

OAK RIDGE

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TENNESSEE

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March 4, 1997

Mr. James C. Hall
Manager
U. S. Department of Energy
Oak Ridge Operations Office
P. O. Box 2001
Oak Ridge, TN 37831

Dear Mr. Hall:

At the direction of Oak Ridge City Council, I am writing to request that the U.S. Department of Energy (DOE) cooperate in the development of a five-year plan for the transfer of excess federal land to the City. The dramatic decline in employment figures projected through the year 2000 requires the City's immediate attention in order to mitigate an expected economic downturn. Now, more than ever, the acquisition of new properties for industrial recruitment is critical to the development of a sustainable and diversified economy for Oak Ridge.

Given the potential impacts of DOE's downsizing, the City must quickly act to address negative economic consequences to its residents. To do so, the City requests the assistance of DOE to accomplish the following:

- (1) Reassess the current DOE mission to determine which areas of the Oak Ridge Reservation could be classified as excess. The DOE Inspector General's recent report suggests that approximately 16,000 acres are no longer needed to carry out the DOE missions as redefined by the agency and Congress. It appears that the current list of self-sufficiency parcels could be expanded.
- (2) Identify, in order of priority, the self-sufficiency parcels most suitable for near-term development. For example, Parcels 10, 13, and the 650 acres near K-25 designated "S-50" are three sites that were singled out by a member of Council at a recent meeting. Another member also requested a re-evaluation of Parcel 15, identified as Freels Bend. A determination of usable acreage for each parcel will be required.

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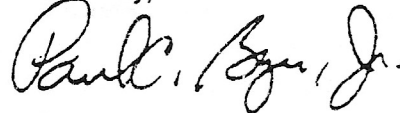
(3) Evaluate the feasibility of a *quid pro quo* exchange of land for Payments-in-Lieu-of-Taxes (PILT). The purchase of land at fair market value appears incongruent with the DOE policy of appraising Reservation land at agricultural value for PILT purposes, and could make land acquisition an unattainable goal for the City. The current *best* case scenario has DOE's budget remaining flat; an attractive alternative could be the transfer of property in exchange for a reduction in PILT payments.

The time has come for the City to face the economic realities associated with defederalization. Innovative thinking and the creation of a new federal/local partnership are the only means to a positive result. The transfer of property from the federal to the local government will provide a foundation upon which the City can build long-term independent economic viability.

This request also fits within the scope of the Memorandum of Cooperation recently signed by the DOE and host local governments. As such, I have directed my staff to work with DOE's designated point of contact, Mr. David Myers, to establish a date and time for the first bimonthly meeting. Land availability and DOE's response to the City's Volume IV letter are two issues that I would like to place on the agenda.

I greatly appreciate the DOE's willingness to join in this effort to steer Oak Ridge in the direction of economic self-sufficiency. DOE's cooperation is needed to help Oak Ridge and the region thrive well into the next century. I look forward to hearing from you within 30 days.

Sincerely,



for Robert T. McDaniel
City Manager

AF:LM

cc: Mayor and Members of City Council
Amy S. Fitzgerald, Assistant City Manager, Public Affairs