

Background on City of Oak Ridge "Self-Sufficiency Parcels" on the Oak Ridge Reservation

Sources:

City of Oak Ridge 2003 "Application For The Renewal Of Annual Assistance Payments To The City Of Oak Ridge, Tennessee Under The Atomic Energy Community Act Of 1955" (on the internet at <http://www.cortn.org/agendapackets/application/INTRODUCTIONANDEXECUTIVESUMMARY.pdf>).

City Council minutes and other materials found in the Oak Ridge Room, Oak Ridge Public Library

Origins of the Push for "Self-Sufficiency"

Ever since Oak Ridge was incorporated in 1959, there has been a desire to wean the city from federal government financial assistance. Direct assistance payments under the Atomic Energy Communities Act (AECA) began in 1960 and were supposed to end after ten years, or in 1970. From the first years, land for development seems to have been a major ingredient in community self-sufficiency strategies. The original city included large tracts of vacant land for future development.

In January 1967 a committee formed by the city planning department reported on a study of potential industrial sites on federal property. The report recommended that the city ask the Atomic Energy Commission (AEC) to declare 230 acres of land surplus and convey it to the city so it could be sold to industry. Apparently the transfer occurred the following year. This property, known as Site X, corresponds to the Valley Industrial Park (east of Y-12) and the adjacent Pine Ridge property. Only some 60 to 110 acres of this property were considered to be potentially usable (this is the area developed as the Valley Industrial Park; the Pine Ridge land that was deemed unsuitable was flattened in 2001, ostensibly to create an industrial building site, but it remains vacant). A second recommendation was to transfer 1,560 acres to TVA for industrial development. This property was transferred to TVA and later designated as the site for the Clinch River Breeder Reactor, which was never built. It is now called the Clinch River Industrial Park and it is still almost completely vacant. (It is interesting to note that this property was not considered suitable for development as a single site, but rather as a collection of smaller sites. For many years, it was promoted as a single large industrial site, and only recently has it been acknowledged that much of the property is too steep for industrial development.) The committee also considered Site Y, a 30-40 acre property off Bethel Valley Road – this is essentially the same parcel that is now called Parcel G.

Also in 1967, Congress amended the law to emphasize the goal of self-sufficiency for Oak Ridge and the other original Manhattan Project communities and to allow direct assistance payments to continue for an additional ten years (or until approximately 1980). That amendment provided that the Energy Research and Development Administration (ERDA) could request extension of financial assistance payments beyond 1980 if deemed necessary.

A September 13, 1968 memo from E.A. Wende of AEC ORO to the city manager outlined several types of self-sufficiency measures for the city and the AEC to pursue together. These can be summarized in three categories:

1. Additional local fees and taxes, including an auto license fee, a local option sales and use tax, a payroll tax, and a refuse collection charge.

2. Measures related to public utilities, including increased payments to the electric fund, possible transfer of the water system to the city, possible city ownership and operation of the gas system, and establishing the sewer system on a self-supporting basis.
3. Planning, including development of a recreation and tourism plan and continued development of plans to foster economic and industrial growth.

Of these various measures, none explicitly involved the transfer of land for development, and only the last one (i.e., plans to foster economic and industrial growth) implied the possibility of land transfer.

In following years, the City of Oak Ridge and other entities covered by the AECA became concerned about the long-term continuation of the section 91 direct assistance payments. In September 1977, representatives of these communities met with their congressional delegations and DOE staff to request a long-term solution. DOE established a Community Assistance Working Group that selected SRI International ("SRI") to study the communities and suggest alternatives.

Following the SRI study, DOE recommended to Congress that assistance payments to Oak Ridge be continued. The program provided for changes in the payment formulas to account for inflation and to encourage "self-sufficiency." It also called for the City and DOE officials to jointly develop a five-year self-sufficiency plan. Negotiations during the period July 1979 through February 1980 led to development and approval of a plan calling for general assistance payments, targeted financial assistance, and other actions to encourage self-sufficiency.

The 1980 plan identified three categories of self-sufficiency activities for which DOE would provide funds: (a) commercial-industrial development; (b) a general aviation airport; and (c) short-term economic development grants to new industry. Other provisions that City Council asked for included: (a) transfer of government land to the city for industrial, commercial, and residential use; (b) capital grants for infrastructure improvements; (c) changes in government practices to make national laboratory patents more available to private industry, make the labs available to private firms, and encourage government contractors to subcontract with the private sector; (d) conducting and funding industrial development studies; (e) requiring the contractors operating major facilities to encourage private investment and other economic development measures; (f) encouraging joint federal and local efforts to promote economic development; (g) support for taxation of federal property; (h) subsidized public buses to transport commuters between Oak Ridge and the three DOE plants, as well as to serve the community during the day; and (i) allowing Union Carbide employees to do private consulting on their own time. The 1980 program was implemented by a five-year contract between DOE and the city.

Some time during the 1980 to 1984 period, the city proposed that DOE sell land to the city for development, with the purpose of promoting self-sufficiency. DOE determined that land excess to DOE's needs could be transferred to the city at fair market value rather than being handled through the U.S. General Services Administration. Twenty-two parcels of land totaling approximately 10,405 acres were identified as possible candidates for transfer. These have come to be known as the "self-sufficiency parcels" (see figure). When the self-sufficiency program ended in 1985, it was agreed that the remaining self-sufficiency parcels in government ownership would be "grandfathered," permitting DOE to transfer them to the city at fair market value if the lands became excess to DOE needs.

Since designation, five self-sufficiency parcels, totaling approximately 2,371 acres, have been conveyed to the city and one (about 1000 acres) has been conveyed to the Community Reuse Organization of East Tennessee (CROET). Parcel F was sold near the beginning of the 5-year

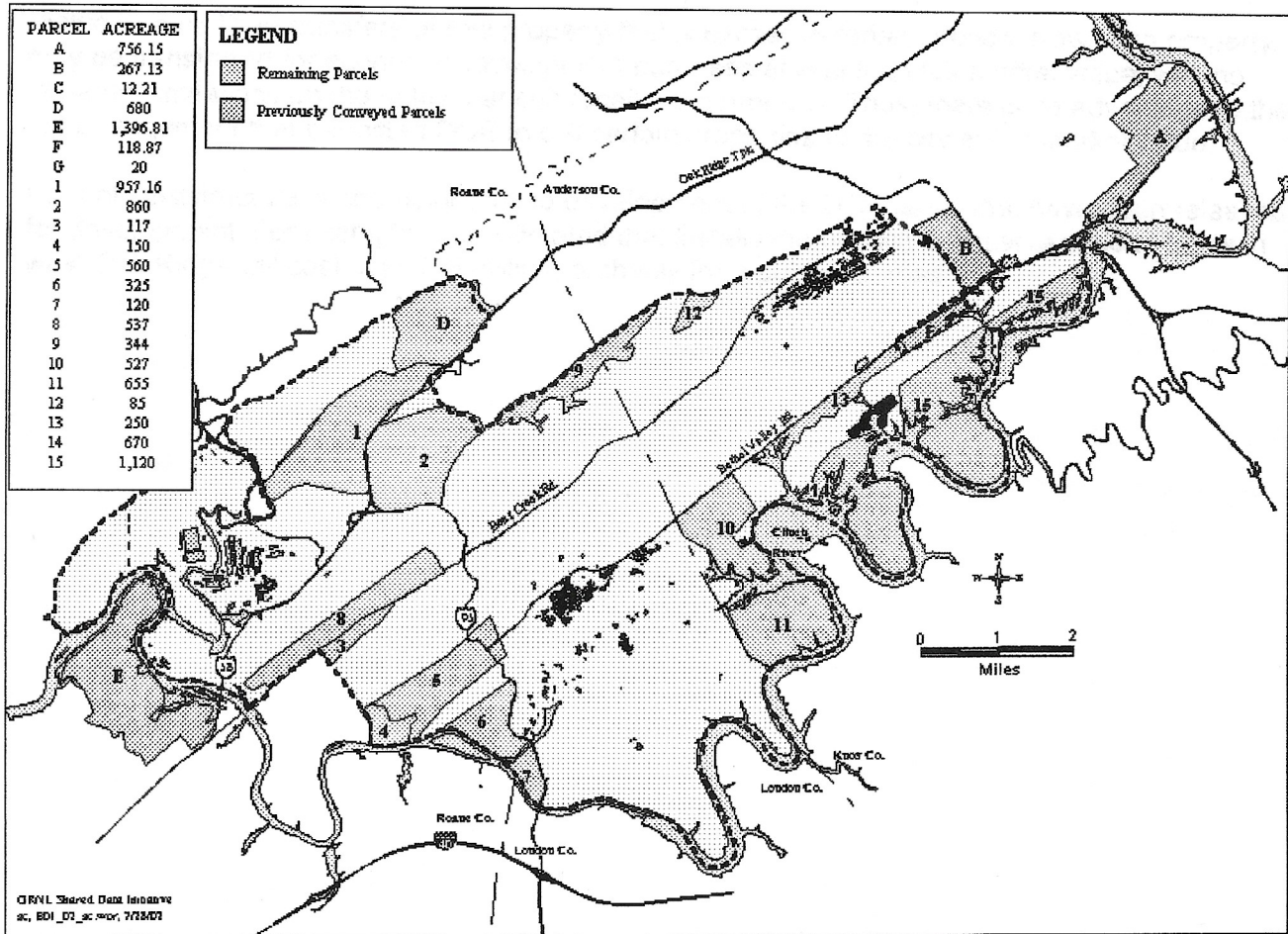


Fig. B.1. Oak Ridge Reservation self-sufficiency parcels.

contract. It became the site of Bethel Valley Industrial Park, which is near fully occupancy is considered to be doing well. Parcel B was conveyed to Martin Marietta Corporation when that company assumed the DOE operating contract for local facilities. The Commerce Park industrial park, which opened in 1987, occupies this site. A little less than two-thirds (171 of 267 acres) is occupied. Parcel C was initially sold to the developers of Commerce Park, but was later bought by Faith Promise Church for a new church building. Eventually the church decided to build elsewhere; it is now trying to sell this vacant property. Parcel E was sold to the city in 1987 for transfer to the Boeing Company, which planned to build an industrial facility. That project never materialized, and in 2001 Boeing sold the land to a real estate developer. DOE sold the same developer a strip of land adjacent to the river which DOE had not sold earlier, and the developer is now building a residential-commercial subdivision ("Rarity Ridge") on the property. Parcel A was sold to the city in the 1990s, and the city decided to establish a golf course and residential development on the property. The city-owned golf course is operating, but much of the residential land is still unsold, and the project is a continuing source of controversy. In 1997 Parcel 1 was leased and in 2003 the developable portion was transferred to the Community Reuse Organization of East Tennessee for industrial development. CROET is building the Horizon Center industrial park on this property and so far has one tenant with 7 employees. Additionally, Parcel G has been identified for transfer to the city, but action has not been concluded.

A new DOE regulation issued in February 2000 appears to have made the self-sufficiency designations irrelevant. DOE regulation 10 CFR 770, issued in February 2000, removes the former

restrictions on DOE transfers of real property that is excess to federal needs. Now such property may be transferred for economic development purposes at less than fair market value, with no apparent limitations on the entity that can receive the property. Thus, there is no advantage to the old arrangement that permitted DOE to sell certain properties to the city at fair market value.

Lack of infrastructure is one hindrance to development of the DOE lands that have been released for development. For example, it is estimated that installation of utilities to serve various tracts in west Oak Ridge will cost over \$15 million, probably from public sources.

taminu.edu

...that is excess of labor needs to be ...
...for the ...
...of the ...

...to development of the ...
...of the ...
...of the ...

Schmink
Zahrin

Zahrin@afl.edu