

# Los Angeles

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### Private developers to build complex at air base

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**Thursday, January 29, 2004** - Efforts to keep Los Angeles Air Force Base from being closed received a boost on Thursday when a private development group signed a \$500 million deal with the military to build a new office complex at the El Segundo facility.

"This is a very big deal," said Jack Kyser, chief economist at the Los Angeles County Economic Development Corp. and a strong proponent for keeping the base off the list of facilities that will be targeted for closure.

The facility, near Los Angeles International Airport, is responsible for about 65,000 jobs and \$3.3 billion in wages for workers from the Antelope Valley through Orange County, he said. The base has an annual budget of about \$10 billion and employs 5,000 people.

The contract with the Air Force and a partnership of Los Angeles-based Kearny Real Estate Co., San Francisco-based Catellus Development Corp. and New York-based Morgan Stanley calls for a 542,000-square-foot office park on 107 acres at the base.

The deal is important because there was no money in the federal budget to upgrade the buildings at the base, and this increased the possibility that its jobs and economic impact could be moved elsewhere in the country.

"The buildings are rather old and there are significant seismic concerns about, say you're going to have to spend a lot of money to fix it," Kyser said.

Colorado Springs is one city that is actively counting the business that has a low profile but important role in Southern California's economy.

"If you go to Los Angeles Air Force Base's Web site it says, we are vulnerable. If there wasn't a perceived vulnerability, do you think there would be this much attention?" Robert "Rocky" Scott, president of the Colorado Springs Economic Development Corp., told the Daily News earlier this week.

This deal could reduce that vulnerability since the Air Force is essentially getting a new base.

"No airplanes fly in and out. This is all intellectual capacity," said Gary McKitterick, a partner at the Irvine-based law firm Allen, Matkins, Leck, Gamble and Mallory, which represented the development partners.

The deal also calls for the Air Force to give 52 acres to the city of Hawthorne for development of about 900 residential units.

The Air Force selected Kearny and Catellus to redevelop the base late last year.

The base does missile system procurement and the announcement will also likely boost major pre-emptive lobbying under way in Washington to keep the base here.

The Pentagon won't decide for at least another year which of the nation's 425 military bases will be closed or relocated.