

Roswell and Walker AFB Closure: History, Analysis, and Lessons Learned

Policy Brief

By Paul J. Gessing with Colin McGlinchey and Raul Ayala

July 2020

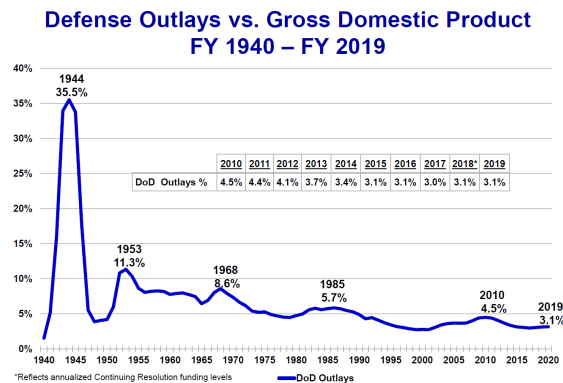


Introduction

Defense is a core function of the federal government of the United States; this is both widely agreed upon and explicitly mentioned in the Constitution.¹ Providing for military defense has been a constant since at least 1776, but the Particular needs associated with America's military defense have evolved dramatically over the years. World War II with its massive buildup and newfound global military presence for the US military was a seminal moment. Nonetheless, the role of the US military has continued to evolve since then.

One of the biggest changes in US military priorities is the diminished need for military installations spread across the mainland. There are now more than 10,000 Formerly Used Defense Sites (FUDs) spread throughout the United States.² This diminishing need for domestic military installations has been accompanied by a relative decline in military spending as a percentage of Gross Domestic Product (GDP) from more than 35 percent during World War II down to under 3.1 percent of GDP where it stands today.³

Figure 1.



However, while the US spends less in real dollars than during WW II, US military spending remains quite high in historical terms.

Figure 2.



¹ James Madison, United State Constitution, Article I Section 8, <https://constitutionus.com/#a1s8>.

² Wikipedia, "Formerly Used Defense Sites," https://en.wikipedia.org/wiki/Formerly_Used_Defense_Sites.

³ Susanna Blume "Dear Pentagon, It's not how big your budget is, it's how you use it," *Foreign Policy*, January 10, 2019, <https://foreignpolicy.com/2019/01/10/pentagon-defense-budget-trump/>.

While there has been a real decline in military spending relative to the economy, that statement should not be misconstrued to mean that military spending is not a large line item in the federal budget. US military spending will be approximately \$700 billion in 2020 which amounts to about half of the “discretionary” part of the federal budget. The overall federal budget comes to \$4.7 trillion annually, approximately \$1 trillion of which is financed through debt.⁴

Reducing Military Spending: Pre-BRAC Base Closure

Though exact numbers are hard to come by, the best estimates available indicate that during the 1960’s and 70’s approximately 800 military bases and installations were closed by the Department of Defense.⁵ This includes 574 installations closed between 1961 and the end of fiscal year 1964 which were undertaken by the Kennedy and Johnson Administrations.⁶

During this time the President, as Commander in Chief and acting through the Secretary of Defense, retained unlimited authority to relocate military forces. Such decisions were deemed to be a unique constitutional prerogative of the Commander in Chief. Congress’s role was limited to providing the necessary resources.

As Robert McNamara, Secretary of Defense from 1961 to 1968, focused increased attention and spending on the Vietnam War, large numbers of base closures and massive dislocations (Walker AFB in Roswell was one such closure) were implemented. Congressional concerns that base closures were being used to reward friends and punish political enemies, led to increased congressional interest and legislative activity on the issue of base closure.⁷ The simplest and most effective way for Congress to stop a closure was to attach language restricting base closures to an appropriations bill. Congress does few things well, but jealously guarding money on local prerogatives (regardless of their relevance to the broader mission) is one thing at which it excels.

The power struggle over base closures did not end with the conclusion of hostilities in Vietnam. Rather, it came to a head when President Ford vetoed the Military Construction Authorization Act for fiscal year 1977 because it attempted to limit the President’s power over military bases.⁸ This veto which could have immediately ended the base closure process instead set the stage for eventual creation of what we now know as the BRAC process a decade later.

Total savings achieved for those closures are unknown, but it is safe to say the savings achieved by base closure in these “pre-BRAC” years would dwarf those achieved even by BRAC, particularly if compounded over time. Of course, with progressively fewer bases to close as time went on, the consensus on the need for closures waned significantly.

⁴ Kate Davidson, “US Deficit Tops \$1 Trillion in First 11 Months of Year,” *Wall Street Journal*, September 12, 2019, <https://www.wsj.com/articles/u-s-deficit-tops-1-trillion-in-first-11-months-of-fiscal-year-treasury-says-11568311201>.

⁵ Wikipedia, Base Realignment and Closure,” https://en.wikipedia.org/wiki/Base_Realignment_and_Closure.

⁶ *Ibid.*

⁷ George Schlossberg, “How Congress Cleared the Bases: A Legislative History of BRAC,” *Journal of Defense Communities*, <https://www.defensecommunities.org/wp-content/uploads/2012/02/FINALJournal1.pdf>.

⁸ Pat Towell, “Presidential Vetoes of Annual Defense Authorization Bills,” *CRS Insight*, October 1, 2015, <https://fas.org/sgp/crs/natsec/IN10368.pdf>

BRAC Begins

The modern BRAC process was created by Congress in 1988. It was considered necessary as a means of continuing the post-World War II consolidation of military installations as the proverbial “low hanging fruit” had already been eliminated and political debates over parochial economic issues drew Congressional opposition. Simply put, the interests of individual Members or state delegations began to make base closure more challenging.

In early 1987, Rep. Dick Armey of Texas introduced an amendment to that year’s Defense Authorization bill that would have facilitated military base closures through a bipartisan commission.⁹ While that effort failed, he came back in 1988 with H.R. 4481, “The Defense Savings Act of 1988.” After much compromise the powerful support of both Chairmen of both the House Armed Services Committee and Senate Armed Services Committee, Armey’s proposal passed both Houses by a wide margin and became the basis for Public Law 100-526.¹⁰

The primary feature of the BRAC process involves the formation of a short-lived, bipartisan, independent commission to make recommendations for base closures to Congress. Base Closure Act I adopted the so-called “all-or nothing” language that required both the President and Congress to adopt or reject the final recommendations of the Commission as a package; neither the President nor Congress could add or subtract individual installations on the list.

The BRAC process has now been used five separate times and there have been calls for another BRAC round in the near future.¹¹ Any BRAC will have to wait until 2021 at earliest.

Since the BRAC process was created it has been used in the closure of 350 installations.¹² The BRAC process has proven to be an effective way to redirect scarce resources to their highest and best use in spite of political forces that resist *any* effort to constrain spending. The loss of a base is widely considered to be a major economic blow for local communities which lose the jobs (both on base and contractors) that come with a military installation. These concerns have driven the traditional conflict between the executive branch and military planners (pushing for greater efficiency and to maximize budgets) and legislators who want to keep federal dollars and jobs flowing into their home districts.¹³

In part due to the overall federal budget being so far out of balance, it is imperative that military costs be restrained and efficiency improved.¹⁴ Experts who study the federal budget argue that the Base Realignment and Closure (BRAC) process is one of the most (if not THE most)

⁹ Robert C. Powers, “Base Realignment and Closure (BRAC) 2005 Congressional Dialogue and Decision,” *Naval Postgraduate School*, <https://www.hsdl.org/?view&did=458622>.

¹⁰ *Ibid.*

¹¹ Leo Shane III, “Plans for a New Base Closing Round May be Running Out of Time: Report,” *Military Times*, August 15, 2019, <https://www.militarytimes.com/news/pentagon-congress/2019/08/15/plans-for-a-new-base-closing-round-may-be-running-out-of-time-report/>.

¹² *Ibid.*

¹³ Christopher M. Schnaubelt, “Making BRAC Politically Palatable,” Rand Corporation, March 16, 2017, <https://www.rand.org/blog/2017/03/making-brac-politically-palatable.html>.

¹⁴ Susanna Blume “Dear Pentagon, It’s not how big your budget is, it’s how you use it,” *Foreign Policy*, January 10, 2019, <https://foreignpolicy.com/2019/01/10/pentagon-defense-budget-trump/>.

successful efforts to streamline the federal government that exist. One such voice, Bob Hale, who served as Pentagon comptroller from 2009 to 2014, says that the five rounds of BRAC held since 1990 have resulted in savings of \$12 billion dollars *every year*.¹⁵

BRAC and Local Communities

In addition to the commission producing a list of bases in need of closure, the BRAC process is meant to soften the blow losing a military base can have on some communities through various forms of direct and indirect economic assistance. The federal government provides aid to local communities affected by military base closures and realignments. Federal economic assistance covers a wide range of activities and agencies, including, but not limited to:¹⁶

- 1) The Office of Economic Adjustment (OEA) is the primary source of federal assistance in the Department of Defense to assist communities affected by employment losses and gains as a result of BRAC. The OEA also serves as a coordinating agency to channel economic assistance for communities affected by BRAC. Since 1988, the OEA has provided a total of \$280 million in funding for previous BRAC rounds, primarily to help communities prepare strategies for local development efforts.
- 2) The Public Works and Economic Development Act (PWEDA) of 1965 authorizes economic adjustment grants to help eligible communities respond to sudden changes in economic conditions, including those resulting from natural disasters, changing trade patterns and military base closures. The Economic Development Administration (EDA) which was created under PWEDA has provided grants in excess of \$640 million since the first BRAC round in 1988. It has administered \$274 million of DOD funds and \$8 million from the Department of Energy, for defense adjustment projects involving closed military bases. EDA grants are competitive and are made on a cost-share basis with local governments, redevelopment agencies, and private or non-profit organizations. The grants include monies for planning and technical assistance, infrastructure.
- 3) The Community Development Block Grant (CDBG) program was first authorized under Title I of the Housing and Community Development Act of 1974. It is one of the largest and longest-standing federal block grants in existence. Billions of dollars in federal assistance to state and local governments have been allocated through CDBG. The program allows states and eligible local government grantees to fund 25 eligible activities related to housing, community development, neighborhood revitalization, economic development, and the provision of public services. One of the eligible activities is related to “the proposed or actual establishment, realignment, or closure of a military installation.”
- 4) In addition to activities funded by the Office of Economic Assistance, the Department of Defense has responsibility for environmental reviews, land transfers and improvements in

¹⁵ Aaron Mehta, “30 Years: Base Realignment and Closure, A bitter pill,” *Defense News*, October 25, 2016, <https://www.defensenews.com/30th-anniversary/2016/10/25/30-years-base-realignment-and-closure-a-bitter-pill/>.

¹⁶ Oscar Gonzales, “Economic Development Assistance for Communities Affected by Employment Changes Due to Military Base Closure (BRAC),” *Congressional Research Service*, June 16, 2009, <https://fas.org/sgp/crs/misc/RL34709.pdf>

military facilities. These DOD programs include DOD responsibility and funding for environmental review and cleanup at closing military facilities, which may support local jobs after a base is designated for closure but before federal land is actually transferred.

Only some federal economic assistance programs provide a preference for BRAC activities, communities affected by BRAC. Notably, the federal government is not the only access point for communities impacted when a base closes. Additional economic development funds are often available through state and local governments.

Despite the fact that Walker closed more than 50 years ago, the City of Roswell currently has the ability to access a number of these programs in an effort to spur economic development. Legislation passed in 2018 further enables RAC to access some of these programs.

Would these tools have resulted in better outcomes for RAC had they been made available immediately when the base closed a little over 50 years ago? That is a counterfactual we cannot fully address here. There are some systemic and economic policy issues that make RAC a challenging place to redevelop successfully. For many of the same reasons it is also difficult to tell whether federal or State economic development tools will have a significant, positive impact at RAC moving forward.

A Brief History of Walker AFB



Aerial view of modern-day RAC (formerly Walker AFB)

Just south of Roswell, New Mexico, the property upon which Roswell Army Airfield (the predecessor to Walker AFB) was developed was acquired by the US Government from a local rancher in 1941. The airfield was assigned to the United States Army Air Corps Training Command on September 20, 1941 (the Air Force was not created until 1947).¹⁷ The primary occupant of Walker AFB was the 509th Bombardment Wing which, among other missions was a base for B-29 Superfortress bombers.

¹⁷ Warbird News, “The Legacy of Walker AFB,” December 31, 2013, <http://warbirdsnews.com/aviation-museum-news/legacy-walker-air-force-base.html>.

B-29's are the planes that were tasked with dropping the atomic bombs on Japan at the end of World War II. Both the Enola Gay and Boxcar (the planes which dropped atomic bombs on Japan to end World War II) were stationed at Walker AFB at one time. The picture of the Enola Gay (below) was taken at the Walker AFB museum now housed at the facility which is now known as Roswell Air Center (RAC).



By June 1958, the 509th Wing had been transferred to Pease Air Force Base in New Hampshire. In March 1963, Walker AFB was ordered shut down and operations ceased in 1967 during a time of budgetary constraints brought on by the Vietnam War. Today the 509th is located at Whiteman Air Force Base in Missouri where it operates the B-2 Spirit Stealth Bomber.



Walker Air Force Base is one of the thousands of military installations closed prior to creation of the BRAC process. What has happened at Walker AFB and to the Roswell economy since the base closed? How does that compare with other communities (BRAC and non BRAC) that have experienced base closure? Finally, what should state and local leaders do today to maximize the usefulness of the old Walker AFB (RAC)?

From Closure to Present

Closure of Walker AFB in 1967 resulted in the departure of some 5,000 military personnel and an additional 5,000 support personnel according to the website *The Military Standard*.¹⁸ Walker's closure cost Roswell \$1 million a month in military payroll alone. By most all accounts and based on available data, the City of Roswell quickly went into an economic and demographic tailspin, losing a third of its population. As Frank Kaufman, a former Roswell Chamber of Commerce vice president told the *Los Angeles Times* in 1993, "We were panic-stricken, we had mixed emotions. We thought the town would collapse."¹⁹

Upon closure in 1967, ownership of Walker AFB passed from the Federal Government to the City of Roswell. Since that time the City has managed the facility. Sections of the base have been sold to a few "private" entities such as an Eastern New Mexico University campus, the New Mexico Job Corp., and the New Mexico Rehabilitation Centers. The facility is currently called the Roswell Air Center RAC and serves as a regional airport with flights to Phoenix and Dallas. An airplane "boneyard" with commercial jets either repaired or torn apart for parts is also on-site.²⁰

As the following chart shows, Roswell, especially during the 1940s and 1950s, was a fast-growing area. That growth was dramatically reversed by the closure of Walker AFB in 1968. Though the City has recovered population since Walker's closure more than 50 years ago, Roswell's growth trajectory has slowed dramatically. Between 2010 and 2018 in fact, Roswell's population has declined.²¹ An ongoing oil boom in New Mexico's Permian Basin (adjacent to Roswell) could boost the local economy and provide the kind of economic and population growth the region has not seen since Walker closed.²²

¹⁸ *The Military Standard*, "Walker Air Force Base, New Mexico,"

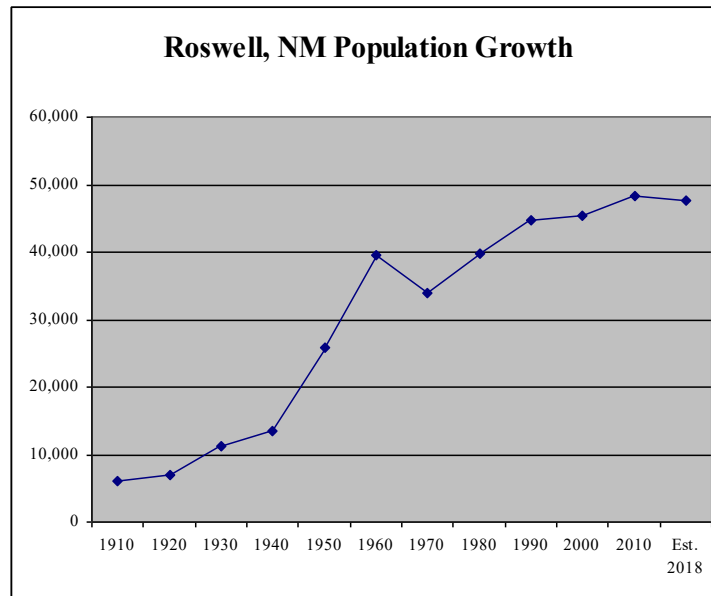
<http://themilitarystandard.com/afb/nm/walker.php>.

¹⁹ Carolene Langie, "New Mexico Town Offers Lesson in Hope to Cities Losing Military Bases : Economy: Roswell was "panic-stricken" after Walker Air Force Base closed in 1967, but now it's thriving," *Los Angeles Times*, August 15, 1993, <https://www.latimes.com/archives/la-xpm-1993-08-15-mn-24070-story.html>.

²⁰ Roswell International Air Center, "Airplane Boneyards," <https://www.airplaneboneyards.com/roswell-international-air-center-boneyard.htm>.

²¹ Roswell, NM, "Historical Population," *Wikipedia*, https://en.wikipedia.org/wiki/Roswell,_New_Mexico.

²² Adrian Hedden, "Oil companies grow Permian Basin New Mexico presence as prices dip amid global conflicts," *Carlsbad Current-Argus*, September 4, 2019, <https://www.currentargus.com/story/news/local/2019/09/04/oil-companies-grow-permian-basin-new-mexico-presence/2200225001/>.



Roswell is not alone in experiencing a downturn following the closure of a local military base. According to many studies including one by Andy Hultquist and Tricia Petras, “BRAC base closures are still associated with important and potentially negative consequences.”²³ City leaders in Roswell have spent the better part of the last five decades working to find appropriate uses for the RIAC facility.

As with any large and relatively unique facility being repurposed from one task to another, there are certain inherent challenges. Of course, there are also unusual and even rare benefits that having such a substantial military base bestowed on a local community may generate.

The Air Center is a substantial facility. It totals 5,000-acres, 4,000 of which are inside the airport fence.²⁴ RIAC also sports a 13,000-foot long runway which it inherited from the Air Force that is capable of carrying any airplane built in the world. The secondary runway is smaller and can’t hold as much weight, but it is still 10,000 feet long.²⁵ Even the shorter runway is about average for commercial airports.²⁶

To this end it is hardly a surprise that the dominant obvious use of RIAC is as the region’s airport. Currently the airport has daily flights from Roswell to Dallas and Phoenix.²⁷ With the aforementioned boom occurring in the nearby Permian Basin (and a limited number of competing airports in the region), there is obviously potential for more flights in and out of the facility.

²³ Andy Hultquist and Tricia Petras, “An Examination of the Local Economic Impact of Base Closures,” University of Pennsylvania, March 5, 2016,

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.842.404&rep=rep1&type=pdf>

²⁴ *Business View Magazine*, “Roswell International Air Center: Potential Unlimited,” July 2018,

<https://businessviewmagazine.com/roswell-international-air-center-potential-unlimited/>.

²⁵ *Ibid.*

²⁶ Dave Dargie, “How Long is an Airport’s Runway?” Stantec, <https://ideas.stantec.com/blog/how-long-is-an-airport-s-runway>, January 7, 2016.

²⁷ Roswell International Air Center, <https://www.roswell-nm.gov/307/Roswell-International-Air-Center>

Aside from the occasional commercial flight, the primary visible activity at the facility is that of an airplane “boneyard.” Photos of some of the planes being dismantled and repaired are available in the “Site Tour” section at the end of this paper. A “boneyard” involves jet planes being parked at the facility and either repaired or scrapped and used for parts. While RIAC’s large runways and dry climate are ideal for airplane repair and “boneyard” activities, Roswell’s leaders and economic developers envision more high-dollar, job creating activities at the facility.

While RIAC is a former air force base with lots of aviation amenities (like those runways), many of the major developments at the facility since it closed have had nothing to do with aviation. Among the first entities to move to RIAC after Walker’s closure was a branch of Eastern New Mexico University (ENMU). “In 1967, it moved out to the Walker Air Force base property and about 250 acres were deeded over to the college. The University assumed ownership of many of the buildings on the base – officers’ club, mess hall, a number of dorms, meeting facilities. And, because it was on an Air Force base it immediately took on an aviation focus.”²⁸

Because ENMU is a State school, it is hard to consider the shift of its Roswell campus much of a private sector economic victory for RIAC, but the *Los Angeles Times* cited it among a handful of what it considered successes from its vantage point in a 1993 article written about the Community’s efforts to recover from the Base’s closure.

In the early 1990s one seemingly successful RIAC business was Levi Strauss which at the time was manufacturing its signature blue jeans at a factory located at the facility. At the time of the *Times* article the factory employed 720 people and had “moved into a large building on the air center property, though it since had moved to a larger facility just outside the center.” Unfortunately, by 1997 Levi Strauss completely closed its manufacturing facility in Roswell.²⁹

Another manufacturing company mentioned in the *Times* article was Transportation Manufacturing Corporation. The company was formed in 1974 by Greyhound Bus Lines to manufacture buses. Its factory opened at RIAC in 1974.³⁰ At its peak the company employed 2,250 people, but several recession-era layoffs reduced the work force to about 1,000. The facility closed in 2003 and was reopened under Millennium Transit Services LLC. Unfortunately, that company ceased bus manufacturing in Roswell again (and seemingly permanently) in 2012.³¹

The picture below was taken of the abandoned bus manufacturing facility at RIAC during a tour of the facility on June 27, 2018.

²⁸ *Business View Magazine*, “Roswell International Air Center: Potential Unlimited,” July 2018, <https://businessviewmagazine.com/roswell-international-air-center-potential-unlimited/>.

²⁹ AP, “Levi’s to close 11 plants, cut a third of Jobs,” *Los Angeles Times*, November 4, 1997, <https://www.latimes.com/archives/la-xpm-1997-nov-04-fi-50008-story.html>.

³⁰ Wikipedia, “Transportation Manufacturing Corporation” https://en.wikipedia.org/wiki/Transportation_Manufacturing_Corporation, and Wikipedia, “Millennium Transit Services,” https://en.wikipedia.org/wiki/Rapid_Transit_Series#Millennium_Transit_Services.

³¹ *Ibid*.



In the summer of 2018, the lead author of this report had an opportunity to tour RIAC with Roswell Mayor (and longtime resident) Dennis Kintigh. Before becoming Mayor, Kintigh served as a Republican member of the New Mexico Legislature.

In discussing the RIAC facility with Mayor Kintigh, the Mayor stated the following, “I’ve heard in a rural environment there’s really only three serious economic activities that function extraction, agriculture, and tourism...Manufacturing doesn’t really work and it doesn’t really work because you don’t have the subcontractors you don’t have the suppliers you don’t have the vendors that will support...in the modern manufacturing era you’ve got to have all kinds of suppliers that are close by...here they just parachute in a bus plant with nothing else around it.”³²

Is Mayor Kintigh right? Are manufacturing efforts at the RIAC facility going to inevitably suffer from a lack of geographical proximity to markets and suppliers? It is certainly a plausible argument. It is also notable that New Mexico in general is not a particularly business-friendly state. Analysts from across the political spectrum have noted (and often decried) the State’s heavy economic reliance on extractive industry and the federal government.³³

The question of whether the Roswell area is capable of attracting and building the kinds of manufacturing jobs that have traditionally formed the basis of economic development efforts will be discussed in more detail later on in this section.

In terms of measuring today’s overall impact of RIAC on the local economy, it is difficult to come to a reliable answer. But, a recent analysis of the financial situation at RIAC itself showed the facility to be deep in red ink.

The 10-year growth has been 18 percent for aeronautical income and 21 percent for non-aeronautical. The 2019 budget, which ends in June, is expected to see total

³² Roswell Mayor Dennis Kintigh, during interview and site visit conducted on June 27, 2018.

³³ Bruce Krasnow and Milan Simonich, “Short Term Fixes Show Dependence on Oil, Feds,” *Santa Fe New Mexican*, February 20, 2016, https://www.santafenewmexican.com/news/local_news/state-s-short-term-fixes-show-dependence-on-oil-feds/article_d1410b24-d867-11e5-afbc-bb69f39e5079.html.

aeronautical revenues of \$1,245,790 and total non-aeronautical revenues of \$1,873,696. But net income, when not considering such items as grant activity, passenger facility charges, interest income and fund transfers, has been in the red all but two years since 2010. For 2019, the net loss is at estimated at \$3,897,897.³⁴

There is no doubt that the RIAC facility is not being used as well as many in Roswell believe it *should* be. In fact, this has spurred a great deal of discussion in the Roswell community and even action by Congress relating to how to make the most of the facility. Here are some of the recent actions taken or discussions held relating to maximizing RIAC:

- In 2019 the New Mexico Legislature adopted a bill allowing establishment of an independent air authority³⁵ RIAC is currently owned and operated by the City of Roswell while some argue that an independent authority would do a better job.
- A recent study was released which found that in 9 of the past 11 years the facility failed to pay for itself. According to the latest data in FY 2020 RIAC is projected to lose \$986,299.³⁶
- In 2018 an amendment from New Mexico Congressman Steve Pearce was added to an FAA Authorization bill to help RIAC and other former military installations that have been converted to public use, civilian airports to apply for federal dollars for a variety of projects such as hangers, access roads, or fuel farms.³⁷

Having studied and looked at the challenges facing the Roswell community in how to better integrate RIAC into the local economy, it is the opinion of the authors of this report that the particulars of management are a side issue. The Rio Grande Foundation as an organization carefully considers the pluses and minuses of all kinds of government or non-governmental management (typically choosing private sector). But, a semi-private entity will face many of the same challenges as the current government-owned structure. It is hard to imagine completely private management taking on the project and it is hard to imagine the City simply washing their hands of the facility and selling it off completely (especially with RIAC serving as the airport).

So, a “private” management model will more closely resemble the “private” management of the New Mexico Rail Runner Express train which runs from Santa Fe to Belen, New Mexico, than anything else. Having the train managed by a private company is undoubtedly beneficial for the expertise of managing train systems, but the financials of the Rail Runner are terrible. Who

³⁴ Lisa Dunlap, “Financials Show Air Center Losses,” *Roswell Daily-Record*, March 22, 2019, <https://www.rdrnews.com/2019/03/22/financials-show-air-center-losses/>.

³⁵ Alex Ross, “Air Authority Legislation Signed by Gov.,” Feb. 5, 2019, <https://www.chavescounty.net/air-authority-legislation-signed-by-governor/>.

³⁶ Lisa Dunlap, “City Releases Report on Authority Issues,” *Roswell Daily-Record*, Lisa Dunlap, June 22, 2019, <https://www.rdrnews.com/2019/06/22/city-releases-report-on-air-authority-issues/>.

³⁷ US Representative Steve Pearce, “Pearce Amendment Passes To Support Airport Development,” *Los Alamos Daily Post*, April 28, 2018, <https://www.ladailypost.com/content/pearce-amendment-passes-support-airport-development>.

manages the system is less relevant than the inherent level of desire for commuter rail in the Rio Grande Corridor.³⁸ The same is likely true for RIAC.

To summarize, the closure of Walker AFB and the subsequent creation of RIAC were likely never going to be as smooth given the economic and political realities of New Mexico. Roswell is a modest-sized city that, unlike Michigan, is relatively far-removed from the supply lines and infrastructure available in the Midwest. Base closure can often be a painless process in major cities where land is at a premium and local businesses are eager to build on it, but in rural New Mexico it is far more challenging and no amount of job training or BRAC-oriented funding is going to change that.

To the extent that Walker is underutilized it is difficult to fault Roswell or its political leaders like Mayor Kintigh. The RIAC facility appears to have potential as an economic driver for Roswell and Chaves County as a whole. That being said, the current situation is not ideal and it is costing the community money.

The facility has been in the City's hands for more than 50 years now. It is old and needs to be maintained. As the Air Center's Director Scott Stark notes, while growth and expansion are top priorities for RAC, so is maintenance. "We have more potential projects than the FAA can ever fund," Stark avers.³⁹

Two years ago, we completed a project on our large runway, which was a full reconstruction. That was a \$22 million project, which was co-funded by the FAA, the state, and the city. Last year, we had one taxiway, where the original geometry that was done by the Air Force was not the best or safest for a civilian-run airport. So, that needed to be redone. We spent almost a million dollars in FAA, state, and city funding to redo that. For FY '19, we'll be doing a runway project on the other runway for maintenance. We'll be milling off the top two inches and filling that back in with new asphalt to get it back up to grade. That will be about a million dollar project, as well.⁴⁰

Finally, Stark cited the facility's out-of-date electrical grid as yet another project that will require investment on the part of the federal and city governments as well as the local electricity provider. Owning and maintaining a former Air Force base holds certain opportunities, but it is also expensive for the federal and local governments alike.

From the perspective of Washington and the federal government offloading an old Air Force Base onto a small New Mexico community may be a sound financial move. For local officials like those in Roswell it might feel sometimes like their "Uncle Sam" gave them an old car that has turned out to be a money-sucking "lemon." It would be nice to see some action from Santa Fe to reform New Mexico's private sector economy in ways that help lead to maximization of the facility and its capacity due to sheer demand. The oil boom is an opportunity to do just that.

³⁸ Herzog, "New Mexico RailRunner Express," <https://www.herzog.com/project/new-mexico-rail-runner-express/>.

³⁹ *Business View Magazine*, "Roswell International Air Center: Potential Unlimited," July 2018, <https://businessviewmagazine.com/roswell-international-air-center-potential-unlimited/>.

⁴⁰ *Ibid.*

BRAC Successes

As we have seen with RIAC base closures lead to varying results. RIAC has teetered between a success and a failure over the decades. Strong economic growth or unique opportunities have often made it appear successful, but it remains a challenge to keep the RIAC facility in good order and it has been expensive as well. Nationwide, it would appear that most BRAC's are somewhat more successful than RIAC has been especially given the fact that the Base has been closed for over 50 years. According to the DoD's Office of Economic Adjustment, "from 1988 through 1995 for the more than 70 local redevelopment efforts that report on their progress annually, redevelopment activity through October 31, 2004 has resulted in the creation of 110,000 jobs or 85% of the 130,000 civilian jobs lost as a result of BRAC actions."⁴¹ In other words, communities across the nation have been able to find adequate employment for their civilian workers in the wake of base closures.

Numerous BRAC "success stories" can be cited. The Philadelphia Naval Shipyard redevelopment which started in the early 2000s is one example as is the redevelopment of Bergstrom Air Base Force Base near Austin, Texas.⁴² As Smith and Preble write,

The Navy Yard is now home to a diverse array of companies, including GlaxoSmithKline and the headquarters of apparel maker Urban Outfitters. By 2013, the various companies at the complex employed over 10,000 people, with an increase of over 10,000 expected in the next 15 years. In 2012, the yard generated \$30 million in city wages, and another \$47 million in state income and sales tax revenue. In short, Philadelphia is expanding with innovation, jobs, and optimism. The closure of the Philadelphia naval base did not stop this from happening; on the contrary, it may have inspired the proud city.⁴³

Outside the fast-growing city of Austin, Texas, Bergstrom Air Force Base's closure has done little to slow the growth of one of America's most dynamic and exciting cities. In fact, the closed base became what is now Austin's airport. Having a significant tract of land with existing infrastructure certainly eased the BRAC transition.

In our review of the literature on base closings it became clear that major urban centers have an easier time replacing the jobs and economic impact of military installations. After all, Americans are generally moving to urban areas already, plus, having some land freed up in a densely-packed urban area (like Philadelphia) or a fast-growing area (like Austin) can be an economic boon rather than a blow to the economy.

But, all hope is not lost for rural communities like Roswell. Kincheloe Air Force Base in sparsely-populated Chippewa County, Michigan (in the Upper Peninsula) is one rural base closure success story.

⁴¹ Office of Economic Adjustment, Department of Defense, "Responding to Change: Communities and BRAC," December 2005, [file:///C:/Users/pgess/Downloads/responding_to_change%20\(2\).pdf](file:///C:/Users/pgess/Downloads/responding_to_change%20(2).pdf).

⁴² Rep. Adam Smith and Christopher Preble, "Another BRAC Now! *Strategic Studies Quarterly*, Spring 2018, <https://object.cato.org/sites/cato.org/files/articles/smith.pdf>.

⁴³ *Ibid.*

The base was closed in 1977 resulting in the redeployment of 3,200 military personnel and 700 civilian workers being laid off.⁴⁴ Sparsely-populated Chippewa County quickly lost one-third of its population. Officials feared the jobless rate would reach 40 percent. As the *Chicago Tribune* put it in a 1989 article on BRAC's impact on the County⁴⁵:

Kincheloe, now called the Chippewa County Air/Industrial Park, has 48 new businesses and services, including 13 manufacturers, a state prison complex and an airport with support services.

About 2,000 people have jobs there, compared to the 737 jobs lost when the base closed. A bank, two video stores, a medical clinic, pharmacy, tavern, large motel, church and hardware store have sprung up.

Half of the 1,200 renovated former military housing units are filled and there is an 18-hole golf course.

While direct comparisons of Roswell, NM and Chippewa County, MI are very difficult, it does appear that the redevelopment done in Chippewa County has been more successful than what happened in Roswell.

Here is an aerial photo taken of the Chippewa County Air/Industrial Park:

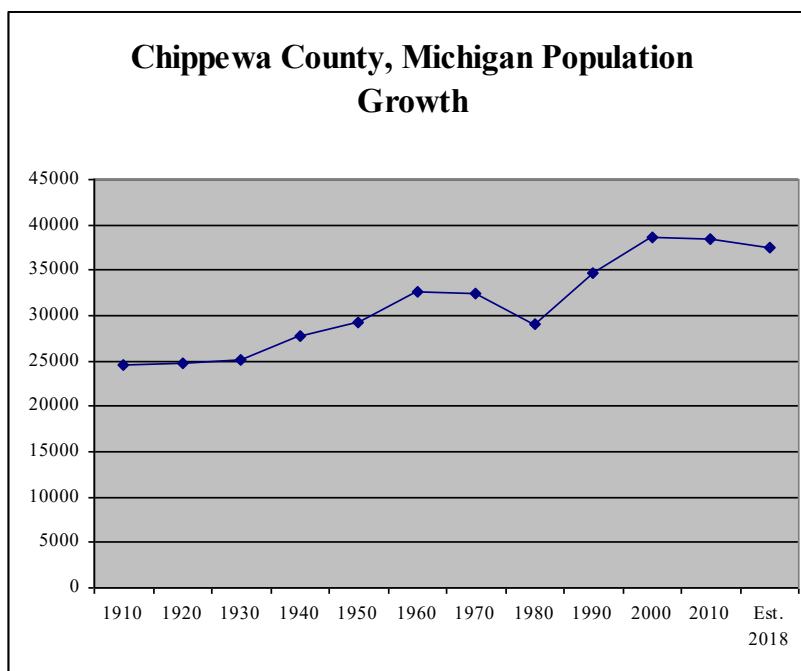


Facilities appear to be modern, well-maintained, and the facility seems to be in demand, the facility is cited frequently as a rural BRAC success. According to the *LA Times* story:

⁴⁴ Donald W. Nauss, "Life After Taps Plays at the Base," *Los Angeles Times*, March 30, 1993, <https://www.latimes.com/archives/la-xpm-1993-03-30-mn-16787-story.html>.

⁴⁵ Rogers Worthington with David Ibata, "For Some, Base Closings Open Door to Success," *Chicago Tribune*, January 8, 1989, <https://www.chicagotribune.com/news/ct-xpm-1989-01-08-8902230698-story.html>.

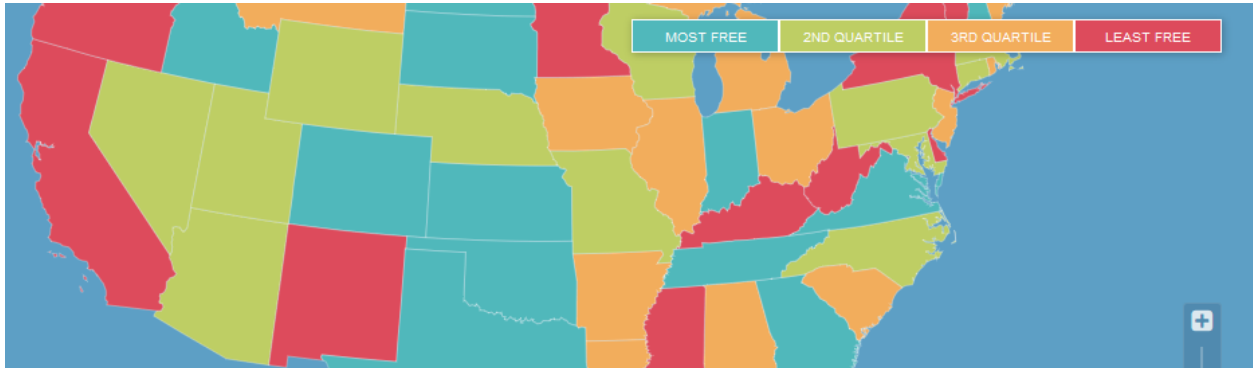
- * Develop a reuse plan before the base is closed. Seek federal funding for the study but insist on local control.
- * Form a strong organization of state and local government officials to deal with federal authorities. Consider a base conversion authority to serve as an interim local government.
- * Aggressively pursue funding for the transition on all levels--local, state and federal.
- * Organize a broad-based conversion effort that is determined, persistent and draws on the skills of a wide range of individuals and groups.



Economic Reforms Needed

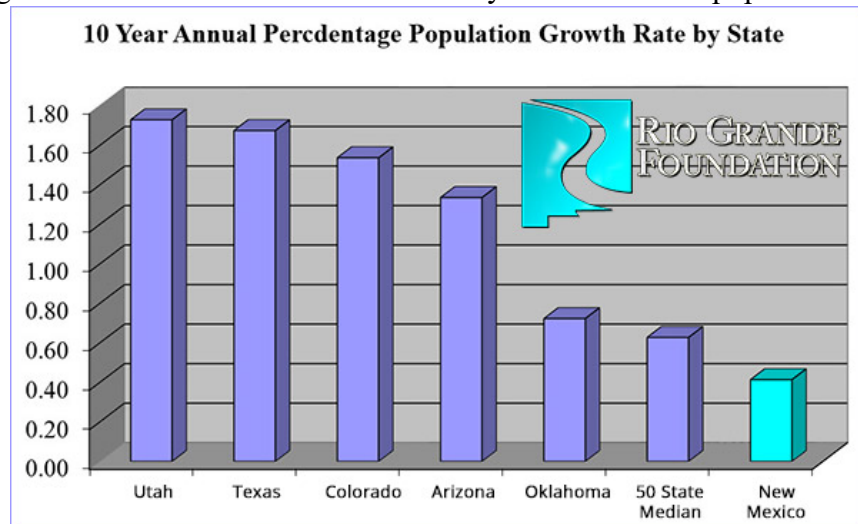
The following map is from the “2019 Index of Economic Freedom,” a report put together every year by the Canada-based free market think tank the Fraser Institute.⁴⁶ The report ranks every US state based on a variety of indices relating to economic freedom which include government spending, taxes, and regulations. In 2019 New Mexico ranked 45th in the report (firmly in the bottom quartile) while its neighbors are all either in the top quartile or the 2nd-most free group.

⁴⁶ Dean Stansel, Jose Torra, Fred McMahon, “Economic Freedom of North America 2019,” Fraser Institute, <https://www.fraserinstitute.org/sites/default/files/economic-freedom-of-north-america-2019-US-edition.pdf>.



This report is one of dozens that give New Mexico poor marks as a destination for business and economic activity. CNBC’s annual “Top States for Doing Business” ranks US states based on how friendly to business they are and New Mexico came in 41st in 2019.⁴⁷ The point is that, as discussed previously, New Mexico is a large, sparsely populated area. As Mayor Kintigh noted in his comments, Roswell in particular is somewhat far from supply lines and major markets.

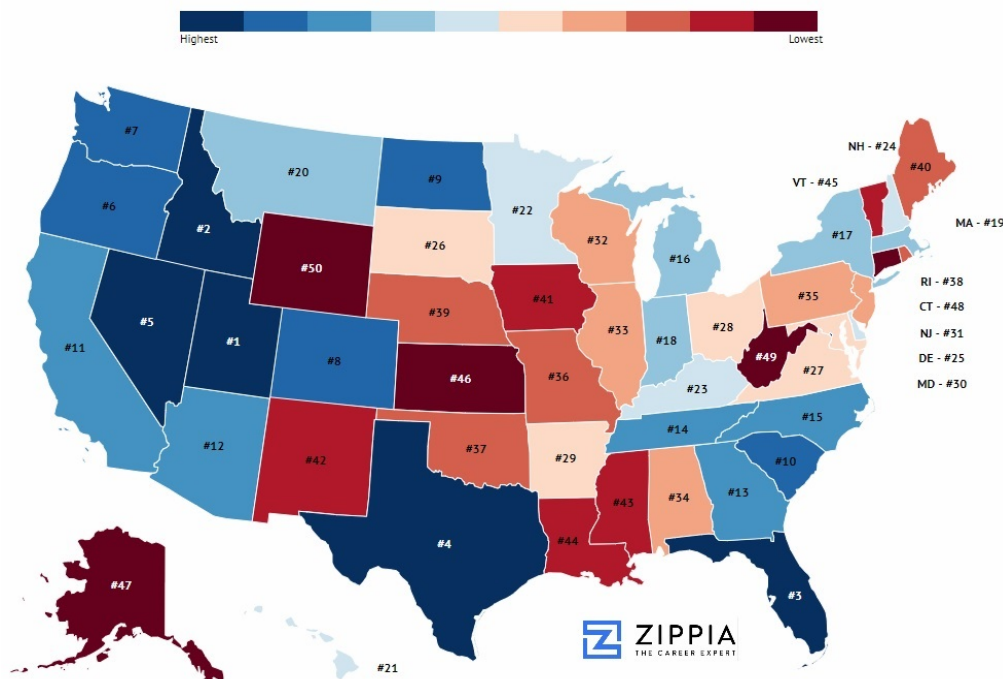
These challenges are not insurmountable, however. New Mexico is surrounded by some of the fastest-growing states in the nation both economically and in terms of population.



<https://www.pewtrusts.org/-/media/assets/2019/02/state-population-growth-2018.pdf>

⁴⁷ CNBC Staff, “America’s Best States for Business 2019,” CNBC, July 10, 2019, <https://www.cnbc.com/2019/07/10/americas-top-states-for-business-2019.html>.

States With The Highest Job Growth In The Last 10 Years



<https://www.zippia.com/research/job-report/> (chart is from April 2019)

If the Legislature were to become more friendly to economic development, it would not solve RIAC's problems overnight, but it would help move the facility along with Roswell and the entire State of New Mexico in a better direction economically. This analysis and research is the specialty of the Rio Grande Foundation and ample research is available at www.riograndefoundation.org but here are a few specific issues to work on. Of course, many of these recommendations would be of value to other States as well.

- 1) **Taxes:** On their face, New Mexico's "Big Three" taxes don't seem particularly high. Its income and property taxes are comparable to those applied in neighboring Arizona, Utah, and Colorado. Texas has no income tax but applies higher property taxes. What sets New Mexico apart is its gross receipts tax (GRT) which is applied at rates similar to sales taxes in many states.

The GRT in Albuquerque which is applied at a lower rate than in other major cities is 7.875%. But, unlike sales taxes which are only levied at the point of sale, the GRT is applied at repeated stages of production and taxes numerous business inputs and services which are not taxed in other states. The issue is complicated and a complete explanation is beyond the scope of this paper, but is discussed in detail in "New Mexico's Harmful Gross Receipts Tax: A Warning to Other States."⁴⁸

New Mexico has recently seen an oil boom unprecedented in State history which has carried it to 3rd among US states in overall oil production and dramatically boosted

⁴⁸ Paul Gessing and Harry Messenheimer, PhD, "New Mexico's Harmful Gross Receipts Tax: A Warning to Other States," January 29, 2007, https://riograndefoundation.org/downloads/combined_grt.pdf.

State revenues.⁴⁹ If policymakers wish to really make New Mexico competitive with neighboring states in short order, they could lower anti-growth taxes including income and capital gains taxes to rates below those found in neighboring states. Given the current political climate in the State this seems unlikely.

- 2) **Regulation:** Overall, New Mexico's regulatory burden is considered somewhat worse than average. The Cato Institute, for example, ranked the State's regulatory burden 34th in its 2017-2018 "Freedom in the 50 States" index.⁵⁰ Of particular importance is the State's lack of a "Right to Work" law and the onerous regime of occupational licensing laws on the books in the State.⁵¹ Making New Mexico an easier place to work would benefit businesses and workers in the Land of Enchantment and make it a more attractive location for job growth.
- 3) **Education:** New Mexico perpetually finds itself at the very bottom of various education performance rankings, most notably the respected National Assessment of Educational Progress. This is not entirely a shock due to the State's challenging demographics and poverty numbers, but New Mexico can and must do better if it is to be a more attractive place for business.

Importantly, even once New Mexico's education metrics are adjusted based on income and demographics (as the Urban Institute has attempted to do), New Mexico's educational outcomes are wanting.⁵²

Addressing these broad policy areas with robust reforms would be extremely helpful in getting the New Mexico economy moving in the right direction. Stronger economic growth in New Mexico as a whole would help increase demand for the offerings at RIAC as a whole. All states dealing with the closure of a military base should consider policies that broadly impact economic growth as within the State.

In terms of the federal programs designed to aid communities, it seems hard to fathom what more could be done to ease the transition. Perhaps the Federal Government could consider likely impacts on local communities and ease of transition as factors in BRAC decisions, but it would be unwise to give communities like Roswell undue advantage due to the sheer incompetence of the State's economic policymakers.

Update

The Foundation had intended to release this report shortly after the 2020 New Mexico Legislative session, but before Gov. Lujan Grisham's signing period ended the global COVID 19 pandemic broke out and dramatically impacted New Mexicans. The economic impacts of this

⁴⁹ Simon Romero, "New Mexico's Oil Boom: Bounty for one of Country's Poorest States," *New York Times*, October 27, 2019, <https://www.nytimes.com/2019/10/27/us/new-mexico-oil.html>.

⁵⁰ William Ruger and Jason Sorens, "Freedom in the 50 States," Cato Institute, <https://www.freedominthe50states.org/regulatory/new-mexico>.

⁵¹ Institute for Justice, "License to Work-2nd edition," <https://ij.org/report/license-work-2/>.

⁵² Matthew Chingos and Kristin Blagg, "How do states really stack up on the NAEP?" Urban Institute, October 27, 2015, <https://www.urban.org/urban-wire/how-do-states-really-stack-2015-naep>.

situation are too many to address here, however the situation has been at least a temporary boon to the RAC and even the Roswell economy as a whole. Per a discussion in June 2020 with Mayor Dennis Kintigh, “150 planes (either for repair or to be scrapped) were here already prior to the pandemic. An *additional* 310 planes have arrived since March 18th. An additional 175 workers (as measured by the number of badges issued to get on the flight line) from American, United, Frontier (airlines) and under contract with local Maintenance Repair and Operations companies.

In other words, the air travel slowdown resulting from the COVID 19 epidemic has been a boost for the RAC and at least one part of the Roswell economy. This is not something that could have been planned for but it is a notable recent development in Roswell’s saga to make use of the old Walker Air Force Base in the (long) wake of its BRAC closure more than 50 years ago.

Conclusion

In conclusion, Roswell faces a number of uphill challenges when it comes to maximizing the utility of the closed Air Force Base that is now RIAC. As a rural community it does not have the “critical mass” economically that some generally economically-struggling areas (like Philadelphia) have in order to revitalize closed military bases. So, it would seem that the best way to make RIAC a success is for policymakers in Santa Fe to get serious about making New Mexico a more attractive destination for jobs and economic growth.

Base closures present both challenges and opportunities for communities. In dense urban areas, even those suffering from high taxes and net population declines, freeing up valuable land to be developed can be a real boon. In rural areas with healthy, functioning economies, closures can be dealt with in ways that minimize economic harm. But, in rural areas like Roswell, New Mexico that also suffer from undesirable economic policies, base closure can expose and exacerbate underlying economic problems.

RIAC Tour

The Rio Grande Foundation was given a special opportunity to tour the RIAC facility thanks to Roswell Mayor Dennis Kintigh. What follows is a series of photos. The pictures illustrate both the degradation of the facility as well as the potential of the site.





In a subsequent visit to Roswell in September, 2019, the author snapped the photo below. As American Airlines has retired its MD-80 jets, many of them have been sent to RIAC to be dismantled. This is a prototypical “boneyard” operation.⁵³



In the category of more forward-looking aviation businesses operating out of RAC, a fire fighting company flies flights out of RAC. Though Roswell is in a high desert plain, there are several significant mountain regions throughout New Mexico. Hosting fire fighting planes with the heavy planes (long-runways) and equipment necessary is seemingly an ideal business for the Air Center to host although it is hard to say just how many such operations are needed in the region.

⁵³ American Airlines, “American Airlines Retires Its MD-80 Fleet to Boneyard in Roswell, New Mexico,” Youtube, <https://www.youtube.com/watch?v=vENY5H3oXb0>, September 4, 2019.



Finally, Sceye, Inc. is a new company developing an airship capable of stratospheric flight to conduct observations or provide high-speed communication connections.⁵⁴ Their hanger (seen below) was damaged in a March windstorm that also caused significant damage to the airship. Nonetheless, the company's cutting-edge technology and seeming fit for RIAC are cause for optimism among many involved with RIAC.



About the Authors

Paul Gessing is president of the Rio Grande Foundation and both Colin McGlinchey and Raul Ayala are Policy Analysts with the Foundation

The Rio Grande Foundation is an independent, non-partisan, tax-exempt research and educational organization dedicated to promoting prosperity for New Mexico based on principles of limited government, economic freedom and individual responsibility. Find out more about the Rio Grande Foundation at www.riograndefoundation.org

⁵⁴ Lisa Dunlap, "NM Gives \$2 million Loan to Airship Inventor," *Roswell Daily-Record*, May 19, 2019, <https://www.rdrnews.com/2019/05/19/nm-gives-2m-loan-to-airship-inventor/>.