



DEFENSE INDUSTRY ADJUSTMENT AND ECONOMIC DEVELOPMENT – U.S. DOD OEA GRANT STRATEGY AND IMPLEMENTATION FOR WASHINGTON STATE

2016 WEDA SUMMER CONFERENCE

TIP STRATEGIES, INC. JEFF MARCELL | ASHTON ALLISON

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AGENDA

1. Introduction
2. National Perspective on DoD Spending & Diversification Grants
3. U.S. DoD OEA Grant Overview
4. WA State Military & Defense Strategic Planning and Implementation Projects
5. Stakeholder Input & Questions



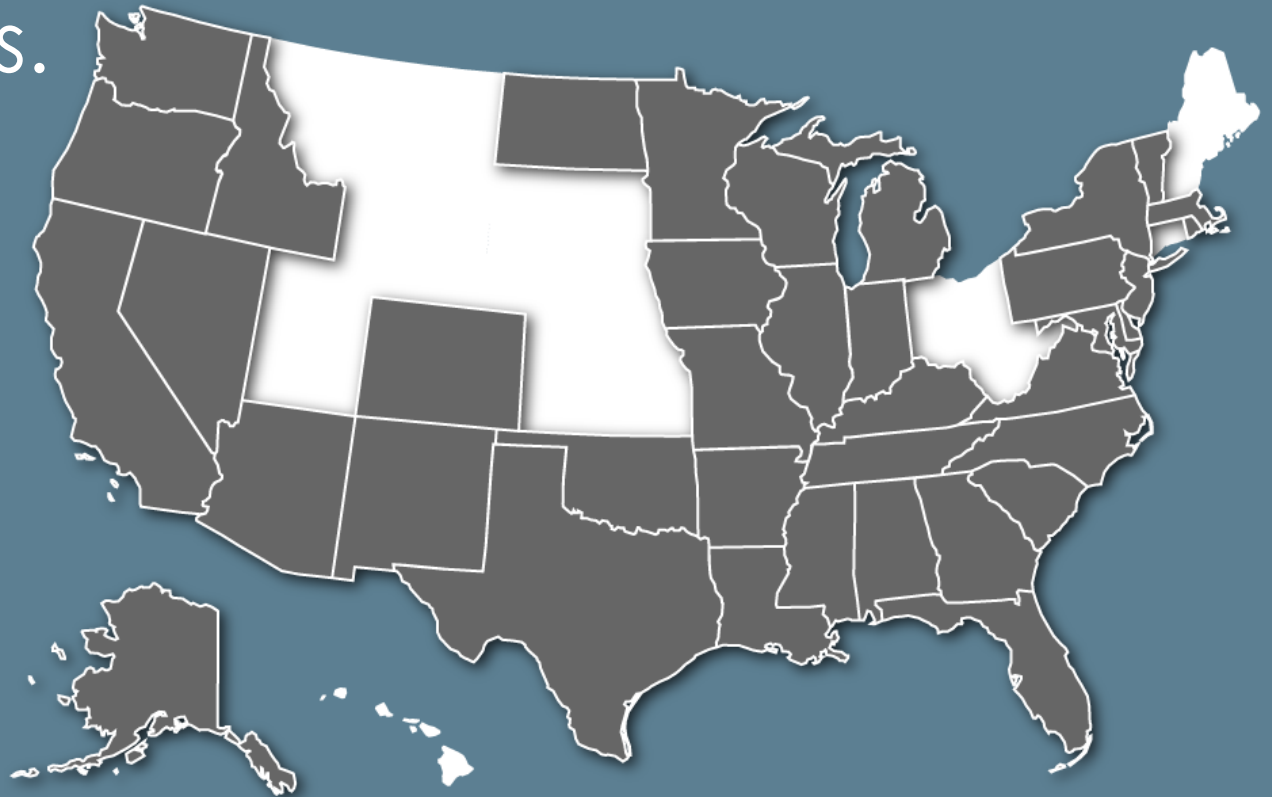
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INTRODUCTIONS

THEORY INTO PRACTICE

We design strategies that will
support your community's
vision for the future.

We have over **20** years of experience,
including over **300** engagements in more
than **200** communities, spanning **38** states
& **4** countries.



TIP STRATEGIES



Tom Stellman
President & CEO



Jon Roberts
Managing Director



Jeff Marcell
Senior Partner



Alex Cooke
Senior Consultant



Caroline Alexander
Senior Consultant



Karen Beard
Senior Consultant



John Karras
Senior Consultant



Ashton Allison, CEcD
Consultant

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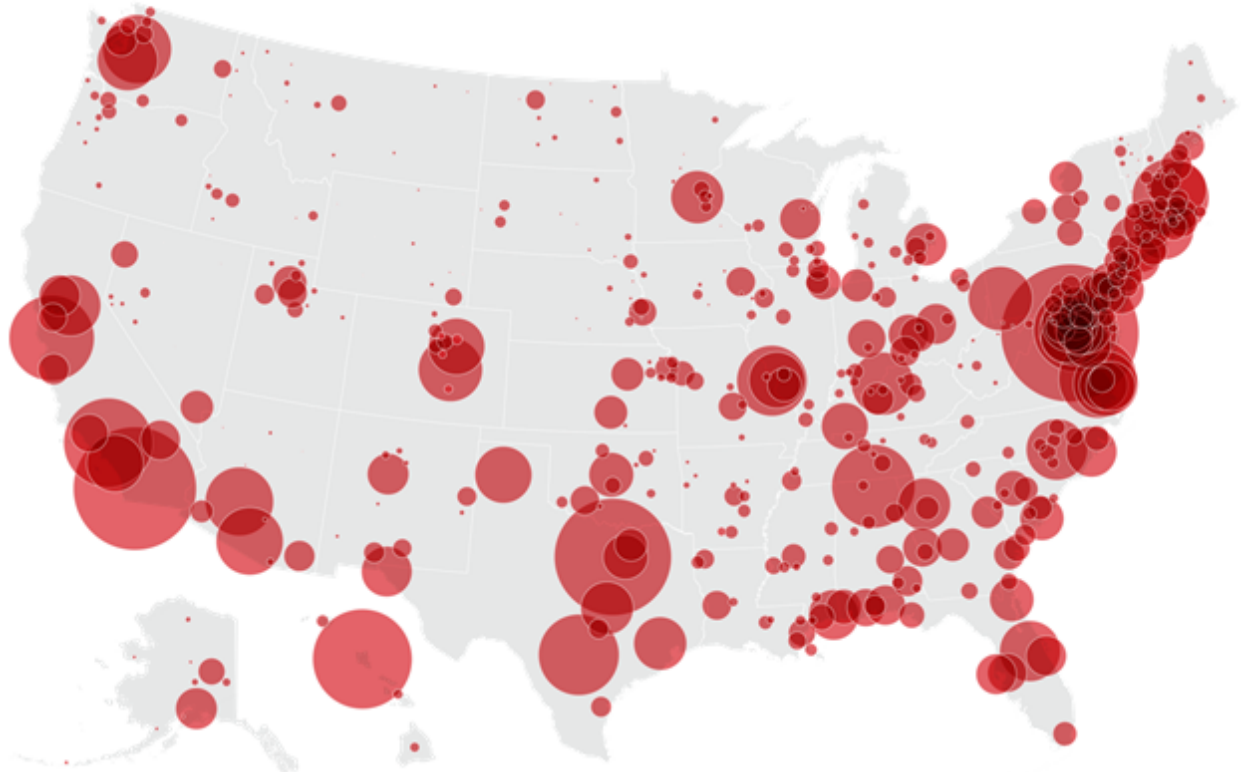
NATIONAL PERSPECTIVE ON DoD SPENDING & DIVERSIFICATION GRANTS

FY14 TOP DEFENSE SPENDING LOCATIONS

Top 25 Defense Spending Locations (Personnel and Contracts)

(in billions)

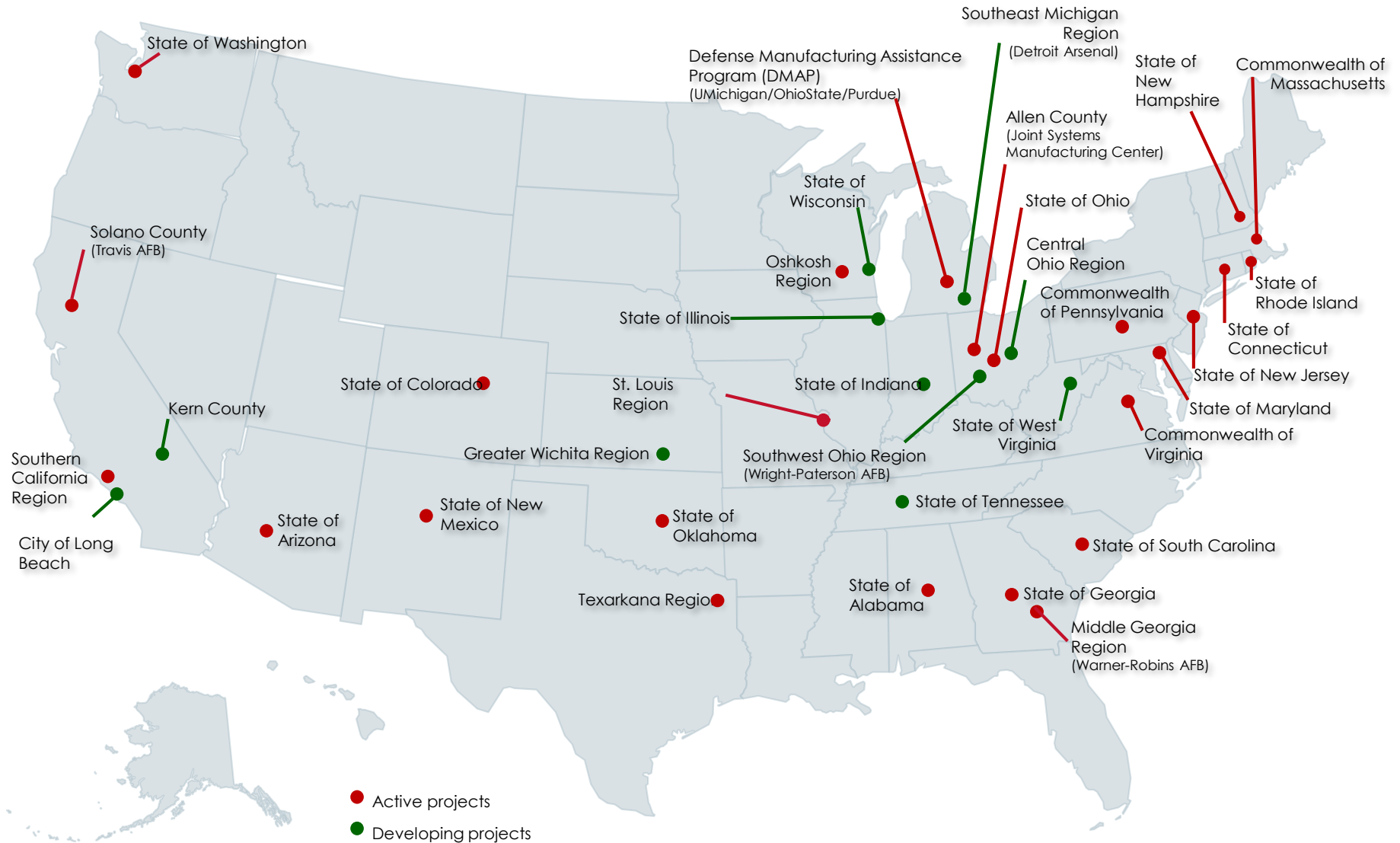
Fairfax County, Virginia	\$19.1
San Diego County, California	\$15.1
Tarrant County, Texas	\$13.8
Los Angeles County, California	\$8.0
Santa Clara County, California	\$7.4
District of Columbia Excluding Exceptions	\$7.0
Madison County, Alabama	\$7.0
Honolulu County, Hawaii	\$6.7
Bexar County, Texas	\$6.6
Newport News City, Virginia	\$6.2
Middlesex County, Massachusetts	\$6.0
St. Louis County, Missouri	\$5.0
Maricopa County, Arizona	\$4.8
King County, Washington	\$4.7
Arlington County, Virginia	\$4.7
Pima County, Arizona	\$4.6
Norfolk City, Virginia	\$4.2
Allegheny County, Pennsylvania	\$4.2
El Paso County, Colorado	\$4.1
Jefferson County, Kentucky	\$4.0
Cumberland County, North Carolina	\$3.8
Sacramento County, California	\$3.7
Orange County, Florida	\$3.7
New London County, Connecticut	\$3.6
Pierce County, Washington	\$3.6



DEFENSE INDUSTRY ADJUSTMENT PROGRAM

- Assistance for regions impacted by Defense budget and contract reductions
- Supports communities to carry out strategies to retain critical workforce skills and business capacities
- Work with Federal, state and local agencies to integrate regional project plans and identify specific actions to support regional cluster growth and job creation
- 22 active projects with 18 more expected to be assisted in FY 15
- PB FY 2016 requests \$33.1M for program

CURRENT & DEVELOPING DIA PROJECT SITES



DOD TECHNOLOGY PRIORITY AREAS

- **Based on the Pentagon's proposed Defense Innovation Initiative and Third Offset Strategy (announced by Sec. Hagel in November 2014)**
 - **Robotics & Autonomous Systems:** unmanned machines that assess situations and make decisions on their own
 - **Miniaturization:** making components of weapons systems smaller, including warheads, sensors, and electronics
 - **Big Data:** utilizing commercial techniques for analyzing large volumes of intelligence data
 - **Advanced Manufacturing:** using technologies such as 3-D printing that allow for ongoing, rapid changes to test new technologies and customize existing tech for specific situations

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WA OEA GRANT OVERVIEW



OEA GRANT OBJECTIVE

The purpose of the collective OEA grant is to develop a proactive response that will significantly mitigate the potential catastrophic impact of federal defense budget cuts and sequestration on a region which has become increasingly dependent on military and defense contracts.

TASKS OF THE WA OEA GRANT

- Assess the strengths/weaknesses of Washington's Military and Defense Sector
- Analyze capacity to respond to current and projected defense spending cuts and impacts of sequestration specific to the military and defense sector
- Perform pilot studies to analyze and plan business support and workforce development specific to the military and defense sector
- Promote a long-term strategic plan based on these analyses and studies in support of the military and defense sector
- Ensure that the implementation is well thought out and sustainable

INDUSTRY ADJUSTMENT ANALYSIS & STRATEGY COMPONENTS

- Organization, Communication & Stakeholder Management
- Assessment & Forecasting Capacity
- Analyze the State's capacity to understand, plan for, and support implementation of a statewide response strategy to changes in defense spending
- Defense Manufacturing Supply Chain Business Support Pilot
- Defense Services Supply Chain Business Support Pilot
- Workforce Transition Business Support Pilot
- Transition Technology Tool Development Pilot
- Outreach & Awareness Building via Industry
- Outreach & Awareness Building via Community
- Strategic Planning
- Identify Growth Areas in target sectors
- Develop Technology Transfer Program
- Implementation Planning

PARTNERS

- **Washington Military Alliance (WMA): A coalition of military and defense related stakeholder organizations from industry, community support partnerships, and infrastructure support**
- Total Matching Commitments from Partnership Representatives - \$294,032
 - Economic Alliance Snohomish County (EASC)
 - Greater Spokane, Inc.
 - Kitsap Economic Development Alliance (KEDA)
 - Thurston County Economic Development Council
 - City of Bremerton
 - Puget Sound Regional Council (PSRC)
 - South Sound Military Communities Partnership / City of Lakewood

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STRATEGIC PLANNING AND IMPLEMENTATION PROJECTS

DEFENSE INDUSTRY ADJUSTMENT STRATEGY

Defense Industry Adjustment Strategy:

The primary focus of this activity will be to develop a **clear roadmap for short-term and long-term strategic success** by the military community economic region in Washington.

Objectives:

Long- and short-term strategic plans

- Based on data and findings collected across grant activities
- Specific to each identified economic region
- Created with stakeholder input (communities, elected officials, economic developers, private sector interests)

DELIVERABLES

DELIVERABLE	BRIEF DESCRIPTION
Inventory of findings	Relevant data, insights, and recommendations identified in prior grant-funded activities.
Synthesis of findings	Summary of major findings/themes from inventory task.
Stakeholder engagement	Facilitation of planning sessions and industry roundtables.
Opportunity workshop	Facilitation of workshop with WMA leadership (July 20 WMA meeting).
Defense Industry Adjustment Strategy (strategic plan)	Written document outlining short- and long-term strategies and actions, incl. implementation matrix.
Presentation of plan	Participation in formal roll-out of recommendations to WMA leadership and other stakeholders.

IMPLEMENTATION PLANNING

Implementation Planning: The primary focus of this activity will be to develop a strategy to **successfully transition from OEA-funded support** to integration with existing local, state, and federal programs.

Objectives:

- Blueprint for implementing recommendations
- Assessment of “gaps” in business support infrastructure
- Costs & potential funding sources for implementation
- Alignment of strategy with other agencies, organizations, and initiatives
- Sustainability strategy with timeline

DELIVERABLES

DELIVERABLE	BRIEF DESCRIPTION
Inventory of findings <i>(update)</i>	File from prior RFP will be 1) updated to include any additional work, and 2) validated with other consultants.
Inventory of findings <i>(narrative)</i>	Findings will be translated to narrative form to facilitate preparation of OEA outcome reporting by Commerce.
Organizational capacity	Matrix showing staffing, budget, and activities related to military & defense for key stakeholders.
Alignment and gaps	Narrative outlining potential gaps between existing capacity and needs of DIA Strategy as it relates to WMA.
Business support infrastructure	High-level discussion of improvements needed to business support network as it relates to military & defense in three areas: tools, processes, and staffing.

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DELIVERABLES

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DELIVERABLE	BRIEF DESCRIPTION
Target industries	Analysis of extent to which DIA Strategy aligns with existing target industry initiatives, including export opportunities.
Funding sources	Description of identified funding sources, including contact information and description of why recommended.
Master timeline	Timeline incorporating activities from 1) DIA Strategy, 2) other grant elements not fully incorporated into DIA Strategy, 3) activities required to support Sustainability Strategy.
Sustainability strategy	Short and long-term recommendations for transitioning the industry adjustment strategy and related activities from grant funding to a sustained and resourced strategy.

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INPUT QUESTIONS



QUESTIONS OR ADDITIONAL INPUT?
PLEASE CONTACT US



THANK YOU

2905 San Gabriel Street
Suite 205
Austin, TX 78705

512.343.9113

www.tipstrategies.com