

**Background on "Self-Sufficiency Parcels" on the Oak Ridge Reservation (ORR)**  
***Developed in 2003 and some details are out of date***

A recurring theme in discussions of ORR land use is the City of Oak Ridge's claim to certain lands as "self-sufficiency parcels." Furthermore, a few self-sufficiency parcels have been central to some major local controversies of the past two decades, including controversies over the "Boeing tract" (self-sufficiency Parcel E), now being developed as Rarity Ridge, and the "Parcel A" golf course and residential development. To help our members participate more effectively in public discussion of these lands, AFORR has delved into the history and purpose of the "self-sufficiency" designations.

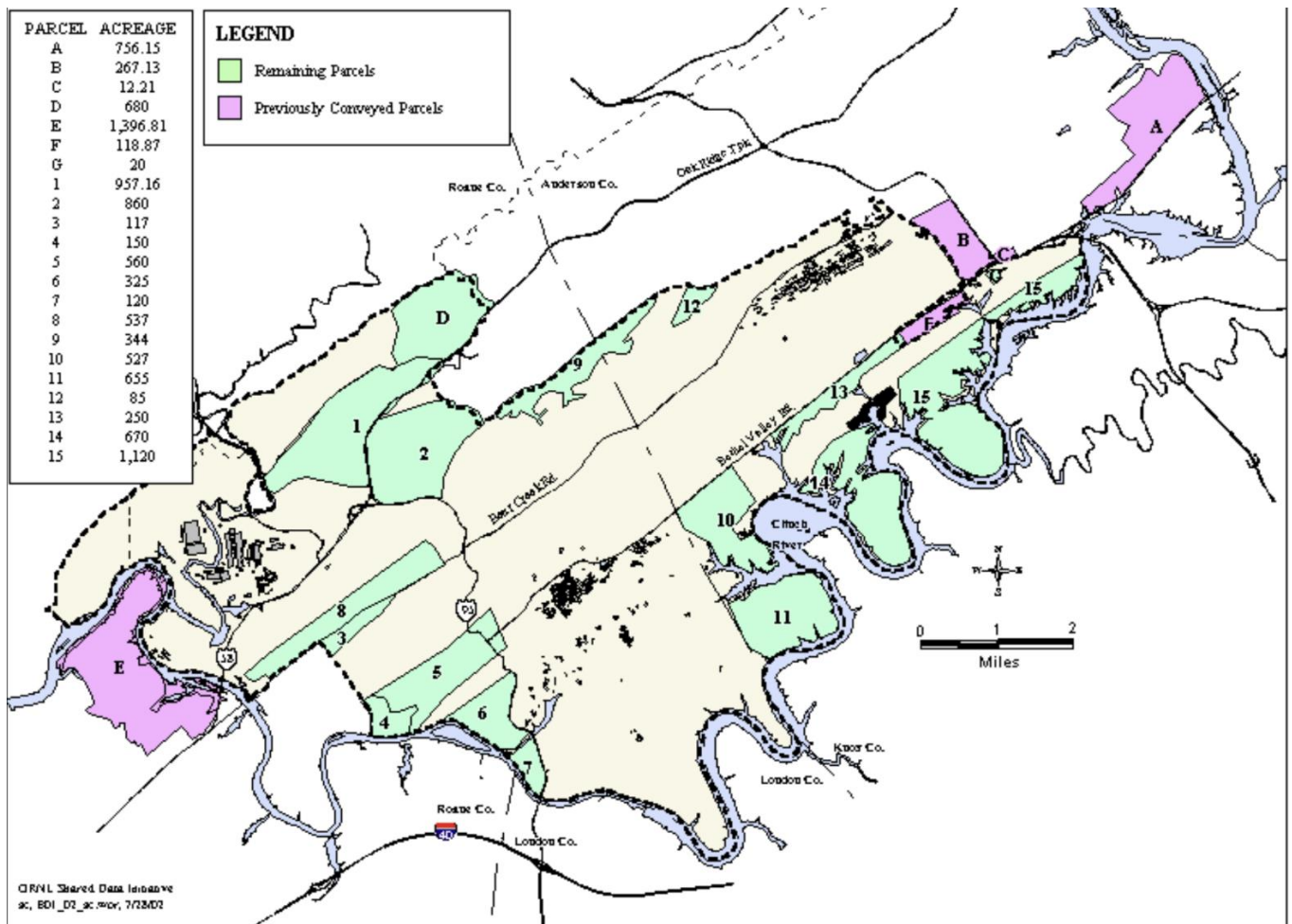
Ever since Oak Ridge was incorporated in 1959, there was a desire to wean the city from federal government financial assistance. Direct assistance payments under the Atomic Energy Communities Act (AECA) began in 1960 and were supposed to end after ten years, but the Department of Energy (DOE) received several extensions because progress toward "self-sufficiency" was slower than Congress and federal agencies had hoped for.

From the beginning, land for development was considered an important means by which the federal government could help the community become self-sufficient. The original city area included several large undeveloped tracts for future use, and subsequent transfers added to this base. For example, a 1966-1967 City study of potential industrial sites led to the city's obtaining 230 acres for the Valley Industrial Park in Union Valley and the Tennessee Valley Authority's (TVA's) acquisition of the 1,560-acre tract that were later designated as the site for the Clinch River Breeder Reactor (which was never built).

A five-year financial assistance agreement signed in 1980 was aimed at accelerating progress toward economic independence. It required DOE and the city to jointly implement a self-sufficiency plan under which some federal funds were targeted to boost commercial and industrial development. Among the other provisions requested by the city was transfer of additional federal land to the city for industrial, commercial, and residential use. DOE determined that land excess to DOE's needs could legally be transferred to the city at fair market value rather than being handled through the U.S. General Services Administration (the normal method for disposal of excess federal property).

At some point during the agreement period, twenty-two parcels of land totaling approximately 10,405 acres were identified as possible candidates for transfer if they became excess. Apparently, the city and the local business community initially identified these parcels based on their perceived development potential. It is unlikely that DOE assembled this list, as it includes some waste-disposal sites and other properties that were in active use and unlikely to be suitable or available for commercial transfer. In any event, DOE agreed to the list and these lands have come to be known as the "self-sufficiency parcels" (see map). When the agreement ended in 1985, it reportedly was agreed (this is not documented in the signed contract between DOE and Oak Ridge) 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.

**Map of ORR Self-Sufficiency Parcels**



By 2003, DOE had conveyed five of the self-sufficiency parcels (some 2,371 acres) to the city and one (about 1000 acres) to the Community Reuse Organization of East Tennessee (CROET). Parcel F was sold to the city near the beginning of the 5-year contract. It became the site of Bethel Valley Industrial Park, which was near full occupancy in 2003. Parcel B was conveyed to Martin Marietta Corporation in the mid-1980s 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 of this site (171 of 267 acres) was occupied by 2003. Parcel C was initially sold to the developers of Commerce Park, was later sold to Faith Promise Church for a new building, and in 2003 was vacant and on the market after the church decided to build elsewhere. 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 built a residential-commercial subdivision ("Rarity Ridge") on the property. Parcel A was sold to the City in the 1990s, and the City established a golf course and residential development on it. The city-owned Centennial Golf Course is operating, and most of the residential land was sold. The golf course requires taxpayer subsidies, and the project is a continuing source of community controversy. In the mid-1990s Parcel 1 became known as "ED-1" and was leased in 1997 to the

Community Reuse Organization of East Tennessee (CROET) for industrial development. In 2003 title to the developable portion was transferred to CROET. CROET built the Horizon Center industrial park on this property and its tenant (Theragenics) in 2003 had just seven employees. Additionally, Parcel G has been identified for transfer to the city, but action had not been concluded in 2003.

The track record on effective development of pre-1980 federal land transfers also is poor. Of the transfers that ensued from the 1966-1967 land study, the only successful development project is the Valley Industrial Park (east of Y-12), which is home to several office buildings and small industrial facilities. The adjacent Pine Ridge property, which was deemed to be undevelopable because of its extremely steep slopes, was sold to the city together with the Valley Park area. It remained largely vacant -- and most people assumed it would remain that way forever -- until 2001. That was the year that a local developer created a firestorm of controversy by clear-cutting the forest and flattening the ridgetop, ostensibly to create industrial building sites. This site is still vacant and probably will not be attractive to tenants because of the extensive fill in portions of the site. The Clinch River Industrial Park property that was transferred to TVA in that same era is still almost completely vacant.

The high cost of providing infrastructure to remote locations has been one hindrance to development of the DOE lands that have been released. For example, it is estimated that installation of utilities to serve various tracts in west Oak Ridge will cost over \$15 million, probably from taxpayers.

A new DOE regulation issued in February 2000 appears to have made the self-sufficiency designations irrelevant. DOE regulation 10 CFR 770 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 (meaning it could be given away rather than sold), with no apparent limitations on the entities that can receive the property. Thus, there is no clear advantage to the City of Oak Ridge from the old arrangement that permitted DOE to sell certain properties to the city at fair market value.

In spite of the financial disadvantages of the self-sufficiency parcel arrangement and the overall poor track record on development of lands that have been conveyed in the past, the city continues to insist that it has "right of first refusal" on the self-sufficiency parcels and continues to protest DOE decisions to use these lands for federal purposes such as natural resource damage mitigation.