



# Department of Defense DIRECTIVE

December 22, 1987  
NUMBER 5410.12

ASD(FM&P)

SUBJECT: Economic Adjustment Assistance to Defense-Impacted Communities

- References:
- (a) DoD Directive 5410.12, subject as above, April 21, 1973 (hereby canceled)
  - (b) Executive Order 12049, March 7, 1978; Presidential communications to the Secretary of Defense and heads of other Federal Agencies, March 4, 1970; April 16, 1973; and July 12, 1976
  - (c) Presidential communication to the U.S. Congress on Defense Growth Impacts, August 28, 1981
  - (d) DoD Directive 1400.20, "DoD Program for Stability of Civilian Employment," June 16, 1981
  - (e) Federal Property Management Regulations (current edition)
  - (f) DoD Instruction 3030.2, "Community Planning and Impact Assistance," May 24, 1983

## A. REISSUANCE AND PURPOSE

This Directive:

1. Reissues and updates reference (a).
2. Establishes policy and guidance; assigns organizational responsibilities; and provides procedures for carrying out an Economic Adjustment Program to minimize economic impacts on communities, resulting from changes in Defense programs.

## B. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of Joint Chiefs of Staff (OJCS), the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Uniformed Services University of the Health Sciences (USUHS), the Defense Agencies, and DoD Field Activities (hereafter referred to collectively as "DoD Components"). The term "Military Services," as used herein, refers to the Army, Navy, Air Force, and Marine Corps.

## C. DEFINITIONS

The terms used in this Directive are defined in enclosure 1.

## D. POLICY

Executive Order 12049 and Presidential memoranda (reference (b)) to the Secretary of Defense and Heads of other Agencies directed the Secretary of Defense to chair an interagency Economic Adjustment Committee (EAC) to assist Defense-impacted communities. In consonance with this objective, DoD Components shall develop implementing instructions that are consistent with the following policies:

1. General. DoD decisions and actions can have a significant economic impact on individual communities. Concern for such Defense economic impacts shall be reflected as follows:

a. When it is known or anticipated that a DoD action will seriously affect the economy of a community, every practical consideration shall be given implementing the action in a manner that will minimize the local economic impact.

b. When a serious economic impact from a Defense action is unavoidable, the Department of Defense shall take the leadership responsibility for bringing the resources of the Federal Government (the Department of Defense and other Federal Departments and Agencies) together to alleviate the problem.

c. DoD Components shall provide maximum advance information and support to State and local governments in order that they can plan for necessary adjustments in local public services and facilities, manpower training programs, and local economic development activities.

## 2. Resource Assistance

a. Community economic adjustment assistance shall be directed toward helping impacted communities to help themselves, using the combined resources of the Federal, State, and local governments and the private sector to support local initiatives. In the special case of communities affected by new or expanded major DoD installations, the President's letter of August 28, 1981 (reference (c)) indicates that local and State resources and normal Federal domestic agency assistance should be used to provide public facilities and services supporting military bases whenever possible. Special Federal assistance shall only be warranted in those unusual circumstances when a sudden population influx and the resulting demand for public services from a major military base could overwhelm State-local fiscal capacities and impede achievement of critical national security objectives.

b. A community economic adjustment program shall specify the following:

(1) Identify a responsible community leadership group with which an EAC team, the State, and the private sector can work effectively.

(2) Identify uniform economic impact information and provide an analysis that shall include:

(a) Realistic community expectations on the likely regional impact; and

(b) An assessment of community requirements for Federal economic adjustment resources before and during the Defense realignment action.

(3) Formulate an economic development strategy that will help to diversify the local economy and reduce dependence on Defense-related activities.

(4) Identify, and assign responsibility for, specific development actions needed to offset the Defense impact.

(5) Encourage a community planning and development capacity needed to implement the community economic adjustment program.

(6) Formulate and implement plans for productive civilian use of all or part of excess DoD installation property in the area.

(7) Formulate, for communities affected by major, new, or expanded military bases, fiscal impact analyses and community growth management plans for providing the necessary off-base public facilities and services.

c. Displaced DoD Employees. Assistance to DoD employees displaced by base closures, consolidations, transfer of functions, and reductions in force shall be provided under DoD Directive 1400.20 (reference (d)).

d. DoD Personal Property. Consistent with legislation (which has indicated that a national need exists for educational, health, recreational, and airport facilities and has authorized conveyance of surplus real and related personal property under a public benefit allowance or discount for these purposes), the Department of Defense will seek to maximize, for Defense-impacted communities, the early conversion of excess DoD installations to productive civilian use. A community adversely affected by the closure or cutback of a DoD installation shall be given an opportunity to develop a reuse plan for potentially available DoD property. DoD Components shall cooperate with the community by identifying minimum-essential related personal property for the continued productive civilian use of the available DoD facility. This related personal property can then be reported to the General Services Administration (GSA) at the same time the real property is reported excess to DoD requirements. As provided in enclosure 3, DoD Components will limit the removal of personal property from such installations until community requirements have been identified and considered by appropriate Federal Agencies.

#### E. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Force Management & Personnel) (ASD(FM&P)) is assigned overall responsibility for the Defense Economic Adjustment Program consistent with the policies outlined in section D., above. The ASD(FM&P) shall co-chair the EAC, established by the President, to coordinate Federal efforts in assisting Defense-impacted communities under E.O. 12049 (reference (b)). To help carry out this overall responsibility, the ASD(FM&P) has designated the Director, Office of Economic Adjustment (OEA), an operating organizational element under his or her jurisdiction, with the following responsibilities:

a. Ensure that DoD Components and EAC member agencies participate in the Economic Adjustment Program.

b. Determine the extent of the Defense economic impact on a community at the request of community leaders or a member of Congress and, when appropriate, assist local leaders in undertaking a community economic adjustment program.

c. Ensure that economic impact analyses are realistic and uniform and that community requirements for economic adjustment resources before and during base realignments, major Defense contract cutbacks, or major new base expansions are identified.

d. Provide DoD community planning assistance when authorized and needed by communities in planning or implementing their community economic adjustment programs.

e. Ensure that each community economic adjustment program is carried out in a timely, effective manner in cooperation with the responsible DoD Component and the appropriate EAC members and such other Federal Agencies as may be required.

f. Ensure that community adjustment programs are coordinated with the "DoD Program for Stability of Civilian Employment" involving base closures, consolidations, and transfer of functions and reductions under DoD Directive 1400.20 (reference (d)).

2. The Secretaries of the Military Departments and the Director of the Defense Logistics Agency (DLA) shall:

a. Designate representatives to serve as policy focal points for providing assistance regarding community economic adjustment programs. To assist the Director, OEA, OASD(FM&P) in carrying out community programs initiated in response to closure or realignment of military installations (enclosure 1, definition 3.a.), the Secretaries of the Military Departments shall designate representatives within the appropriate military commands to provide liaison and coordination between OEA and the installation commanders as well as the affected communities, as appropriate.

b. Provide, in Defense personnel cutback and base closure situations, the installation commander with timely information concerning the Economic Adjustment Program. This information should include guidance on:

- (1) Local press interviews and releases.
- (2) Briefings for community leaders.
- (3) Briefings for installation personnel.
- (4) Reporting real and personal property for transfer or disposition.

c. Provide the OEA such AD HOC personnel support and information as may be required for specific community programs.

d. Provide uniform economic impact information on significant base realignment actions within 90 days in order that OEA and the Department of Commerce (DoC) can calculate a realistic secondary regional impact forecast from the Defense program change.

e. Provide overall planning information to States and communities on base personnel, local procurement, and construction activity associated with major Defense base expansions during the environmental impact statement (EIS), draft EIS (DEIS) or environmental impact assessment (EIA) process, or during the basing decision process. This overall planning information will be specified by OEA to permit the early preparation of a Fiscal Impact Analysis and an effective Community Growth Management Plan to support the military base expansion.

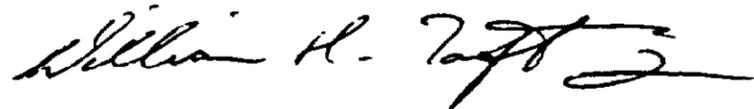
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5410.12

F. PROCEDURES

Procedures for implementing Economic Adjustment Assignments are contained in enclosure 4.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing documents to the Assistant Secretary of Defense (Force Management and Personnel) within 90 days.



William H. Taft, IV  
Deputy Secretary of Defense

Enclosures - 4

1. Definitions
2. Member Agencies of the Economic Adjustment Committee
3. Procedures for Reporting DoD Personal Property in Defense-Impacted Communities
4. Program Procedures for Implementing Economic Adjustment Assignments

## DEFINITIONS

1. Community Economic Adjustment Program is a joint effort by local leaders and an EAC team to plan and carry out a development strategy and a series of development actions designed to alleviate the effects of a Defense economic impact on a community.
2. Community Growth Management Program is a collection of explicit plans for desired land use, zoning enforcement, public facility extensions, tax and fee policies, and community growth patterns necessary to accommodate growth from major new or expanded military bases at minimum cost (local, State, Federal).
3. Defense Economic Impact. The adverse effect on the economy of a community or geographical area that may result from:
  - a. Complete or partial closure of a military installation.
  - b. Cutback in Defense personnel (civilian or military).
  - c. Termination or cancellation of major military procurement contracts.
  - d. A general decline in the level of military prime and subcontract awards.
  - e. The establishment or expansion of a military installation that causes a substantial increase in demand for local public services and facilities.
4. Economic Adjustment Committee (EAC) is an interagency committee established by the President under E.O. 12049 (reference (b)) to coordinate Federal efforts to assist Defense-impacted communities (see membership at enclosure 2).
5. EAC Team is a task force selected from the EAC to provide specialized assistance to an impacted community.
6. Fiscal Impact Analysis is a multi-year, revenue and program cost evaluation for major local jurisdictions affected by new major military bases to measure the extent to which the cost of public services and facilities can be offset by future public revenues derived from the base expansion.
7. Preliminary Assessment Visit is an on-site survey of the affected community by the staff of the OEA to appraise the economic impact of a Defense action, evaluate available resources, and explore the need and potential for a community economic adjustment program.
8. Team Visit is an on-site community survey by an EAC team to assist community leaders in evaluating the community needs and resources and to help formulate a development strategy and a community economic adjustment program to achieve desired objectives.

MEMBER AGENCIES OF THE ECONOMIC ADJUSTMENT COMMITTEE

1. Department of Defense
  - a. Department of the Army
  - b. Department of the Navy
  - c. Department of the Air Force
  - c. Defense Logistics Agency
2. Department of Agriculture
3. Department of Commerce
4. Department of Education
5. Department of Energy
6. Department of Interior
7. Department of Justice
8. Department of Labor
9. Department of Health and Human Services
10. Department of Housing and Urban Development
11. Department of Transportation
12. Office of Management and Budget
13. Council of Economic Advisors
14. Arms Control and Disarmament Agency
15. Environmental Protection Agency
16. General Services Administration
17. Small Business Administration
18. Office of Personnel Management

PROCEDURES FOR REPORTING DoD PERSONAL PROPERTY  
IN DEFENSE-IMPACTED COMMUNITIES

A. PURPOSE

These procedures constitute guidance for DoD Components when:

1. Announcements are made that a DoD installation will be deactivated and closed (in whole or in part); and
2. It is anticipated that real property will ultimately be reported excess to DoD requirements; and
3. Personal property located at the installation would enhance community efforts to promptly use the available real property for productive civilian purposes.

B. OBJECTIVES

1. DoD actions that reduce military activities at an installation may also provide an opportunity for an impacted community to use DoD property to expand employment opportunities. To the extent that land, buildings, and related personal property are available for community use, new jobs can be created expeditiously, thereby helping to relieve Defense-related unemployment.
2. Policies and procedures exist that are intended to ensure the use of Government property in the most efficient and effective manner. The procedures in this enclosure are for use by DoD personnel responsible for property administration actions (reporting, screening, reutilization, and disposition) that normally take place following the formal announcement of deactivation and closure of a military installation. The end objective is to report to the General Services Administration (GSA), whenever possible, complete packages of land, buildings, and minimum-essential related personal property for disposition in a manner that will be of maximum economic assistance to Defense-impacted communities.
3. Dining facilities, classrooms, libraries, dormitories, hospitals, chapels, maintenance shops, and airfield improvements are examples of real property that can fill valid community needs, particularly if related personal property required for effective use of the facilities is retained in place.
4. There are provisions in the Federal Property Management Regulations (FPMR) (reference (e)) specifying certain personal property as related personal property that can be reported to GSA as part of a real estate package. Section 101-47.103.13 of reference (e) defines related personal property as any personal property:
  - a. Which is an integral part of real property or is related to, designed for, or specially adapted to the functional or productive capacity of the real property, and removal of this personal property would significantly diminish the economic value of the real property. Normally, common-use items, including but not limited to general-purpose furniture, utensils, office machines, office supplies, or general-purpose vehicles, are not considered to be related personal property; or

b. Which is determined by the Administrator of General Services to be related to the real property.

5. In practice, there are few constraints on the redistribution of personal property from an installation scheduled for closure, once items are identified for screening as excess. It is not the intent of these procedures to bar the use of excess personal property to meet critical DoD requirements. This type of critical personal property is:

a. Essential to a unit or mission being relocated from an installation being closed; or

b. Required to meet approved force acquisition objectives ("need to buy").

6. It is the intent of these procedures to identify personal property not required by the Department of Defense as specified above so that, to the extent it meets the criteria for related personal property, it can be reported to GSA simultaneously with the real property that is excess to DoD requirements. Property that is not required by the Department of Defense or reported as related personal property should be subjected to regular DoD reallocation and disposition procedures.

7. The selection of property for redistribution within the Department of Defense shall be governed by the following:

a. Consideration shall be given to the remaining useful life and the cost of dismantling, packing, crating, transporting, repairing, and reinstalling as against the cost to the Department of Defense for new procurement.

b. Installed property and improvement to real property shall not be removed from an installation to be closed when such removal would destroy or unduly damage buildings or structures and make them unusable or marginally usable for productive civilian activities.

### C. PROCEDURES

1. At about the same time community leaders are advised of DoD decisions affecting an installation in a community, they shall also be advised that:

a. All or part of the installation may become available for community use at a future date.

b. Availability of the installation shall be subject to:

(1) Screening by certain Federal Agencies to ascertain whether the property is required for other Federal purposes; and

(2) Appropriate statutory requirements pertaining to the disposition of Federal property.

c. The community should specify the extent of its interest in the installation and initiate action to develop a feasible use plan.

d. The DoD installation shall cooperate with, and assist local leaders in, efforts to identify installation property that the community could beneficially use in implementation of a use plan.

e. The OEA and appropriate Federal Agency representatives shall assist the community in developing a use plan for the installation and provide guidance and assistance concerning acquisition of the Government property expected to become available.

2. As soon as practicable after the announcement of an installation re-alignment, action should be initiated to report and screen personal property within the Department of Defense. The intent is to identify, as soon as possible, those items of property required by the Department of Defense and, in so doing, identify those items that could remain with the real property for use by the community.

3. Reports of property submitted for screening within the Department of Defense should be marked to indicate items of interest to the community that could be reported to GSA as related personal property. Since such items may be essential for implementing the community economic adjustment program, OEA shall assist the reporting activity in identifying those items that the community would be eligible to acquire under an existing Federal resource program (i.e., health, education, airport uses).

4. Immediately following completion of the prescribed DoD screening period, a preliminary listing of personal property not required by the Department of Defense shall be made available to the Director, OEA. Upon the approval of the Director, OEA, this listing, in whole or part, may be made available to designated community leaders.

5. As soon as possible after the preliminary listing of property is available, OEA shall arrange for appropriate DoD and Federal Agency representatives to meet with community leaders to:

a. Review the community's proposed use plan for the installation, including the requirements for personal property shown on the preliminary DoD listing.

b. Assess the feasibility of the community plan, make recommendations for required changes, and provide advice and counsel concerning actions required by the community to acquire installation property needed to carry out the plan.

c. Determine which items of personal property should be reported as the minimum-essential related personal property to the community reuse effort when the real property is reported to GSA. If conflicts concerning the need for property cannot be resolved locally, the matter shall be referred to the Director, OEA, for resolution with the appropriate DoD Component.

d. Consider the feasibility and need for an interim use lease or license that would enable the community to use all or part of the installation for civilian purposes pending ultimate disposition by GSA.

6. After review and approval by the Director, OEA, the items to be reported as related personal property shall be placed in a holding account pending submission of Standard Form 118C ("Related Personal Property") to GSA. Items shall

not be withdrawn from the holding account without prior notice to the Director, OEA, and also to GSA if Standard Form 118C has been submitted.

7. All property remaining at the installation, except that identified in plans for community use, should be reported as DoD excess in accordance with normal procedures. If the community expresses an interest in acquiring excess items not previously included on the approved list as related personal property, standard Federal Government disposition procedures shall apply.

8. Consistent with Economic Adjustment Program policy, consideration should be given to the disposition of installation property acquired with non-appropriated funds if it is not otherwise required and the community is willing to purchase it.

9. All property (land, buildings, and related personal property) earlier identified as an essential part of the community use plan shall be reported to GSA as a complete package (Standard Form 118A on "Buildings, Structure, Utilities and Miscellaneous Structure"; Form 118B on "Supplement to Report of Excess Real Property"; and Standard Form 118C on "Related Personal Property") at the appropriate time in accordance with prescribed DoD procedures.

PROGRAM PROCEDURES FOR IMPLEMENTING ECONOMIC ADJUSTMENT ASSIGNMENTS

A. OEA RECONNAISSANCE VISIT

1. Promptly after receiving a request for economic adjustment assistance, a reconnaissance visit to the community affected shall be made by representatives of OEA, accompanied, when appropriate, by representatives of the interested DoD Component and/or by selected representatives of other EAC agencies.

2. The purpose of the visit will be to establish contact with community leaders, examine the nature and degree of the Defense impact, and assess the need, if any, for economic adjustment assistance.

3. Assistance and support of interested members of the congressional delegation shall be sought in connection with this first visit.

4. For communities affected by the closing of a Defense installation or major reductions in force, the visit shall include a review of plans and procedures initiated under the DoD Program for Stability of Civilian Employment (reference (d)) to benefit the affected employees. In these instances, the visiting team shall include representation from the Deputy Assistant Secretary of Defense (Civilian Personnel Policy) (DASD(CPP)) and the DoD Zone or Regional Placement Coordinators, as appropriate.

5. Before the initial reconnaissance visit, the OEA shall assemble available information on the economy and on the nature and degree of the Defense economic impact. This information shall be expanded in the course of the visit through meetings with community leaders and tours of the area, and by inspection of military installations and briefings by installation commanders in situations where Defense base realignments or closures are the source of the economic impact.

6. Within 30 working days of the conclusion of the reconnaissance visit, the OEA shall prepare a report of community visit. This report shall be submitted to community leaders, EAC members, and the interested congressional delegation. The report shall include a determination by the Director, OEA, of the need for economic adjustment in the community and the nature and extent of the assistance.

B. FOLLOW-UP ACTION - CLOSURES AND BASE AND/OR PLANT CUTBACKS

1. Following determination of the need for community assistance, the Director, OEA, shall initiate follow-up action with community leaders. Depending on the community requirements, this action may consist of one or more visits to the community by a team representing the full EAC membership, select EAC team, or OEA staff members. Alternatively, the program in some communities may only require follow-up counselling assistance from EAC member agencies.

2. Within 60 working days after an initial team visit, OEA shall prepare a recommended Community Economic Adjustment Program that shall include a recommended community development strategy, specific development actions for implementing the strategy, and the assignment of responsibility for executing the development actions.

3. The Director, OEA, may assign DoD regional coordinators in major geographic regions to coordinate EAC assistance to communities within the region.

#### C. GROWTH IMPACT PROCEDURES

1. As highlighted in the Presidential communication to the U.S. Congress (reference (c)), the responsibility for providing local public services and facilities to support new or expanded military base activities rests with the local community and the State.

2. At the time that the Military Department proposes a major military base expansion that is likely to impose a burden on local public service or facilities, the Director, OEA, in cooperation with the affected Military Department, shall meet with community leaders to encourage the necessary local community planning in response to the base build-up. When appropriate, DoD community planning assistance shall be made available to supplement State and local resources per DoD Instruction 3030.2 (reference (f)).

3. During the preparation of the EIS, the DEIS, the EIA, or during the basing decision process, the Military Department shall provide overall planning information to States and communities on base personnel, local spending, local procurement, and construction activity associated with the major Defense expansion.

4. The Director, OEA, in cooperation with the Military Departments shall work with the community in preparing a Fiscal Impact Analysis.

5. The Director, OEA, in cooperation with the Military Departments shall encourage preparation of a Community Growth Management Plan to accommodate the impact of growth on local public services and facilities.