

DATE ISSUED: April 16, 2003

REPORT NO. 03-074

ATTENTION: Honorable Mayor and City Council  
Docket of April 22, 2003

SUBJECT: Base Realignment and Closures (BRAC) in 2005

REFERENCE: Governmental Relations Department Report to Rules Committee  
(March 17, 2003)  
Resolution R-295631 (Application for Defense Retention Grant,  
October 29, 2001)

#### SUMMARY

Issues – 1) Accepting the report concerning base realignments and closures in the San Diego region prepared by Defense Conversion Resources, LLC (DCR); 2) Pursuing a strategy of base retentions for the San Diego region through the San Diego Regional Economic Development Corporation (EDC), including contracting for defense retention consulting services with DCR; and 3) Establishing a coordinating committee to guide the EDC's base retention efforts.

Manager's Recommendations – 1) Accept DCR's San Diego BRAC report; 2) Pursue a strategy of base retentions through the EDC, including a transfer of \$30,000 from the Governmental Relations Department to the EDC for a contract with DCR; and 3) Authorize the Manager to participate in a coordinating committee to guide the EDC's base retention efforts.

Other Recommendations – The Rules Committee accepted the recommendation of the Governmental Relations Department that the issue of base realignments and closures be a priority in its 2003 Federal legislative program. The Chamber of Commerce's Military Affairs Advisory Committee recommends pursuing a strategy of retaining the San Diego region's military bases, consistent with the military readiness requirements of the BRAC law, and recommends contracting with DCR for defense retention consulting services.

Fiscal Impact – None by this action. (Transfer of \$30,000 from Governmental Relation Department to the EDC for the purpose of contracting with DCR is already budgeted for BRAC consultant services.)

## BACKGROUND

The uniformed military services comprise the largest single component of the San Diego economy. According to the San Diego Association of Government, uniformed military accounted for nearly 94,000 employees (civilian and military) in 1998, compared with 79,000 and 77,000 in business services and visitor industry services respectively, the next two largest industry clusters in the region. Furthermore, uniformed military services is regarded as a stable cluster, adding diversity and stability to the region and providing opportunities for job-seekers without the education or experience for high technology employment. The economic impact of this cluster on the region is not clear because much data are not publicly available, but it is likely proportionate to its employment level.

The federal government has undertaken four rounds of base closures, in 1988, 1991, 1993, and 1995. The San Diego Naval Training Center was closed during the 1993 round, while other military facilities were consolidated in San Diego during other rounds. The 2002 National Defense Authorization Act amended the Defense Base Closure and Realignment Act (often called BRAC), authorizing another round of base closures and realignments in 2005. The Department of Defense has estimated that, despite prior base closure rounds, it still has about 25 percent too many facilities. Given the concentration of military bases here, the San Diego region must be considered at substantial risk of losing additional bases under BRAC 2005.

In late 1991, the City and the County each sought \$50,000 in grant funding from the State of California to prepare complementary studies related to military base retention. The County is conducting an in-depth analysis of the economic contributions, both direct and indirect, of the region's military bases and facilities. The study is expected to be completed by late May, 2003. The City, through the Community and Economic Development Department, contracted with Defense Conversion Resources, LLC (DCR), to assess the potential of the San Diego region's bases to be affected by the 2005 round of closures and realignments.

## DISCUSSION

The DCR study considered the following for each of the twelve major military bases and facilities in the San Diego region: physical characteristics; military mission; host and tenant activities; relationship among other bases and facilities; the likelihood of realignment or closure; and recommended strategies in response to possible realignment or closure. The study's executive summary and other key excerpts are at Attachment 1. (The full report is 314 pages in length, and is available on the City's website at [www.sandiego.gov](http://www.sandiego.gov).)

DCR concluded that several regional bases and facilities are at risk under BRAC 2005 even though as a group they provide a unique capacity for training and military readiness. Further, some of the repair, testing, and procurement functions, which contribute importantly to the regional economy, are also at risk. These bases and facilities may be at risk primarily because their inter-related functions or their relationship to San Diego's high-technology business community may not be understood by decision-makers in Washington, DC, who are far removed from local operations. Furthermore, other regions and states are already in intense competition for bases to be consolidated in their regions. It should be noted that numerous preparatory decisions about BRAC are already underway in the Department of Defense.

While businesses and others may have specific interests in retaining San Diego's military bases and facilities, an effective strategy for retaining them must be based on the military readiness requirements of the BRAC law. Unlike past BRAC rounds, economic considerations and special interest lobbying cannot be considered. Instead, an effective BRAC strategy should be based on communicating the region's capacity to contribute to military preparedness. This includes the synergistic relationship of training facilities in San Diego County as well as facilities in close flying range in southern California, western Arizona, southern Nevada and Utah, and the Pacific coast; contract relationships with the communications, software, hardware, and other high technology businesses and research institutions in the region; and specialized occupational skills concentrated in the region.

For these reasons, it is recommended that the San Diego Regional Economic Development Corporation (EDC) be charged with coordinating a regional military base retention effort. This can be accomplished through an amendment with the EDC's current contract with the City. The EDC, in turn, should contract with DCR, whose principal, William J. Cassidy, Jr., has demonstrated specialized knowledge of the BRAC process. Because the BRAC process will be conducted at various levels of government over a two year period, the EDC will have to do fundraising to cover DCR's on-going consulting services. In the short run, because time is of the essence in the BRAC process, Governmental Relations Department funds already identified for BRAC consultant services can be transferred to the EDC contract for an approximate three month period. (A summary of proposed BRAC consultant services is at Attachment 2.) Finally, the EDC should convene a coordinating group of key stakeholders to provide advice on the base retention effort. The advisory group should include representation by the City Manager. The Directors and staff from the Community and Economic Development Department and the Governmental Relations Department have been involved in the BRAC issue and can provide that representation.

#### ALTERNATIVES

1. Do not pursue a strategy to retain the San Diego region's military bases and facilities. This is not recommended because closing military bases would have substantial local economic impacts.

2. Pursue a strategy through the Governmental Relations Department rather than the EDC. This is not recommended because the issue is regional in nature and also because the EDC is able to conduct the necessary fundraising.

Respectfully submitted,

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Hank Cunningham  
Community & Economic Development  
Director

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Andrew Poat  
Governmental Relations Director

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Approved: Bruce Herring  
Deputy City Manager

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Attachments: 1. San Diego BRAC Report Executive Summary and Excerpts  
2. BRAC Consultant Responsibilities