



LOCAL REDEVELOPMENT AUTHORITY

MINUTES

November 18, 2010

The Local Redevelopment Authority of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 18, 2010 at 7:38 a.m.

MEMBERS PRESENT

Chairperson Scott Smith
Alex Finter
Dina Higgins
Kyle Jones
Dave Richins
Dennis Kavanaugh

MEMBERS ABSENT

Vice Chairperson Scott Somers

STAFF PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Chairperson Smith excused Vice Chairperson Somers from the entire meeting, and he noted that Boardmember Higgins would participate through the use of telephonic equipment.

Chairperson Smith explained that the Local Redevelopment Authority (LRA) is the official organization established to work with the Department of Defense and the Air Force in order to transition the Air Force Research Laboratory at the former Williams Air Force Base.

1-a. Hear a presentation, discuss and provide direction regarding the preparation of the Redevelopment Plan and Homeless Submission Report.

Economic Development Project Manager Patrick Murphy introduced Ernie Swiger of Ernest Swiger Consulting, Inc., who was retained to assist in the preparation of the Redevelopment Plan and the Homeless Submission Report. He also introduced members of the Economic Development Advisory Board's LRA Subcommittee, who provide guidance to staff regarding the preparation of the Redevelopment Plan: Brian Campbell, serving as Chairperson, Jeff Crockett, Steve Parker, Rich Adams, Jim LeCheminant, and Roc Arnett.

Mr. Murphy advised that the purpose of the presentation is to request that the Local Redevelopment Authority provide direction to staff to move forward with the Redevelopment Plan and Homeless Submission Report and to negotiate an interim lease with the Air Force that maintains the security clearance at the facility.

Mr. Campbell displayed a PowerPoint presentation (**see Attachment 1**) and advised that the LRA Subcommittee made many of the recommendations being presented today. He said that the Subcommittee focused on reaching out to local and national stakeholders to determine

interest in the site. Mr. Campbell reported that he accompanied Chairperson Smith and Economic Development Director Bill Jabjiniak on trips to Washington, D.C. to meet with officials regarding the Research Lab. He added that the Subcommittee also met with Arizona State University (ASU), Raytheon and others that have shown interest in the site. Mr. Campbell identified the location of the Air Force Research Lab (see page 2 of Attachment 1) across from the Phoenix-Mesa Gateway Airport. He noted that the Pentagon is very supportive of Mesa's efforts, and the process utilized in Mesa may serve as a model for other communities redeveloping former military sites.

Mr. Campbell referred to the aerial view (see page 3 of Attachment 1) and stated that the site consists of ten buildings on approximately six and one-half acres. He explained that although the physical structure and location of the buildings are not special, the site does have a unique security clearance that should be maintained, which is the factor that is generating national interest in the site.

In response to comments by Mayor Smith, Mr. Campbell confirmed that there are unique physical differences in three of the buildings. He said that shielding present in the buildings is a holdover from the "Cold War" era, and he added that the buildings are "hard wired" into the Pentagon network to allow secure communications within the system. Mr. Campbell stated that recreating a secure communications facility such as this would cost millions of dollars.

Mr. Campbell advised that with a grant from the Office of Economic Adjustment, a national expert, Ernie Swiger, was retained to guide the City's effort, and he said that Mr. Swiger would continue the presentation.

Mr. Swiger commented that he was very pleased with the progress to date, and he noted that both the City and the Air Force have been very cooperative. He stated that a facilities assessment has been completed, the Notice of Interest (NOI) submissions have been reviewed, and a traffic study and an economic development assessment were also completed.

Addressing the facilities assessment, Mr. Swiger reported that most of the buildings at the site would be considered as Class B or C office space, for which there is little or no demand in the current market. He advised that there are potential users for the two buildings that are "radio frequency protected" as very few buildings such as this presently exist in the United States.

Mr. Swiger stated that the traffic study indicated that redevelopment of the other buildings on the site would have a minimal impact on traffic conditions.

Mr. Swiger said that although a detailed review of the NOI submitted by ASU was determined to be adequate and valid, the submission does not capitalize on the secure nature of the buildings. He added that the LRA has the flexibility to negotiate with ASU to pursue an economic development benefit conveyance or other alternatives, but the NOI does not meet all of the LRA's stated objectives and goals.

Responding to a question from Mayor Smith, Mr. Swiger reported that ASU submitted the only timely NOI. He advised that the NOI submitted by the Arizona State Department of Corrections was received late and was later withdrawn. Mr. Swiger added that refurbishing the existing buildings and adapting the secure buildings would be an expensive undertaking.

Mr. Campbell explained the reports and the process that are required by Federal law. He said that in most instances, the LRA's recommendations would be accepted.

Mayor Smith reiterated that there are no alternatives to the process which is prescribed by Federal law.

Mr. Campbell noted that the time-consuming Federal process would extend beyond the date of the scheduled site closure and, if a qualified entity is not in place to occupy the facility at that time, the security clearance will be lost.

Mr. Murphy continued the presentation by advising that the Air Force plans to begin the relocation process in March with a July 1st completion date, and he added that September 15th is the Base Realignment and Closure (BRAC) deadline. He stated that staff is working on a plan for the LRA to enter into an interim lease for the site beginning February 1st and then lease the property back to the Air Force.

Mayor Smith explained that the LRA would have the interim lease in place so that as the Air Force leaves, other entities would be brought in to the site on a lease basis, providing a seamless use of the property which maintains the security clearance.

Mr. Murphy reviewed the scheduled steps in the process (see page 8 of Attachment 1). He said that staff is requesting direction from the LRA to proceed with the Redevelopment Plan and Homeless Submission Report and to enter into an interim lease agreement with the Air Force in order to maintain the security clearance.

Mayor Smith noted that the consensus of the LRA is that staff is directed to move forward with the reports and to enter into an interim lease with the Air Force.

1-b. Hear a presentation, discuss and provide direction concerning the proposed interim lease with the Air Force for the former Air Force Research Lab.

(See discussion under agenda item 1-a.)

1-c. Hear a presentation from Alion Science and Technology Corporation regarding their interests in the Mesa Air Force Research Lab.

Mr. Murphy said that Dane Mullenix of Alion Science and Technology would present information regarding their interest in the Air Force Research Lab. He acknowledged Werner Dahm and Todd Hardy of ASU, who were present in the audience, and he noted that Dr. Dahm directs ASU's security and defense systems initiative.

Mr. Campbell said ASU's effort is very exciting because the resources devoted by ASU dovetails into the secured reuse process, and ASU has been very supportive as a major stakeholder.

Mr. Mullenix thanked the LRA for the opportunity to provide information on Alion, a 75-year old company formed to accomplish defense-related research which has been employee-owned since 2003. He displayed a PowerPoint presentation (**see Attachment 2**), and he advised that 82 percent of Alion employees hold a security clearance and that the Department of Defense

(DOD) accounts for approximately 90 percent of their business. He explained that his firm performs research and partners with larger defense contractors to resolve problems. Mr. Mullinex reviewed their core business areas (see page 3 of Attachment 2). He said that Alion specializes in the interconnection of communications in computers and the AFRL site has capabilities ideally suited to their company. Mr. Mullinex explained that many Alion employees actually serve on the staffs of the DOD and numerous government research agencies to assist in forming policy requirements and to bring technology to the decision makers.

Mr. Mullinex stated that Alion has many research labs (see pages 4 and 5 of Attachment 2), but none have the Research Lab's Special Compartmented Information Facility (SCIF) designation, which is a physical structure with specific engineering requirements and a set of accreditation standards that have to be met and maintained through occupancy by an authorized company or government entity. He said that the Research Lab, one of the five most capable and flexible facilities of its kind in North America, provides Mesa with an extremely valuable asset.

In response to comments by City Manager Christopher Brady, Mr. Mullinex explained that in order to maintain the SCIF designation when Williams Air Force Base closed, the facility had to change the way it presented itself as a secure facility and the lab assumed a "security in depth posture," which meant that everything outside of the six and one-half acres was considered to be unfriendly to the installation. He stated that the combination of the walls, cameras, motion sensors, and alarms make the building an "old school, Cold War SCIF." Mr. Mullinex advised that this type of world-class facility is no longer being constructed. He said that in addition to the main building, Building 570 is where a large communications infrastructure terminates, which is almost one-fifth of DOD's secure training communications infrastructure. Mr. Mullinex noted that with respect to intellectual capital, some Air Force personnel may choose to remain in Mesa and the proximity to ASU Polytechnic faculty and students is an added benefit. He further stated that the physical location next to an air field increases the value of the site to Alion as a company goal is to conduct research and development of Unmanned Aerial Vehicles (UAVs). Mr. Mullinex said that UAVs are increasingly popular in the civilian, non-defense community.

Mayor Smith commented that the Boeing Corporation has moved the fabrication and assembly of the unmanned helicopter program to Mesa and that most of the units being produced are for non-military uses.

Mr. Mullinex outlined facts regarding Alion (see page 7 of Attachment 2), and he said that Alion has the ability and the appropriate credentials to operate and maintain the AFRL facilities for the security protocols. He reported that Alion has a contract in place with the Air Force that is designed to assist the AFRL with the transition. Mr. Mullinex stated that Alion remains committed to supporting the ASU-Alion NOI, and he added that Alion would like to be a part of future plans for the site and partner with the City in that effort.

Responding to a question from Councilmember Finter, Mr. Mullinex said that many of the AFRL employees he has spoken to are undecided regarding a possible move to Wright-Patterson Air Force Base or the possibility of remaining in Mesa. He explained that these individuals are considering decisions that affect their families, careers, mortgages and other factors that impact their lives. Mr. Mullinex stated that all of the elements are present to continue the operation of a world-class research facility.

Mr. Brady thanked Mr. Mullinex for being present and providing the information. He said that as staff moves forward, the goal is to put in place a lease mechanism that enables the City to lease the facility and then lease back the facility to the Air Force during the transition. Mr. Brady stated that timing is very important and staff believes the best interests of the City would be served by Alion establishing and continuing a presence in the lab as the Air Force leaves in order to preserve the security systems. He added that although the long-term vision for the facility has yet to be finalized, the highest priority at the present time is for the City to obtain the leasehold interest in order to maintain the SCIF designation.

Mayor Smith noted that the AFRL is not the end, but the means. He said that the City's vision and objectives extend far beyond the six and one-half acres of the Air Force facility, and the City views ASU, the lab and the airport as a foundation upon which to build. Mayor Smith stated that the components are in position to develop a thriving urban area, and he added that the AFRL provides an advantage that will enable the City to maximize opportunities. He thanked everyone for their efforts, and he expressed the opinion that the City has the entities in place to address the immediate issue of maintaining the SCIF designation.

2. Adjournment.

Without objection, the Local Redevelopment Authority meeting adjourned at 8:28 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Local Redevelopment Authority meeting of the City of Mesa, Arizona, held on the 18th day of November, 2010. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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Attachments (2)

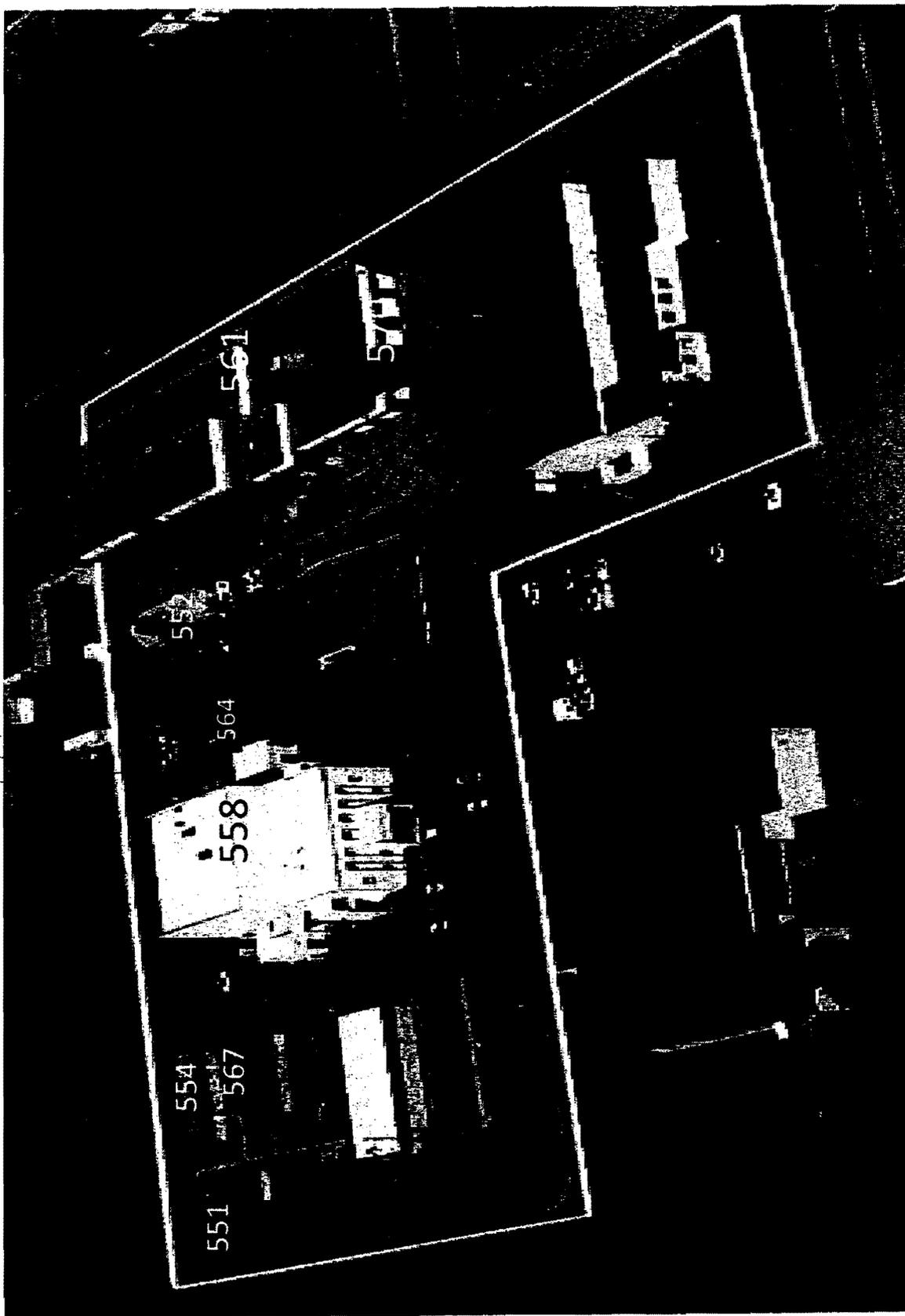
Local Redevelopment Authority

November 18, 2010





Aerial view of Research Facility



Redevelopment Plan

Completed Tasks

Redevelopment Plan Cont'd

- Facilities Assessment
- Traffic Assessment
- NOI Review

ECONOMIC DEVELOPMENT ANALYSIS

- Security Clearance critical for the reuse of the Site
- High Tech Use fits Mesa's Strategy and Strengths
- Weak Market Demand for this Type and Grade of Office Space and
- High Cost to make the Buildings Marketable

INTERIM LEASE AND SECURITY ISSUES

- Maintain the Security Clearance for the Site
- Seek uses of the site that complement and add value to the surrounding area in an economically feasible and sustainable manner.
- Promote economic opportunity, maintain the tax base, and maintain or create jobs in the community.
- Reflect community consensus, considering all aspects of the potential reuse alternatives and balancing the needs of all interested parties and the community.

NEXT STEPS

- INTERIM LEASE ARRANGEMENTS COMPLETE – FEB.
- PUBLIC MEETING – DECEMBER
- COMPLETE DRAFT PLAN – DECEMBER/JANUARY
- COMPLETE HOMELESS SUBMISSION – DEC.
- AIR FORCE COMPLETES ENVIRONMENTAL REVIEW – TBD
- LRA & COUNCIL APPROVAL – JAN./FEB.
- SUBMISSION TO DoD, OEA, HUD – FEB.

Thank You

Questions?



ALION
SCIENCE AND TECHNOLOGY



APRIL BRAC Initiative

Business Development Office

Local Redevelopment Authority

Dave Johnson

November 18th 2010





ABOUT ALION

An employee owned technology solutions company

Almost 75 years of R&D engineering, IT and operational experience

Alion delivers technical expertise and operational support to the Department of Defense, civilian government agencies and commercial customers worldwide

3400 Employees

82% with Security Clearances

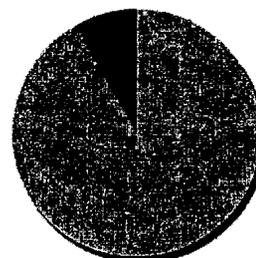
Compound Annual Growth

20% (5 years)

Customers and Contracts

600 customers, 1100 active contracts

Revenue by Customer Type



- U.S. Department of Defense 91.9%
- Civilian Federal Agencies 4.6%
- Commercial & International 3.5%



CORE BUSINESS AREAS



Modeling and Simulation



Defense Operations



Naval Architecture and Marine Engineering



Technology Integration



Information Technology and Wireless Communications

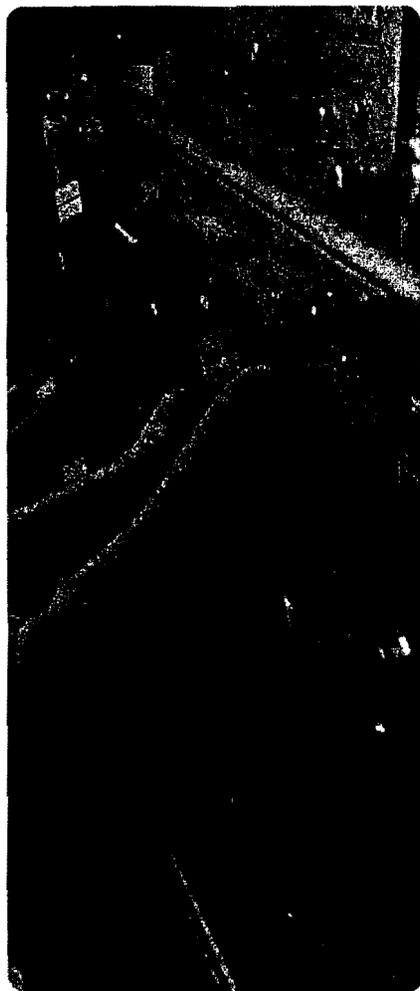


Energy and Environmental Sciences





LABS & FACILITIES



Modeling and Simulation/Training

Battle Command Training Center (BCTC) – Ft. Hood, TX

Digital Training Facility – Ft. Hood, TX

Locomotive Simulator Facility – Annapolis, MD

Modeling and Simulation Information Analysis Center (MSIAC) – Alexandria, VA

Modeling and Simulation Lab – Alexandria, VA

Modeling and Simulation Lab – Norfolk, VA

NSSI Space Power Laboratory – Colorado Springs, CO

Navy Warfare Development Command Simulation Facility – Newport, RI

Electromagnetic and Radio Frequency Effects

EMI/EMC Test Laboratory – Annapolis Junction, MD

EMC/EMI Test Laboratory – Philadelphia, PA

Lightning Experimental Laboratory – Philadelphia, PA

Chemical/Biological/Environmental Testing and Development

EPA Superfund Laboratories – Kansas City, MO; Houston, TX; Edison, NJ

Human Exposure & Atmospheric Sciences Laboratory – RTP, NC

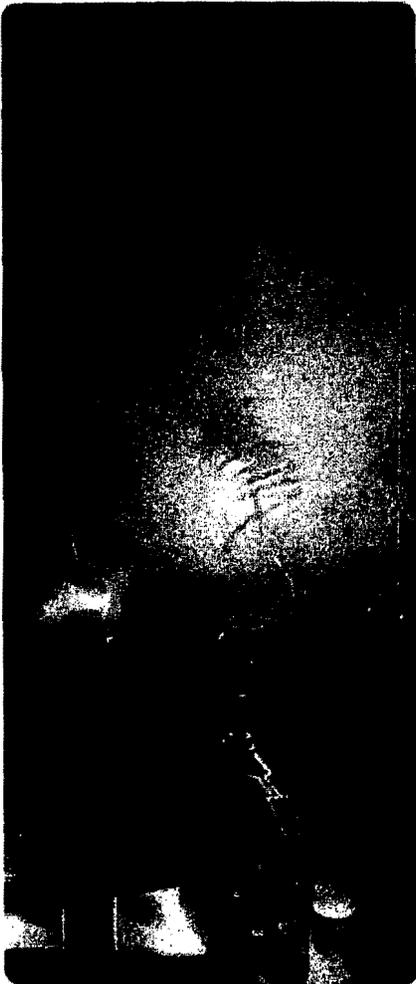
Life Sciences and Inhalation Toxicology Laboratory – RTP, NC

Space Coatings Laboratory, ISO 9001 Registered – Chicago, IL

Wind Tunnel Laboratories – RTP, NC



LABS & FACILITIES (cont'd)



Information Technology

Alion Cyber Experimental Facility – Rome NY
Full Spectrum Analysis Center – Alexandria, VA
High-level Architecture Compliance Testing Laboratory – Alexandria, VA
Information Technology Laboratory – Lanham, MD
Joint Assessment Reachback Facility – Alexandria, VA
Predictive Readiness Assessment System Support Center – Alexandria, VA

Acoustics

Riverbank Acoustical Laboratory – Geneva, IL
Vibration/Acoustics Laboratory – Mystic, CT

Materials and Manufacturing

Advanced Materials, Manufacturing and Testing Information Analysis Center (AMMTIAC) – Rome, NY
Alion-McNally Center for Production Technologies – Grantsburg, WI
Alion System Reliability Center – Rome, NY
Electromechanical Systems Laboratory – Mystic, CT
Surface Engineering Center – Grand Forks, ND

Sensor Technologies

Sensor & Prototype Development Laboratory – Rome, NY

Fluid Sciences

Thermal Hydraulics Laboratory – Warrenville, IL

Defense Systems

Weapon Systems Technology Information Analysis Center (WSTIAC) – Rome, NY



WHAT DRIVES ALION'S INTEREST IN THE LAB?

- **World Class Facility**
 - Large scale, reconfigurable laboratory spaces
 - TEMPEST and Security Protocols
 - Robust Communications Connectivity
- **Intellectual Capital**
 - Unique Aerospace / Defense Research and Engineering
 - Highly skilled and specialized staff
 - Access to ASU Poly offers established synergies
- **Location**
 - Airfield access for a lab facility like is rare
 - Proximity to existing UAV customers and Military Operating Areas (Specialized Airspace) is priceless



WHAT DOES ALION BRING TO THE TABLE?

- Established Department of Defense *customer base* that includes current AFRL work
- The ability to *operate and maintain the laboratory* and preserve existing TEMPEST and Security protocols
- An AFRL *contract to maintain classified work*, retain personnel and receive government furnished equipment
- A *portfolio of contracts* including a \$2.1B DoD award that will support expansion and diversification at the lab
- Ongoing *experience* in the promotion and operation of Government Owned, Contractor Operated institutions



ALION REMAINS COMMITTED TO SUPPORTING THE ASU-ALION NOI

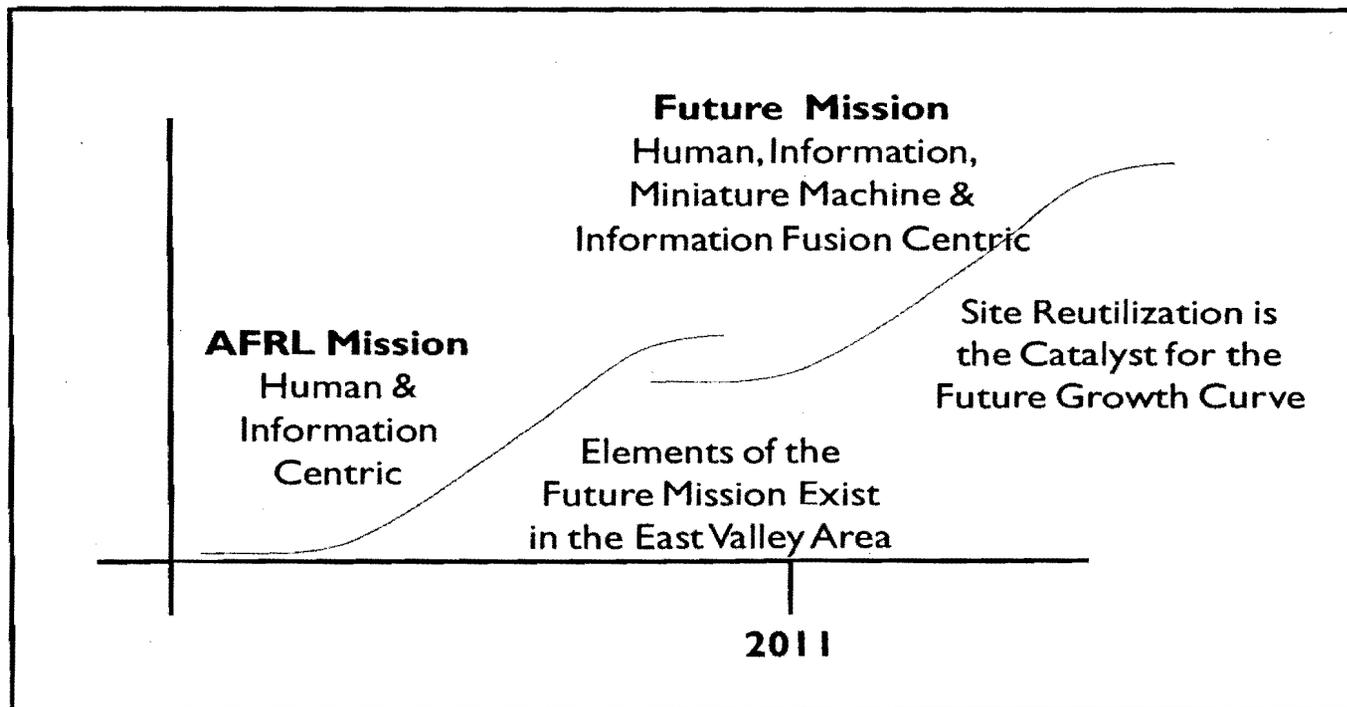
WE UNDERSTAND THAT THE CITY'S EQUITIES MAY
DICTATE SOME CHANGES...

- With an appreciation of a need for the careful collaboration of Government, Academia and Industry
- A need for comprehensive planning for effective near, mid, and long-term development of this world-class facility
- An understanding of the challenges associated with preservation, promotion, expansion, and diversification of the facility and its research



WHAT DOES ALION NEED FROM THE CITY?

A commitment to negotiate favorable terms that help manage our costs and risks as we build to a sustainable and diversified business base



The AFRL complex is a world-class facility that Alion would be pleased to help preserve, transition and promote