G2: 1.2.a and 2.1.a Supplemental Report for the Military and Defense Sector

Military & Defense Sector

MISSION STATEMENT

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.
Military & Defense Sector

SECTOR SNAPSHOT – THE SECTOR DEFINED

INFRASTRUCTURE: MISSIONS, INSTALLATIONS, WORKFORCE

PROCUREMENT

NATIONAL DEFENSE CONTRACTS

BASE SUPPORT CONTRACTS

INDUSTRY: CONTRACTORS, SUPPLIERS, SERVICES

PAYROLL AND EMPLOYMENT

MILITARY PERSONNEL

CIVILIAN

ASSISTANCE

RESEARCH AWARDS

UW, WSU, PNNL, RESEARCH INSTITUTIONS

PARTNERSHIPS

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Military & Defense Sector

SECTOR SNAPSHOT – DOD SPENDING

Department of Defense Contracts by State

WASHINGTON: $8.0B

CALIFORNIA: $34.5B

VIRGINIA: $33.7B

TEXAS: $32.6B

MARYLAND: $12.1B

ARIZONA: $11.4B

MASSACHUSETTS: $10.9B

FLORIDA: $10.7B

PENNSYLVANIA: $10.2B

CONNECTICUT: $10.1B

MISSOURI: $8.1B

*Does not include Direct-Order Spending FY13

By Type

Construction: 8%

Services: 20%

Research & Development: 5%

Supplies & Equipment: 67%

By Service

Army: 12%

Navy/Marines: 59%

Air Force: 18%

Other defense: 11%

Value of Contract Awards Performed (Billions)

2006: $4.1B

2007: $4.4B

2008: $5.2B

2009: $5.9B

2010: $4.9B

2011: $5.3B

2012: $7.1B

2013: $6.8B

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SECTOR SNAPSHOT – THE WORKFORCE

Top Personnel Locations

<table>
<thead>
<tr>
<th>Location</th>
<th>Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pierce County</td>
<td>55,987</td>
</tr>
<tr>
<td>Kitsap County</td>
<td>7,349</td>
</tr>
<tr>
<td>Spokane County</td>
<td>6,416</td>
</tr>
<tr>
<td>Snohomish County</td>
<td>4,490</td>
</tr>
<tr>
<td>King County</td>
<td>4,374</td>
</tr>
<tr>
<td>Island County</td>
<td>3,780</td>
</tr>
<tr>
<td>Clallam County</td>
<td>1,223</td>
</tr>
<tr>
<td>Benton County</td>
<td>1,115</td>
</tr>
<tr>
<td>Yakima County</td>
<td>996</td>
</tr>
<tr>
<td>Skagit County</td>
<td>784</td>
</tr>
</tbody>
</table>

DEFENSE PERSONNEL

Total Payroll: $6.3 Billion
Total Personnel: 112,560

Allocation, By Type

- Civilian: 26%
- Active Duty: 57%
- Reserve/National Guard: 17%

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SECTOR SNAPSHOT – ECONOMIC IMPACT

TOP 10 MILITARY SPENDING LOCATIONS

<table>
<thead>
<tr>
<th>Location</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whatcom</td>
<td>$224.9M</td>
</tr>
<tr>
<td>Island</td>
<td>$240.5M</td>
</tr>
<tr>
<td>Clallam</td>
<td>$142.2M</td>
</tr>
<tr>
<td>Kitsap</td>
<td>$1.2B</td>
</tr>
<tr>
<td>King</td>
<td>$4.7B</td>
</tr>
<tr>
<td>Pierce</td>
<td>$4.0B</td>
</tr>
<tr>
<td>Thurston</td>
<td>$224.9M</td>
</tr>
<tr>
<td>Spokane</td>
<td>$365.7M</td>
</tr>
<tr>
<td>Klickitat</td>
<td>$198M</td>
</tr>
</tbody>
</table>

Washington’s military and defense community supports over $13 billion dollars in annual procurement supported by over 1,900 businesses across the state, representing nearly 3% of the state’s GDP.

Top Contractors (M-millions B-billions)

- Boeing: $4.2 B
- BP: $183.9 M
- Pacific Medical Center Clinic: $131.9 M
- U.S. Oil Trading: $86.8 M
- EHW Constructors, A Joint Venture: $71.8 M
- Cubic: $61.3 M
- EIB Facilities Services: $53.1 M
- Skookum Educational Programs: $46.3 M
- Garco Construction: $46.2 M
- Dakota Creek Industries: $43.1 M

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ACCOMPLISHMENTS

• Awarded a $4.8m Defense Industry Adjustment Grant from the DOD Office of Economic Adjustment, considered “poster child” for program
• Successfully formalized the Washington Military Alliance
• Established a Subcabinet on Military Downsizing
• WA currently seen as national leader on “proactive” mitigation strategies

Military & Defense Sector

GOVERNOR’S JOBS PLAN - PROGRESS

Better connect our local businesses with the business of Defense
  - Create a military liaison & ambassador for WA, answerable to the Governor.
  - Invest in state PTACs (Procurement Technical Assistance Centers)

Create and attract new Centers of Excellence in burgeoning military technology
  - Secure a UAV training school
  - Secure a Cybersecurity Center of Excellence/Training School
  - Develop Arctic Security Center of Excellence
Military & Defense Sector

GOVERNOR’S JOBS PLAN - PROGRESS

- Support for the military’s energy independence movement
  - Incentivize alternative energy producers; forge new partnerships & opportunities; connect local producers, manufacturers, and contractors with military installations
  - Partner with WSU advanced biofuels center and DOD in Field to Flight program
- Expand opportunities and support for our returning veterans
  - Expand Helmets to Hardhats program (apprenticeships)
  - Build on success of military family employment programs

Military & Defense Sector

CURRENT EFFORTS & PRIORITIES

- Infrastructure (Installations, Missions, Workforce)
  - Mitigate & prepare for military downsizing via “Stealth BRAC”
  - Mitigate & prepare for BRAC (Base Re-Alignment & Closure)
- Industry
  - Map the defense industry supply chain
  - Defense manufacturing/Defense Services pilot programs
  - Technology Transfer, Commercialization & Entrepreneurship
- Workforce
  - DOD OEA Workforce Pilot program & Technology Tool Development
  - Support Washington Military Transition Summit Industry Day, 22-24 September
- Partnerships
  - Host Association of Defense Communities Northwest Regional Forum, 20-21 August