



# Air Force Real Property Agency

## Press Release

June 02, 2010

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### Governor Signs 560-acre Transfer for McClellan

McCLELLAN, CA—Governor Arnold Schwarzenegger on Friday gave his approval to the largest single property transfer to date at the former McClellan Air Force Base near Sacramento, Ca. With the Governor's signature in place, the Air Force anticipates transferring approximately 560 acres to McClellan Business Park, including a variety of industrial facilities, office buildings, a hotel, and housing, in early summer.

This property is being transferred using an innovative and complex multi-agency agreement referred to as an "early transfer with privatized cleanup." The agreement relies on two key provisions: 1) a negotiated cost agreement stipulating how much the Air Force will pay to Sacramento County, and its developer, McClellan Business Park, to conduct the remaining environmental cleanup; and 2) a Federal Facility Agreement Amendment stating that the U.S. Environmental Protection Agency, rather than the Air Force, will assume the lead role of determining remaining cleanup decisions for the property.

"This is a major milestone for the cleanup and redevelopment of McClellan," said Phil Mook, senior representative for the Air Force Real Property Agency. "The main goal for everyone involved is to protect human health and the environment, while facilitating redevelopment and reuse."

"The County is pleased with this land transfer package. We're eager to move forward with the next phase, which is cleanup and redevelopment of the property," said Rob Leonard, Director of Economic Development for Sacramento County.

The 560 acres, scattered across the base, have some contamination still to be remediated including fuels, polychlorinated biphenyls (PCBs) from old electrical equipment, and solvents. These were from past industrial practices while the base served as a supply and repair depot from 1936 until it closed in 2001. In 1987, the 3,000-acre installation was added to the U.S. EPA's National Priorities List, due to contaminants in the soil and groundwater.

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Under the transfer agreement, McClellan Business Park, with oversight from U.S. EPA, will be responsible for addressing contamination in the first 15 feet of soil below the surface. The Air Force will continue cleaning the groundwater and deeper soil.

Prior to transfer, the Air Force conducted extensive environmental investigations of the properties, reviewed their past uses, and assessed the contaminants present. These studies formed the basis of the negotiated \$23.49 million, fixed-price, insured cleanup cost the Air Force will pay to Sacramento County.

This will be the second early transfer with privatized cleanup at McClellan. In 2007, the Air Force transferred 62 acres to McClellan Business Park through Sacramento County. McClellan Business Park and the EPA have finalized cleanup plans for that parcel, and contractors are expected to begin work this spring. That pilot 62-acre project, the first of its kind in the nation, served as a model for regulators, the Air Force, Sacramento County, and McClellan Business Park to develop the legal and financial documents for the upcoming 560-acre transfer.

“As we are showing through the pilot project, privatized cleanup allows the cleanup to be planned and implemented along with redevelopment. This can result in a faster, more efficient redevelopment schedule,” said Alan Hersh, Senior Vice President of McClellan Park LLC.

The former McClellan Air Force Base is one of the largest economic development and infill reuse projects in Northern California. Currently some 15,000 people live and work on the base. Sacramento County estimates that when fully developed the Park will have some 35,000 jobs and generate over \$6.6 million per year in local property tax and \$1.1 million per year in local sales tax revenue.

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*Cutlines:*

**JC Penney/SureWest/VA Clinic:** The coming transfer of 560 acres from the Air Force to McClellan Business Park includes buildings already occupied by longstanding tenants such as JC Penney, SureWest, the Veteran’s Administration Outpatient Clinic, and many others.

**LionsGate sign:** The LionsGate Hotel and Conference Center in the historic officer’s housing area at McClellan is among the properties the Air Force will transfer to McClellan Business Park in the largest property transfer to date in the conversion of the former base.

**Winters Gateway:** The newly improved Winters Gateway into McClellan Business Park offers prime interstate and rail access. It is part of the 560 acres soon to be transferred from the Air Force to McClellan Business Park as part of the ongoing cleanup and redevelopment of the former military base in North Highlands, CA.

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