

Community Reuse Organization of East Tennessee (CROET) – a brief history, part 2

(As published in The Oak Ridger's Historically Speaking column on December 2, 2008)

Last week in the first part of the history of CROET, the Community Reuse Organization of East Tennessee, reference was made to legislation that established Community Reuse Organizations in the various areas where the Department of Energy had legacy facilities. Oak Ridge was noted as being among those adversely impacted areas resulting from the Manhattan Project and the Cold War.

While the intent of the legislation was to aid those communities where such adverse impact existed, the initiative did not get off to a good start in many respects. Almost exactly when the legislation was enacted, the reductions in the workforce, being so immediate, took precedent and were the primary focus of the effort. The Community Reuse Organization, while well intended, seemed to struggle to gain a foothold in all communities, Oak Ridge being no exception – prior to the creation of CROET.

To put the history of CROET in the East Tennessee region into its proper perspective, it may help to think of this history in three distinct phases, 1) the early years of leasing facilities and obtaining grants, 2) the changes brought about by the accelerated clean up initiative at the K-25/East Tennessee Technology Park which caused the lease arrangement to be curtailed, and 3) the era of transferring of buildings and land to CROET for economic development.

This last stage has been the long-range goal of DOE all along, but pressing maintenance issues of underutilized buildings and facilities in need of substantial improvements before transfer could be considered has of necessity delayed transfer until relatively recent years. The initial strategy of leasing facilities and buildings while requiring the necessary improvements through bartering and lease discounting was proven to produce substantial positive results.

Such arrangements as taking the many machine tools left over from the gaseous diffusion operations at the K-25 site and making them available to the companies leasing the buildings in exchange for clean up building upgrades and improvements to the machines like computerizing the controls. Also of great importance was the use of a portion of the utilities payments from the leasing companies to improve the infrastructure of the site.

This method of reindustrialization has enabled DOE to take potential liabilities and turn them into community assets that private sector industry can lease or purchase and use for profit while also continuing to provide DOE access to needed services on site. By CROET working closely with DOE, a win/win/win situation has been created.

The first years of CROET which began in 1996 showed tremendous progress in leasing facilities and by 1999 had succeeded in executing 39 subleases of the 56 total DOE leases with 32 different companies.

Approximately 1,000 employees of the 1,500 site workers were employees of the lessee companies. However, leasing DOE facilities was not as easy to do as one might think. Initial leasing efforts were painfully slow for a year or more until CROET became recognized and accepted in the leasing market place. The reality of the acceptable condition of the site needed time to overcome the jaded public image of the buildings on a site known to have been used to enrich uranium. After the first few successes, the number of leases began to pick up as the leasing market recognized the significant opportunities.

The years from 1993 to 1996 were ones of tremendous growth in understanding and struggle to implement the intended directives. It was during these years that a huge amount of grants were available and the primary emphasis was to form a community organization that could agree on the most appropriate and equitable application of the available grants.

Publication of *Interim Planning Guidance for Contractor Work Force Restructuring*, dated April 5, 1995, is but one example of attempts to clarify the intent of the directive. While this helped tremendously, the struggle continued regarding the best mix of business leaders, community and regional organizations,

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and interested citizens to include in a board that would promote consensus and agreement on methods for implementing grants and issuing leases.

The resulting 41 member board of directors for CROET, while large and unwieldy, did succeed in creating a tremendously diverse yet comprehensive representative governing body for the tumultuous times. Although this arrangement turned out to be needed for only a few years, it was vital to the evolution of the CROET and the resulting cooperative arrangement with DOE.

As mentioned above, it was during those early years that a primary emphasis was on obtaining grants. Some \$56 million in a variety of grants were obtained. Many of the early grants went toward the Workforce Restructuring initiative. The Manufacturing Skills campus and the Oak Ridge centers for Manufacturing Technology, both at Y-12, were the recipient of \$27 million, nearly half of the full amount! Many changes took place in the early 1990's. The "downsizing" was wreaking havoc in Oak Ridge and the surrounding communities of East Tennessee impacted by the changes in the federal presence at Oak Ridge. But some far-sighted individuals were already looking at economic development opportunities beyond just the immediate problem of workers being laid off.

Fortunately, and even before the major impact of community reuse organizations was felt, the R-AEC became closely affiliated with the Oak Ridge Chamber of Commerce in an attempt to hire a professional staff and consolidate functions. This initiative better positioned the organization for unique opportunities for economic development that was soon to come from DOE.

The Oak Ridge Chamber of Commerce president at the time was Tom Rogers, its vice president was Lawrence Young. It was the initiative of these individuals along with such early leaders of CROET as Jeff Bostock, Bill Manly, Pete Craven, Joe Lenhard, Dave Patterson along with Ken Yeager, then Roane County Executive, that resulted in the unique cooperative arrangement between the East Tennessee region and DOE.

Jim Hall, manager of DOE Oak Ridge Operations at the time and his staff, were also instrumental in implementing the innovative new approach. Gerald Boyd and his staff continue this encouraging and cooperative effort today and have even taken it to new levels as the latest era of transferring buildings and property is growing and proving to be the most successful of all the stages of evolution of the reindustrialization initiative begun some 15 years ago!

Also of interest in this history of CROET, as we trace its early beginning, is the search to create the best organizational model to implement ALL the aspects of the DOE's section 3161 of the Defense Authorization Act of 1993. This was a huge undertaking without precedent. It was not fully understood nor appreciated at the time, but brave souls gave it their all in trying to understand and implement the new directive.

It was during this time of transition to the designated Community Reuse Organization, that under the Oak Ridge Chamber of Commerce's umbrella, the R-AEC (Roane-Anderson Economic Council) organization broadened its scope to include five East Tennessee counties, and changed its name to reflect its new mode of operation, thus becoming the East Tennessee Economic Council. While ETEC continues today, its role as the community reuse organization was short-lived.

That community reuse function grew to be such a huge endeavor that it was spun off into a new organization, CROET, in 1996. The next several months were spent determining exactly what that meant. In January 1998, the bylaws that had been developed were revised and specific details of the organization's functions outlined and finalized.

The transition to CROET in 1996 served to intensify the economic development efforts. The workforce reduction situation was somewhat stabilized with such initiatives as the implementation of the

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Manufacturing Skills Campus at Y-12 which provided career change training for crafts. This training enabled skilled workers who were in craft areas where the need for their skills were diminished to train for craft areas where their skills were needed. Without the grants provided through CROET, this tremendously successful effort could not have been realized.

The focus of the CRO also included the actual transfer of property. This is the most visible result of the CROET's efforts. Industrial parks began to be realities.

The Horizon Center played a pivotal role in the expansion of utilities infrastructure toward the western portion of Oak Ridge. Without the key implementation of that industrial park, funded by a \$12 million grant through CROET, the Oak Ridge city infrastructure could not have been expanded westward to the point where Rarity Ridge could be connected and the Heritage Center infrastructure could be transferred to the city (which is an ongoing initiative).

The funding through grants continued and by 2001 such initiatives as the creation of Technology 2020, the 21st Century Jobs Initiative (the precursor of the currently successful Jobs Now initiative). The funding through grants was spread throughout the five counties for various economic development initiatives. Without CROET and its predecessor CRO organizations, R-AEC/ETEC, and the initiative of a few key individuals with tremendous vision, these funds could not have been granted and the resulting positive actions realized. Results in job creation by this same timeframe indicated some 5,980 jobs created or retained through economic development efforts. This was the second largest total in the whole of DOE with only Savannah River exceeding the East Tennessee area.

So, the first efforts toward implementing a "Workforce Restructuring Plan" ultimately led to the creation of a unique organization whose primary function is to act as its community's single voice to the DOE for economic development issues. The CROET is to coordinate all local economic development planning and management efforts that address DOE-related impacts.

CROET provides a broad representation of affected communities across East Tennessee. The organization is intended to receive funds or underutilized facilities and property from DOE to implement approved economic development projects.

The initial function of the community reuse organization consisted of grants management, leasing facilities and buildings and improving those potential liabilities to DOE into assets. That early and innovative approach has created community assets that private industry now finds attractive and results in building and property transfers. CROET performs a unique service to both DOE and the East Tennessee region.

While the early organizational model of 41 representatives from various community organizations served the times well and enabled consensus building, a more recent need to focus specific attention on the various aspects of CROET's current functions has resulted in the creation of sub-corporations. The limited liability corporations are: the Heritage Center, the Horizon Center, the Heritage Railroad Corporation (a most usual but highly successful endeavor) and the recently created Halcyon LLC that is developing and will manage the Oak Ridge Science and Technology Park, the first private business park to be built within the boundaries of a national laboratory.

Next week we will look more closely at recent activities of CROET and will cite specific accomplishments to date as well as identify goals for the future.

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First sublease being signed between CROET and American Technologies, Inc. on May 6, 1996 – pictured are seated, Cindy Hunter (DOE-ORO); Joe Lenhard (CROET) and standing are Lal Loiselle (ATI); Larry Clark (DOE0ORO); and Robert Brown (DOE-ORO)

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“The Missing Link” – without the infrastructure in CROET’s Horizon Center, Oak Ridge’s westward expansion would not have been possible.