Military & Defense Sector
How We Got Here...

2010
- Puget Sound Regional Council Report
- Washington State Economic Development Council Report

2012
- Military sector highlighted in jobs-based economic development strategy
- Washington Military Alliance (WMA) formed
- WMA Report provided a list of recommendations to the state

2013
- “Office of Military Affairs” created within the Department of Commerce

2014
- “Office of Military Affairs” director hired
- State level support group for military & defense sector work established in first 100 days
Why A Military & Defense Sector?

The Military and Defense sector cuts across many industry sectors in Washington, helps create the backbone for a strong economy through:

- Diverse Defense Missions
- Military Installations
- Pioneering Defense Companies
- Military-friendly Communities
Washington’s Military & Defense Sector: A State Priority

Governor Inslee
Office of the Governor

Brian Bonlender, Director
Department of Commerce

Alvarado-Ramos, Director
Department of Veterans Affairs

Kristine Reeves, Director
Military & Defense Sector

MG Daugherty
Military Department
Washington’s Military & Defense Industry Contributions

- **2nd largest** public employer
- **136,000** active duty, reserve, guard & civilian personnel
- **607,000** veterans including:
  - 75,000 retirees
  - 91,000 military families
- **$16 billion dollars** in annual procurement in FY12
- supported by over **1,500 businesses** across the state
- nearly **4% of the state’s GDP**

---

The Challenges

**INDUSTRY**
- Supportive Business Climate
- Contract Facilitation Support
- Minority Contracting Metrics
- Commercialization
- Increased Support for Veteran-owned Businesses
- Need for Venture Capital
- Employment/Workforce Transitions Pipeline Support
- Education/Training Certification Needs

**INFRASTRUCTURE**
- Encroachment/Land Use Compatibility
- Maintenance of Public Infrastructure that Supports Military & Defense Infrastructure
- Need for Continued Enhancement to Readiness
- Need for Supportive Public Policy

**PARTNERSHIP**
- Lack of Formalized Sector Support Workgroup
- Inability to Speak with One-voice
- “Sea of Goodwill” is Overwhelming
- Promote Enhanced Quality of Life for Military Communities
- Spousal Employment Needs
- Veteran Employment Needs

*Prosperity Partnership, Regional Economic Strategy: Military Cluster.*  
Puget Sound Regional Council. Feb. 2010
How We Define the Sector

**INFRASTRUCTURE**: MISSIONS | INSTALLATIONS | WORKFORCE

**PROCUREMENT**
- NATIONAL DEFENSE CONTRACTS
- BASE SUPPORT CONTRACTS

**PAYROLL | EMPLOYMENT**
- MILITARY PERSONNEL
  (AC, RES., NG)
- CIVILIAN

**INDUSTRY**: CONTRACTORS | SUPPLIERS | SERVICES

**PARTNERSHIPS**: PUBLIC | PRIVATE | SOCIAL
Statewide Impacts of the Military & Defense Sector

### People Impacts

<table>
<thead>
<tr>
<th>Category</th>
<th>Active Duty</th>
<th>Reserve</th>
<th>National Guard</th>
<th>Civilian Workforce</th>
<th>Family Members</th>
<th>Retirees</th>
<th>Survivors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Duty</td>
<td>69,124</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve</td>
<td>19,474</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Guard</td>
<td>8,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civilian Workforce</td>
<td></td>
<td></td>
<td></td>
<td>39,355</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>90,246</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>71,451</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survivors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,901</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>308,551</td>
</tr>
</tbody>
</table>

**Statewide Economic Impact**

$15.7 BILLION in FY12
## Defense Industry Top Ten:

### Contractors Located in WA in FY12

<table>
<thead>
<tr>
<th>Company</th>
<th>Revenue</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Boeing Company</td>
<td>$9.9 B</td>
<td>Seattle</td>
</tr>
<tr>
<td>The Boeing Company - Insitu</td>
<td>$280 M</td>
<td>Bingen</td>
</tr>
<tr>
<td>Manson Construction</td>
<td>$231 M</td>
<td>Seattle</td>
</tr>
<tr>
<td>Pacific Medical Center Clinic</td>
<td>$210 M</td>
<td>Seattle</td>
</tr>
<tr>
<td>U.S. Oil Trading LLC</td>
<td>$206 M</td>
<td>Tacoma</td>
</tr>
<tr>
<td>Microsoft Corporation</td>
<td>$203 M</td>
<td>Redmond</td>
</tr>
<tr>
<td>Vigor Industries</td>
<td>$155 M</td>
<td>Seattle</td>
</tr>
<tr>
<td>Dakota Creek Industries Inc</td>
<td>$151 M</td>
<td>Anacortes</td>
</tr>
<tr>
<td>Skookum Educational Programs Inc</td>
<td>$129 M</td>
<td>Port Townsend</td>
</tr>
<tr>
<td>Cubic Corporation</td>
<td>$104 M</td>
<td>Lacey</td>
</tr>
</tbody>
</table>

### Doing Business in FY12

<table>
<thead>
<tr>
<th>Company</th>
<th>Revenue</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Boeing Company</td>
<td>$7.5 M</td>
<td>Seattle, WA</td>
</tr>
<tr>
<td>BP PLC</td>
<td>$766 M</td>
<td>California</td>
</tr>
<tr>
<td>Pacific Medical Center Clinic</td>
<td>$698 M</td>
<td>Seattle, WA</td>
</tr>
<tr>
<td>EHW Constructors a Joint Venture</td>
<td>$256 M</td>
<td>Virginia</td>
</tr>
<tr>
<td>Pacific Medical Center Clinic</td>
<td>$210 M</td>
<td>Seattle, WA</td>
</tr>
<tr>
<td>U.S. Oil Trading LLC</td>
<td>$206 M</td>
<td>Tacoma, WA</td>
</tr>
<tr>
<td>Dakota Creek Industries Inc</td>
<td>$151 M</td>
<td>Anacortes</td>
</tr>
<tr>
<td>The Geo Group</td>
<td>$120 M</td>
<td>Florida</td>
</tr>
<tr>
<td>EJB Facilities Services</td>
<td>$101 M</td>
<td>Virginia</td>
</tr>
<tr>
<td>Vigor Industries</td>
<td>$77 M</td>
<td>Seattle, WA</td>
</tr>
</tbody>
</table>
The Partnerships (to name a few)

Greater Spokane Incorporated
Washington State University
Economic Alliance Snohomish County
South Sound Military & Communities Partnership
Puget Sound Naval Bases Association
Economic Development Board for Tacoma-Pierce County
Washington PTAC
Tri-Cities Washington Tri-City Development Council
Kitsap Economic Development Alliance
Edasc
Economic Development Council of Seattle and King County
EDC Thurston County
AWB
City of Oak Harbor

Department of Commerce
Innovation is in our nature.
Support and inform statewide sector specific economic development efforts by strengthening state and federal collaborations that support military & defense infrastructure, military & defense industry and public, private and social sector partnerships in all communities across the state.
Promote Opportunity, Address Challenges

• Bring all the sector stakeholders to the table representing infrastructure, industry and partnerships to:
  – Promote Infrastructure Stability;
  – Encourage Industry Vitality; and
  – Develop and Promote Strong Partnerships.

• Identify common opportunities and challenges to the sector and offer suggested paths forward; and

• Promote a common message on sector priorities.
Communicate with One Voice

• **Provide Strategic Focus:**
  Raise general awareness of the value of the sector internal to the state

• **Promote Competitive Advantage:**
  • Encourage continued investment by the military & defense sector
  • Position the state as military-friendly location

• **Support a common message** to the federal delegation and agency partners regarding sector priorities.
Grow with Strong Public / Private Partnerships

Focus Infrastructure Growth to Maximizing Efficiencies through public-private partnerships:

• Assess installation specific challenges in Washington with emphasis on infrastructure needs that have not been resolved previously where public-private partnerships may be helpful
  • Encroachment/urban growth
  • Sec. 331 - shared services
Washington’s Industry Partnerships Encourage Innovation

- Identify opportunities to support the military’s needs by attracting future missions where the state’s unique public and private industry interests fill a gap for the military:
  - **Cyber/Tech** (ICT Sector)
  - **Renewables/Energy Independence** (Energy Sector)
  - **Defense Health** (Life Sciences/Global Health Sector)
  - **Artic/Coast Guard/UUV** (Maritime Sector)
  - **UAV/Space** (Aerospace Sector)
Choose Washington, Invest in the Military & Defense Sector

- Create state **directed investments** and interest in solving **military specific challenges** that may be met through the newly identified P4 process or other opportunities for **public-private partnerships** that meet the military’s needs.
  
  - Spokane Shooting Range Example

- Utilizing previous reports highlighting state opportunities to better support the military and promote WA as an attractive location for the military to continue to do business.
QUESTIONS?

Additional Resources Available: www.commerce.wa.gov