



City Manager's Office

Memorandum

To: Mayor Winters and Commissioners
Executive Board - Central Montana Defense Alliance

From: Gregory T. Doyon – City Manager

Re: Association of Defense Communities – Winter Forum

Date: March 4, 2010

I wanted to provide the Commission and CMDA with a trip report on my travels with David Weissman (Chair, CMDA) to Albuquerque, New Mexico on February 22-24, 2010.

Along with attending various sessions, Dave and I were able to make contact with key officials from the Air Force including Gary Gontz from the Office of Economic Adjustment, consultants, and other public officials with military communities.

Forum Keynote Speaker Mayor Richard Berry

Key Points:

- Kirkland Air Force base has an economic impact annually of \$4.4 million.
- KAFB is the state's largest employer; including Sandia Laboratories and 58 special operation groups.
- Albuquerque has formed the Kirkland Partnership with over 100 active members and a full-time executive director to focus on community relations and mission retention.
- KAFB offers Albuquerque tremendous opportunities in Technology transfer from Sandia laboratories to the private sector in the region.
- KAFB is dealing with a large jet fuel spill that has migrated into the city's domestic water supply.

Session: Legislative Impacts on Rural & Urban EDC

Key Points:

- Economic Development Conveyances give an opportunity for communities to acquire closed military properties at Fair Market Value, Discounted FMV, or at no cost.
- Fair Market Value purchase can include revenue sharing, payment at the time of transaction, in-kind services, real property transfers improvements or "other considerations".

- EDC can be challenging due to environmental issues, infrastructure needs at installations, development after a base closure and the regional economic impact (hit), needs of the community or region that make absorption difficult.
- Communities should be careful – “Free is not cheap”.
- Fort McPherson was used as an example of a base going through closure, but has an economic development plan in place (the base is located in the middle of Atlanta and is about 450 acres to be redeveloped). The base will be divided to accommodate high density mixed use, bio-science facilities, a veteran’s clinic, green space, and a historic area.
- An example was also offered of a community where a new army helicopter engine fabrication/repair facility was constructed and then closed.

Legislative Update for Defense Communities

Key Points:

- Every votes counts more now due to the ongoing political process in congress – recent elections in Virginia, New Jersey, and Massachusetts have made 2012 the election to watch.
- Defense Secretary Gates continues to have strong support from the President – even allowed defense spending to increase despite the national deficit. Gates seemed to resolve DoD’s history of underfunding operation and maintenance which lead to significant budget adjustments in prior administrations.
- Next BRAC round is predicted for 2015. All branches expect reductions in budget, force size and limited military goals. All branches are expected to see significant reductions.
- The Air Force has all the “lift” (transportation) it needs. Force structure has enlarged to special operation units so much, the question is how “special” they are or is this an ongoing force restructure.
- Foreign military sales to Israel and Egypt continue, but FMS to Iraq are more than both of those countries combined.

Enhanced Use Lease (EUL) Joint Service Briefing

Session discussed Congressional concerns about EULs at installations including leaseback costs, duration, contractual issues with DoD and operational concerns about facilities with private/public sector operations not related to military operations.

Dave and I received some general advice from an Air Force representative who indicated that communities should seek to partner with their military installations to develop a “strategic plan” of sorts that will allow for both to coordinate and prepare for changes in force structure. This includes a national analysis of other bases in order to articulate how your city’s installations are competitive with the changing structure of the Air Force. For instance, the location of aircraft may be contingent on factors such as access to airspace or how Air Force base assets can be combined or shared.

Another significant factor in future military installation includes the development of “green energy” initiatives or energy efficiencies in general. Force consolidation and meeting energy consumption targets will affect force placement in the future.