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Deal may save Luke

Developers propose land swaps

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The threat of residential encroachment on Luke Air Force Base could be virtually eliminated if two real estate groups pull off major land trades around the base and its Auxiliary Airfield 1.

The groups' plans hinge on obtaining private land in high-noise zones and trading it for some federal Bureau of Land Management property. The groups could then reap profits by developing those BLM tracts.

Farming near the base likely would continue under lease arrangements with the federal government.

There is a lot of support among Luke protectors and landowners around the Glendalebase for what the real estate groups are attempting.

Continuing residential encroachment would threaten the base's ability to function as a primary training center for F-16 pilots. Should Luke be closed, the Valley would suffer a devastating economic loss because the base contributes \$1.4 billion annually to the state's economy.

"If this is successful, I think it would have a significant impact on Luke's ability to continue from here into the future," said Michael Francis, whose farm is next to Luke. "A lot of people talk about this base's ability to operate over the next 50 years. This would make it able to operate for the next 100 years."

If the swaps go through, Francis said, he would like to lease the land back and continue farming.

Similar plan in Nev.

One of the enterprises, Olympia Group, has successfully pursued such trades involving land around the Las Vegas area's Nellis Air Force Base.

"Everything I've done in the past is now being used as a guide for here, because it is that complex of a deal," said Guy Inzalaco, an Olympia partner. "There are some similarities. You've got the same encroachment problem, on a greater scale here."

Max Wilson, a member of the Maricopa County Board of Supervisors, said he likes the land-swap concept and thinks it will work. The supervisors have unanimously passed a resolution supporting the trades.

"I'm more encouraged about the probability of this land trade than anything we've done in the past," Wilson said.

The state's congressional delegation, the Legislature and cities bordering the base strongly support the trades. But environmental groups typically oppose these types of land swaps, and this effort is no different.

By far the biggest player is Olympia, a realty development group based in Scottsdale and Las Vegas.

Inzalaco already has under contract about 6,000 acres owned by 17 landowners within Luke's noise contours, areas where jet noise is loud and development must be compatible with the base. Inzalaco is looking to acquire more land within those contours, hoping to acquire a total of 9,000 acres.

Another group, the Luke Preservation Trust, has 350 acres under contract but hopes to acquire 2,500 to 3,000 acres, including land near Auxiliary Field 1, which is 15 miles northwest of Luke.

A huge success

The land swaps would be a huge success for Luke protectors, who have worked hard to keep Luke off the 2005 base-closure list. A quarter of the nation's military bases next year will be targeted for closure to wring savings out of the defense budget.

Both real estate groups are seeking federal legislation to pull off the trades.

They are working with Sens. John McCain and Jon Kyl and Rep. Trent Franks and the rest of the state's congressional delegation to craft legislation directing the Interior Department to trade the BLM land.

"My intention is to assist in any possible way I can to make that possible," Franks said. "I don't think this is mission impossible at all."

Obtaining BLM land

Inzalaco said that although Olympia has contracts with landowners around Luke, the land must still be appraised and negotiations conducted before the land can be swapped. He said the group hopes to obtain BLM land southwest and west of the Valley and some land north of Lake Pleasant.

He said he couldn't estimate how much money Olympia would make off the trades, saying that after completing the Nellis Air Force Base deal four years ago, Olympia is just now beginning to develop the Nevada land, all of which it still owns.

The Luke Preservation Trust, made up of William Lyon Homes, Meritage Corp. and Stardust Development Co., has its eye on several tracts of BLM land, said former Phoenix Mayor Paul Johnson, who has partnered with a farming family.

Both groups stressed that they would not go after any environmentally sensitive BLM areas.

But that doesn't satisfy Sandy Bahr, conservation director of the Sierra Club's Grand Canyon Chapter.

She says history shows that these types of land swaps often promote sprawl and leapfrog development because the trades involve land on urban fringes. Typically, she says, "the public gets ripped off" because the federal government does a terrible job of exchanging land.

"Maybe this is a proposal that will have limited impact environmentally," Bahr said Friday. "Maybe it will not promote leapfrog development. But the public needs to know if it is getting a good return on its dollar."

"The bottom line is we need to proceed with land exchanges cautiously and with a lot of oversight and openness."

Both real estate groups are staying away from land nearest Luke's runways that the Air Force has targeted for easement purchases with \$27.3 million in federal funds.

Both groups stress that their aim is to complement the Air Force's land-purchase efforts.

Momentum grows

Rusty Mitchell, director of Luke's Community Initiatives Team, praised Inzalaco's track record at Nellis, saying the Olympia Group's efforts at Luke appear to be building momentum.

Last week, the state Senate unanimously passed House Concurrent Memorial 2011, which urges Congress to authorize the land trades. The memorial is in the House awaiting concurrence.

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