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Ministry of Defense

**Vacating Buildings and
Infrastructures and Land
Decontaminating
in the IDF Air and Space
Force Base AFB 27 –
Expanded Follow-up Audit**



Vacating Buildings and Infrastructures and Land Decontaminating in the IDF Air and Space Force Base AFB 27— Expanded Follow-up Audit

Background

In March 2014, the State Comptroller Office published a report about “Vacating Buildings and Infrastructure and Decontaminating Land on the IDF Air and Space Force Base adjacent to Ben-Gurion Airport (AFB 27).” The report focused on: the Ministry of Defense’s vacating AFB 27 of buildings and infrastructures and the IDF and the Ministry of Defense geological testing and decontamination the land on the base, for its return to the Israel Land Authority (“ILA”). The examination included the negotiations between the Ministry of Defense and the future users of the land – Israel Airports Authority (“Airports Authority”) and Israel Aerospace Industries Ltd. (“IAI”). Moreover, the ILA’s vacating AFB 27 according to an arrangement signed in December 2008 by the Ministry of Defense, the Ministry of Finance, and the ILA (“the Vacate Arrangement”) was also examined. Given the prolonged processes of decontaminating the site, returning it to the ILA, and reallocating it to new users, the State Comptroller performed an expanded follow-up on the rectification of the deficiencies noted in the previous audit report and on the implementation of the Vacate Arrangement.



Key Figures

1.5 km²

the size of AFB 27, which, according to the 2010 arbitrary ruling, is divided between the Airports Authority (about 1 km²) and IAI (about 0.5 km²)

85% and 15%

the share of the Ministry of Finance and the Ministry of Defense respectively in financing the cost of rehabilitating the land

about ILS 560 million

the ILA's part in the cost of vacating AFB 27 (at 2008 prices) according to the Vacate Arrangement, which also included vacating 0.073 km² at Sde Dov Airport

2009

year in which the Ministry of Defense was supposed to pass the vacated area of the base according to the Vacate Arrangement, after handling the water and land rehabilitation, for its reallocating to the Airports Authority and IAI


2013

year in which the ILA and the Airports Authority signed agreements to allocate the areas of AFB 27I to the Airports Authority

2020

at the end of which, two contaminated sites and underground infrastructures remained in the Airports Authority's areas. The area designated for IAI has not yet been allocated to it and is still contaminated

Audit Actions



 From March to October 2020, the State Comptroller Office audited the rectification of the main deficiencies noted in the previous audit report "Vacating Buildings and Infrastructures and Decontaminating Land on AFB 27." Since then, the Ministry of Defense has taken actions to return the land to the ILA and its allocation by the ILA to the Airports Authority and IAI, including the regulation of the real estate rights between the various stakeholders.







Key Findings



Area Designated for IAI Held by the Airports Authority

-  From 2008 to September 2020, the Airports Authority used an area of about 0.069 km² designated for IAI (“the Big Lot”) with the consent of the Ministry of Defense and, later on, used it with the ILA’s knowledge, without the Airports Authority, the ILA, the Ministry of Defense, and the IAI agreeing to regulate the Airports Authority’s right to use this area, the duration, and the conditions of use.
-  Given the Airports Authority’s use of the “Big Lot,” the Ministry of Defense demanded that the Airports Authority will handle the land decontamination of all areas of AFB 27 (about 1 km²) intended to be transferred to it, including its funding. Otherwise, the Ministry of Defense would retroactively bill the Airports Authority for its use of the “Big Lot.” This demand was inconsistent with the Ministry of Defense’s rights to the land.







Area Leased to the Airports Authority – Handling the Land Contamination and Hazards

-  The ILA had not informed the Ministry of Defense about the agreements it signed with the Airports Authority regarding areas in AFB 27 in August 2013. Still, the continuing decontamination of the land after its allocation to the Airports Authority was not arranged between the parties.
-  The Ministry of Defense has still not fulfilled its obligations to vacate and rehabilitate the area transferred to the Airports Authority under the Vacate Arrangement 2008. The audit raised that the ILA had not appealed to the Ministry of Defense to vacate and rehabilitate the area, apart from issuing a power-of-attorney to the Airports Authority to act on behalf of the ILA vis-à-vis the Ministry of Defense, notwithstanding the Airports Authority’s repeated requests to the ILA.
-  The Ministry of Environmental Protection has been appealing to the Airports Authority since 2016 to decontaminate the remaining contaminated sites in the area allocated to it. As of the follow-up audit completion in October 2020, the Airports Authority has not decontaminated the land, and land contamination and surface hazards remain within its area.
-  **Vacating Buildings and Infrastructures from the Area Designated for IAI** – since 2013, as an agreement was formed between the Ministry of Defense and IAI about the remaining buildings, the IAI have been unable to use them due to the prolongation of the land decontamination. In those years, the remaining buildings aged, and their



condition deteriorated. Currently, they pose a safety hazard and a potential health hazard due to their asbestos roofs, which should be removed.

Land Decontamination in the Area Designated for IAI







-  The Ministry of Defense imposed its performance and financial obligations on IAI and the Airports Authority while employing pressure tactics to breach its obligations according to the Vacate Arrangement.
-  IAI has not updated the risk survey vis-a-vis the Ministry of Environmental Protection – over two years after it had agreed to do so – significantly delaying the land decontamination process.
-  The ILA, managing land for the state, had demanded to receive AFB 27's land after decontamination and was not involved in the process. Furthermore, the Ministry of Environmental Protection did not affect the ILA in key decision-making stages regarding the rehabilitation of the land.
-  **Regulating the Real Estate Rights Designated for IAI** – since the arbitrator's ruling was issued in 2010, IAI is entitled to receive real estate rights of about one-third of AFB 27 for over ten years. It held this right without commitment to lease the land for all those years. The land allocation transaction designated for IAI has not yet been completed.
-  **The ILA's Income from Land Allocations** – due to the prolongation of the land decontamination processes, the ILA received no income from the areas that the Air Force had vacated during the previous audit period (from 2009 to 2013) and from 2013 until the follow-up audit was completed in October 2020 – sums that may have reached tens of millions of shekels, according to the ILA appraisal of this area.
-  **Computerized Management of AFB 27 and Ministry of Defense Lands** – the ILA does not perform computerized management of AFB 27's lands and all lands held by the Ministry of Defense.



Transferring the Handling of the Area Designated for IAI to the Executive Body for Remediation of the State-Owned Land (“the Government Performance Contractor”) – at the end of 2018, a ministerial team (the Steering Committee) headed by the Ministry of Environmental Protection comprised of representatives of the Ministry of Finance, the ILA and the Ministry of Defense, transferred the decontamination of the land designated for IAI to the Government Performance Contractor.



Key Recommendations

-  Regarding the areas allocated to the Airports Authority – The Airports Authority, in coordination with the Ministry of Environmental Protection, should decontaminate the remaining sites in its area, funded by the Ministry of Finance and the Ministry of Defense.
-  Regarding the areas designated for IAI – The Ministry of Defense should reach agreements with the ILA, the Ministry of Environmental Protection, and IAI regarding formulating and funding a plan to remove hazards. Regarding the land contamination, the Steering Committee should discuss the rehabilitation alternatives, approve the rehabilitation plans, including timetables and budgets, and instruct the Government Performance Contractor to complete the rehabilitation-approved operations promptly.
-  When formulating agreements for vacating land necessary for its rehabilitation, the ILA should examine the rehabilitation alternatives, including within the framework of the Steering Committee and through the Government Performance Contractor, or decide on an agreed compensation between the parties for imposing the rehabilitation on the recipient of the land, based on complete information, total transparency and considering the conditions of uncertainty.
-  Considering the progress in the ILA's proceedings allocating the areas designated for IAI, the ILA and IAI should complete their negotiations regarding the land allocation transaction.
-  Before IDF bases are vacated and returned to the ILA, the Ministry of Defense should ascertain whether there are facilities that need to remain in the evacuated area and regulate their continued use in advance with the relevant authorities. During the formulation of agreements to allocate areas out of the IDF's vacated bases, the ILA should verify with all appropriate parties, including the Ministry of Defense, if they still need some of the evacuated areas.
-  The ILA should improve its management of lands used by the IDF and the Ministry of Defense and its controls over such lands to retain and retrieve relevant information. To this end, it is recommended that the ILA and the Ministry of Defense form a management solution in the ILA's computerized system for all lands held by the IDF and the Ministry of Defense, considering information-sharing with the districts where these lands are located.



The Extent the Deficiencies Noted in the Previous Audit were Rectified

Deficiencies and Recommendations Noted in the Previous Audit Report	Audit Chapters	The Extent of Deficiencies Rectifications in the Follow-up Audit			
		Not Rectified	Slightly Rectified	Largely Rectified	Fully Rectified
Vacating AFB 27					
The Ministry of Defense did not vacate buildings and infrastructures from AFB 27 area.	Vacating of buildings and infrastructures				
Land Decontamination					
The Ministry of Defense suspended the performance of surveys and did not decontaminate the land.	Decontamination of the area transferred to the Airports Authority				
	Decontamination of the area designated for IAI				
Regulation of Real Estate Rights					
The ILA did not receive the land from the Ministry of Defense to allocate to other users.	Regulation of the rights of the area leased to the Airports Authority				
	Regulation of the rights of areas designated for IAI				



Summary

As of the follow-up audit completion, the area designated for the Airports Authority – about two-thirds of AFB 27 – has been transferred to it, and it decontaminated one of the three contaminated sites in this area. Regarding the area designated for IAI – about 11 years after the IDF Air Force vacated AFB 27 and about 7.5 years after the previous audit was completed, the investigation of the land to map and demarcate the contamination has not yet been completed. As a result, the land has not yet been rehabilitated; It has not returned to the ILA, so it cannot be allocated to the designated recipient, IAI. It is recommended that all parties draw the necessary conclusions from the findings of this follow-up audit for completely vacating, decontaminating, and allocating the land on AFB 27. Moreover, they should consider implementing the recommendations in the agreements for vacating IDF bases.