

## MILITARY BASE REDEVELOPMENT

# From Swords to Ploughshares



Hunjan International chose a building at the former Fort McClellan for its facility to serve Alabama's auto industry. Hunjan Alabama manufactures plastic parts for several major automakers.

**Once engines of defense, erstwhile bases now battle for industry.**

by **JOHN W. McCURRY**

**W**hen **Potlatch Corp.**, a Spokane, Wash.-based manufacturer of wood and paper products, began looking for a site for a new distribution center to serve its expanded consumer tissue operations, it chose a location with an explosive history.

Prime location attracted Potlatch to the CenterPoint Intermodal Center in Elwood, Ill., formerly part of the Joliet Arsenal, the U.S. Army's largest supplier of TNT during World War II and the Korean and Vietnam conflicts. The arsenal's military history ended when the Army declared it surplus property in 1993.

Sean Maher, CenterPoint Properties' senior vice president of investments, rattles off a laundry list of the former arsenal property's qualities that are dear to site seekers, including access to two Class 1 railroads, proximity to major expressways and Chicago-land's large labor base.

The bulk of the 23,000-acre (9,300-hectare) site – 19,000 acres (7,700 hectares) – is allocated to the U.S. Forestry Service and U.S. Dept. of Agriculture to be returned to its original state, a tall grass prairie. But in 2002, CenterPoint Properties took over 2,000 acres (810 hectares) of the former arsenal site, and Burlington Northern Santa Fe Railroad opened an intermodal center on 621 of



Potlatch Corp.'s new distribution center at CenterPoint Intermodal Center on the former Joliet (Ill.) Arsenal property will soon be joined by the company's tissue converting plant next door.

those acres (252 hectares).

Potlatch opened its 408,000-sq.-ft. (37,900-sq.-m.) distribution center at CenterPoint in January 2003, and recently broke ground on an adjacent converting plant to make tissue products for private label brands of large store chains. The move expands the company from its Western state stronghold, where it claims more than 90 percent of the market.

"The plan is to bring one of our converting lines from our Lewiston, Idaho, operation to CenterPoint as part of our strategy to expand our private label business in the Midwest and East," says Mike Sullivan, Potlatch spokes-man. "We did a great deal of shopping around in the Midwest. The intermodal capacity at CenterPoint is an attractive option."



Reese Technology Center in Lubbock, Texas, concentrates on attracting small technology firms like tenant Certigen, a gene sequencing company. Long-range plans call for the development of more than 1 million sq. ft. (92,900 sq. m.) and 2,500 acres (1,012 hectares). Among RTC's amenities are an OC192 fiberoptic network and a new foreign trade zone.

Potlatch currently moves products to CenterPoint via truck, but will soon utilize the rail option at CenterPoint. In early 2004, Potlatch will ship large "parent" rolls of its basic tissue product from Lewiston to be converted into small products.

### **Defense to Target More Bases for Closure**

Hundreds of former U.S. military installations are being redeveloped for industrial, commercial and residential uses. Of these, 97 fall under the BRAC (Base Realignment & Closure) program, which shuttered bases in four rounds during the late 1980s and the 1990s. Many were simply surplused by their respective military branches, as was the case with the Joliet Arsenal. The largest number fall under the category of FUDS (Formerly Used Defense Sites).

Another BRAC round, the biggest yet, is on tap for 2005, when the U.S. Dept. of Defense will designate 23 to 25 percent of U.S. military bases for closure – more than the previous four

BRAC rounds put together.

Redevelopment of bases closed during the first four BRAC rounds has created more than 86,000 jobs, according to the DOD's Office of Economic Adjustment.

Harry Kelso, a Richmond, Va., consultant, specializes in military base closure and redevelopment issues. He says some sites lend themselves to industrial development, while others are more adaptable to commercial and other uses. Often, he says, the reuse depends on how the installation was originally used.

"Most military reservations were taken by the U.S. government during the 20th century and communities have built up around them, generating a lot of economic development," Kelso says, pointing out favorable permitting and incentive packages. "When acquiring closed military property, you also get significant price discounts as well as legal protection from environmental liability, because the U.S. government is responsible for the cleanup of these properties."

Successful redevelopment of a former military installation requires a huge investment, plus the right mix of real estate and military expertise, Kelso says. Familiarity with the "language" of the military, which is foreign to most in the private sector, is key.

"Nonetheless, military properties are very valuable, and the Dept. of Defense has a bundle of them," Kelso says. "While heavy industry wants an industrial site, I have also noticed a pattern by corporations that want both an industrial component and a non-industrial component in their campuses."

### **Charleston Base Draws Honor**

The former Charleston (S.C.) Naval Complex is one of many BRAC success stories, recently earning the Facility of the Year Award from the National Association of Installation Developers (NAID).

Since the base closed in 1996, the Charleston Naval Complex Redevelopment Authority (CNCRA) has overseen the creation of more than 5,400 jobs at the former Naval shipyard. The 1,600-acre (650-hectare) mixed-use facility is home to industrial tenants, federal, state and local government agencies and a magnet high school.

The largest employer is the **Charleston Marine Manufacturing Co.**, a consortium of private shipbuilders, which employs more than 1,000.

"We had a plan and have been able to follow it well," says Jim Bryan, CNCRA chairman. "We've been careful in our recruiting to not compete with existing companies in the area. Obviously, anything in the maritime industry is a good fit."

### **One Last Look Lands Site for Auto Supplier**

Fort McClellan, a former U.S. Army training base in Anniston, Ala., may one day be the latest hub of Alabama's growing automotive industry. The facility – which opened in 1917 to train soldiers headed to World War I and later trained nearly 500,000 men for World War II – was part of the 1995 round of BRAC and closed in 1999. Today, much of the former fort is being transferred to private use by the Joint Powers Authority (JPA), made up of representatives of local and state governments.

**Hunjan Alabama Ltd.** is McClellan's first industrial tenant. A division of Hunjan International in Markham, Ontario, Hunjan opened early this year to supply several of Alabama's automakers.

Bal Hunjan, founder of the company, was near the end of his search for a manufacturing site to serve Alabama's growing auto industry when he was asked by the JPA to look at McClellan.

"We had looked at at least 20 locations and were almost ready to start building in Gadsden when we heard about McClellan," Hunjan says. "So, we decided to take a look at it. We were looking at some land when we saw this building for sale."

Hunjan says he offered to buy the building shortly after opening the door. The building required modifications, but he says the shape, size and price all worked out perfectly.

"I came to Alabama at least 10 times and focused on two or three sites each time," Hunjan recalls. "This was the last site. It was perfect and so beautiful. Driving to the site is almost like driving in a national park. Our employees love it and our customers love it."

Hunjan calls Hunjan Alabama a "Tier One-and-a-half" company, supplying parts to OEMs through Tier 1 companies. Plans call for a 40,000-sq.-ft. (3,700-sq.-m.) expansion of the 100,000-sq.-ft. (9,290-sq.-m.) building. Employment is at 65 and may eventually grow to 200.

### **Bases Await Leaders With Vision**

Consultant Harry Kelso believes former military installations offer many advantages, but are often overlooked by industry. Former bases can be great economic engines, he says. But understanding how to site a facility requires savvy leadership with long-range vision.

"If companies take a long-term view of their corporate needs, they can essentially cherry-pick properties if they want to," he says. "Regarding the 2005 BRAC round, they can make some serious assessments in case a base were to close."

### **See the SITES**

National Association of  
Installation Developers  
<http://www.naid.org/>

Harry Kelso, Consultant  
<http://www.baseclosures.com/>

Department of Defense,  
Office of Econ. Adjustment  
[www.acq.osd.mil/ie](http://www.acq.osd.mil/ie)