and enable the Final Plan submission according to Federal BRAC timelines.

FISCAL IMPACT

There is no direct fiscal impact resulting from this report. Analysis currently underway will provide preliminary estimates of Onizuka’s fiscal impacts as one basis for the LRA selection of a preferred reuse option(s). A primary goal of

pending exploratory discussions is to ensure that fiscal effects of accommodating stakeholder interests can be borne by the proceeds of Onizuka's sale.

PUBLIC CONTACT

Public contact was made by posting the CAC and LRA agendas on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety, by posting the agenda and report on the City's Onizuka web site and notifying the Onizuka stakeholder listing by email, and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Authorize staff to:
 - a. Explore the feasibility of using Onizuka's value to accommodate stakeholder objectives by relocating encumbrances to alternate sites;
 - b. Explore alternate projects, options and sites with housing agencies;
 - c. Submit an OEA budget amendment not to exceed \$100,000 to prepare homeless services submissions, possibly formulate legally binding agreements and negotiate disposition agreements with Air Force and VA;
 - d. Explore back-up strategies with stakeholders and Congressional representatives including full funding of VA office development at other locations.
2. Do not authorize staff activities 1.a. - d. above.
3. Authorize some staff activities above but not others.
4. Other recommendations as identified by LRA.

RECOMMENDATION

Staff recommends Alternative 1:

1. Authorize staff to:
 - a. Explore the feasibility of using Onizuka's value to accommodate stakeholder objectives by relocating encumbrances to alternate sites;
 - b. Explore alternate projects, options and sites with housing agencies;
 - c. Submit an OEA budget amendment not to exceed \$100,000 to prepare homeless services submissions, possibly formulate legally binding agreements and negotiate disposition agreements with Air Force and VA;
 - d. Explore back-up strategies with stakeholders and Congressional representatives including full funding of VA office development at other locations.

On January 24, 2008 the Onizuka Air Force Station Citizen's Advisory Committee (CAC) met and reviewed this report. The CAC voted unanimously in accordance with the staff recommendation.

Reviewed by:

Robert Walker, Assistant City Manager
Prepared by: Robert Switzer, Onizuka BRAC Project Manager

Approved by:

Amy Chan
City Manager

Attachments

A. Onizuka Air Force Station Fact Sheet



FACT SHEET

ONIZUKA AIR FORCE STATION

Planning for Closure and Transition to Civilian Use

Since 1960, Onizuka Air Force Station has been a military communication station which also supports mission control for NASA missions. The Department of Defense has slated Onizuka for closure when its military mission is transferred to Vandenberg Air Force Base in 2011.

Onizuka Air Force Station Site Summary

- The 23-acre site contains 507,457 square feet of space in 33 buildings
- Approximately nine military, 150 federal civilian and 200 contract employees
- Location: Mathilda Avenue just north of State Route 237 and U.S. 101.

Background

- The Department of Defense (DOD) purchased 11.4 acres of land from Lockheed for \$1 in 1960 and built the Air Force Satellite Test Center, which later became Sunnyvale Air Force Station and then was renamed Onizuka Air Force Station.
- Construction on the predominant light blue, windowless, cube-shaped building (often referred to as the "Blue Cube") started in 1967 and was completed in 1968.
- Operations at Onizuka are classified, but since the 1960s Onizuka has performed satellite monitoring and communications, as well as NASA mission control.
- During the 1995 Base Realignment and Closure (BRAC) round, DOD relocated the 750th Space Group and Detachment 2 (Space and Missile Systems Center) from Onizuka to Falcon Air Force Base in Colorado, resulting in a workforce reduction of nearly 3,000 jobs. Currently, the 21st Space Operations Squadron hosts Onizuka operations and corporate tenants.
- In 2005, the BRAC Commission recommended the Onizuka closure and the president endorsed the action. The mission currently held by Onizuka units will be transferred to Vandenberg Air Force Base in Santa Barbara County.

Steps in the Reuse Planning Process

- On November 9, 2005, the 2005 BRAC Commission list became law.
- In 2006, DOD formally designated the City of Sunnyvale as the Local Redevelopment Authority (LRA) for Onizuka. In this role, the City is the primary point of contact for all matters relating to the closure and is responsible for planning the property's transition from military to civilian use.
- The Department of Veteran Affairs has expressed an interest in acquiring Onizuka's headquarters offices and parking. Under federal law, other federal agencies have the option of acquiring property declared as surplus by federal agencies. DOD has declared the remainder as surplus.
- Sunnyvale City Council formed a Citizen's Advisory Committee of 12 community stakeholders to advise Council in the planning for civilian reuse.
- The City initiated a local screening process which requested local public and nonprofit agencies who may want to use the property to file a Notice of Interest.
- In December 2006, two nonprofit housing agencies submitted Notices of Interest for seven acres for construction of 199 housing units.
- In spring 2007, City Council, acting as the LRA, concluded the first phase of planning by adopting five conceptual reuse options for further analysis: corporate offices, hotel/conference center, auto-retail, VA-style offices and homeless residential.
- During summer 2007, the City concluded an analysis of alternate sites for residential construction to address federal mandates to balance community needs for development with the need for homeless housing.
- In fall 2007, DOD agreed to fund further analysis of these options, and the LRA began to recruit a consultant to provide independent technical analysis to assist Council in choosing one or more preferred options for the final plan.
- In spring 2008, the City expects to select one or more preferred options.
- In summer 2008, the City expects to adopt the final plan for Onizuka's conversion to civilian use, and to conduct negotiations for implementation.
- During 2009, DOD is expected to issue a formal Record of Decision, which describes the process for Onizuka's disposition – transfer or sale – and adopt the environmental impact report.
- September 15, 2011, is the statutory deadline for Onizuka's closure.