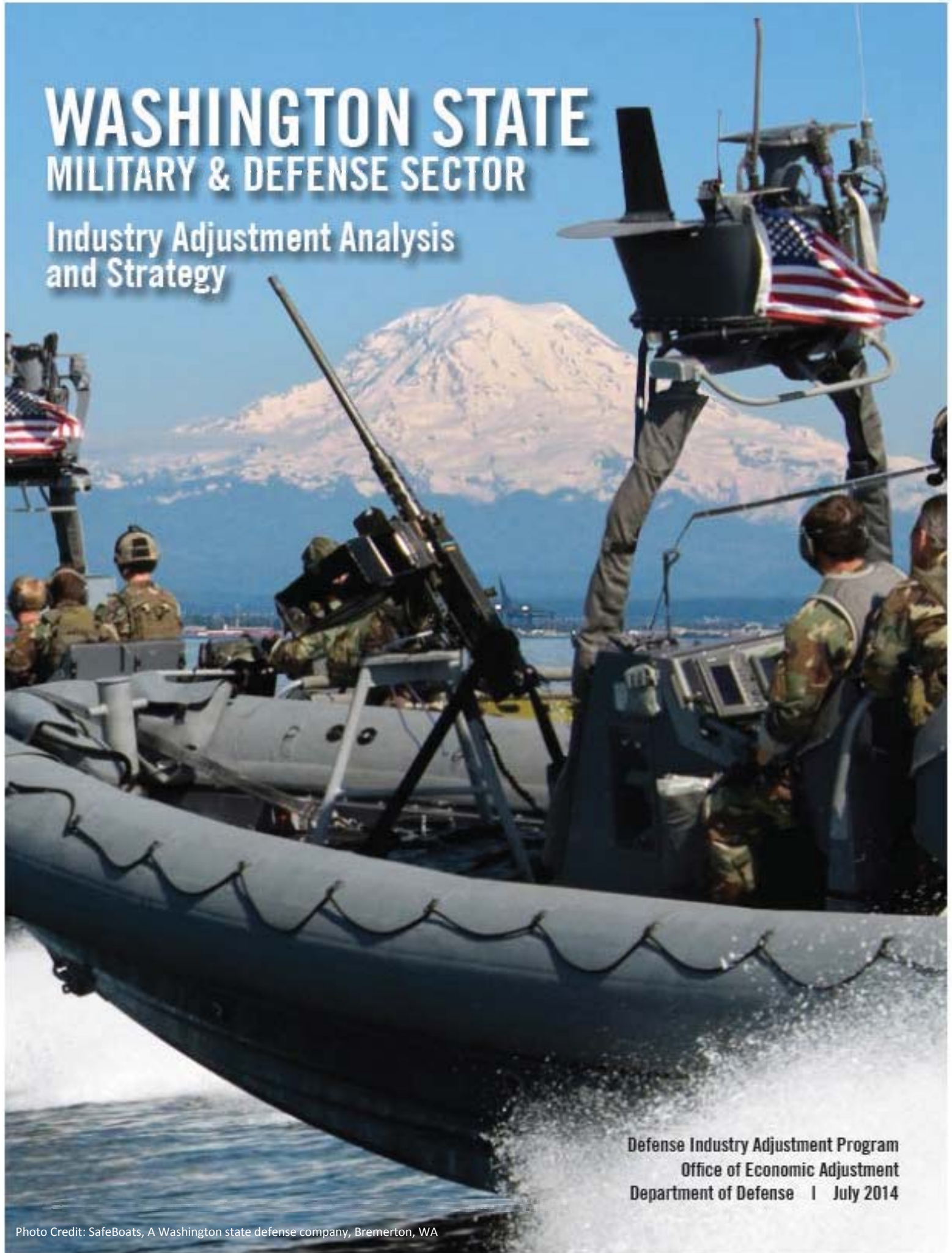


WASHINGTON STATE MILITARY & DEFENSE SECTOR

Industry Adjustment Analysis and Strategy



Defense Industry Adjustment Program
Office of Economic Adjustment
Department of Defense | July 2014

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JAY INSLEE
Governor



STATE OF WASHINGTON
Office of the Governor

July 18, 2014

Mr. Michael P. Gilroy
Industry Adjustment Program
Office of Economic Adjustment
2231 Crystal Drive, Suite 520
Arlington, VA 22202

Dear Mr. Gilroy:

I am writing to express my support for the Washington State Department of Commerce's application to the Department of Defense Office of Economic Adjustment for funding that will support the state in developing a much needed in-depth understanding of the extent of the military and defense contracting footprint in our state.

It is my top priority to create an economic climate where innovation and entrepreneurship can continue to thrive and create good paying jobs in every corner of Washington State. We know that there are over 1,500 defense related companies in our state, and we are committed to developing the capacity to respond to federal budget decisions within the Department of Defense that may impact this important sector to our state.

The proposal, entitled "*Washington State Military and Defense Sector Industry Adjustment Analysis and Strategy*" will also allow the state an opportunity to develop a strategic mitigation plan to reduce the exposure of regional businesses to a reliance on military and defense spending by developing a diversification strategy and a sustainable support system for those companies that are overly reliant on defense spending.

Through the proposal, Washington State will develop a capability for technology transfers and advanced commercial spin-off to the private sector specific for military and defense related companies including a "seamless transition" program specific to dislocated defense contract employees. Washington understands the importance of these future opportunities for industry growth in both the public and private sector in order to meet future defense needs.

I am impressed by the proposal's collaborative approach across all corners of the state and am dedicated to retaining and strengthening the defense sector workforce and businesses that make Washington their home while supporting national defense interests.

Thank you very much for your consideration of this proposal.

Very truly yours,



Jay Inslee
Governor



Executive Summary

Governor Inslee's top priority is to create an economic climate where innovation and entrepreneurship can continue to thrive and create good-paying jobs in every corner of Washington State.

The military and defense industry provides tens of thousands of jobs for Washington families and contributes billions of dollars to our economy each year. Washington is home to over 1,500 businesses supporting and supplying military and national security missions both globally and locally at many of the critical assets safeguarding our national security, from armed forces installations to homeland security assets around the state.

PROBLEM: What is not clear to the state, is to what extent the hundreds of companies that are doing business with the DOD or DHS, exactly what portion of the company's revenue is reliant on military and defense spending, what skills and knowledge are required by the companies' workforce to be able to meet the military's or national defense needs and given the current strategy to reduce defense spending, what it would mean for these companies and thus Washington's economy.

Of equal concern, is the need for Washington State to be prepared to support the defense industry in our region as this planned reduction in defense spending at the national level continues to play out, thus requiring both short-term operations plan and a long-term strategic plan.

PURPOSE: 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.

INTENT: The intent of this project is to:

(1) Assess the strengths and weaknesses of Washington's Military and Defense Sector by mapping assets and the supply chain, provide an understanding of the future of military and defense related contracts currently within the region, and assess the skills of the workforce within that sector;

(2) Analyze the state's capacity to respond to current and projected defense spending cuts and impacts of sequestration specific to the military and defense sector in the areas of business support, workforce development, and industry diversification;

(3) Pilot three studies to

(a) Analyze and plan business support efforts specific to the military and defense manufacturing supply chain while developing a best practices model to deploy in other regions of the state in the future,

(b) Analyze and plan business support efforts specific to the military and defense services supply chain while developing a best practices model to deploy in other regions of the state in the future, and

(c) Analyze and plan workforce development support efforts, like "seamless transition" specific to the military and defense sector contract workforce needs.

(4) Based on the “assessment and forecasting” data as well as an incorporated understand of the “state analysis” regarding capacity and capability, it is important to begin promoting a long-term strategic plan in support of the military and defense sector. Part of this long-term strategic plan will include:

(a) Analyze the opportunity to identify growth areas, based on the “assessment and forecasting” data, that may further support the state’s current sector economic development strategy or identify future enterprise clusters or other innovative techniques that promote strategic recruitment, retention and growth of the military and defense sector.

(b) Analyze the capacity of the state and military and defense industry to focus on business support in the form of Technology Transfer, Entrepreneurship and Commercialization specific to the industry and the feasibility of developing an industry incubator.

(5) Focus on strategic planning to ensure implementation and roll-out of a sustainability plan is thoughtful and well-crafted, making the need to rely on the Office of Economic Adjustment as a primary support partner would be diminished and a smooth transition to state, local and private sector accountability for the future success of the sector is manageable.

GOALS:

1. Understand the extent of the **military and defense contracting footprint** in the state,
2. Reduce the exposure of regional businesses to a reliance on military and defense spending and **develop a diversification strategy** and support system for those companies that are overly reliant on defense spending,
3. Support capability for **technology transfers** and advanced commercial spin-off to the private sector,
4. Generate a “**seamless**” transition or “soft-landing” for dislocated defense contract employees,
5. Understand **future opportunities for industry growth** in both the public and private sector in order to meet defense needs,
6. Focus on retaining and **strengthening the defense sector businesses and workforce** that make Washington their home and support national defense interests.

EXPECTED RESULTS:

1. Assessment and Forecasting Capacity to understand the extent of the military and defense contracting footprint in the state,
2. Identified diversification strategy for companies overly reliant on defense spending, with clear alternative solutions and resources identified to support such diversification,
3. Identified feasibility study outlining capability for technology transfers and advanced commercial spin-off into the private sector,

4. Identified defense contractor transition process that connects employees to growth industry and provides a technology tool to support their transition process,
5. Clearly identified strategic plan for understanding and seizing opportunities for industry growth,
6. Identified retention and support strategy for military and defense business and workforce talent in Washington.

Statement of Need

In January 2012, the Department of Defense (DOD) issued a new Defense Strategic Guidance Report, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, to identify strategic interests and guide defense spending in light of the transition in the role of American forces in Afghanistan and reductions in federal spending.

To implement this new strategy, the Secretary of Defense (SECDEF) has indicated that the Joint Force of the future will be smaller and leaner, but at the same time be more technologically advanced and agile, flexible, and ready to act.

Current trends in public defense strategy continue to promote and advocate the need for reductions in federal spending which have a direct impact on the military and defense supply chain at the state and local level. In a report published by the White House in early 2013¹ related to the impacts of sequestration on military readiness, it was projected that in Washington,

- Approximately 29,000 civilian Department of Defense employees would be furloughed, reducing gross pay by around \$173.4 million in total.
- For the Army, base operation funding would be cut by about \$124 million across the state.
- For the Air Force, funding for operations in the state would be cut by about \$3 million.
- For the Navy, it was projected that there would be a cancellation of aircraft depot maintenance at Whidbey Island, and cancellation of a demolition project in Bremerton.

So there have been real projections made about the scope and impact of the military’s need to reduce spending in the state both from a strategic perspective but also from a forced response to sequestration.

More importantly, we know that real impacts are being felt as local defense contractors are laying off employees in response to the cuts in defense spending. One company, a shipbuilder in Tacoma, Washington, has announced its bankruptcy namely because of its heavy reliance on Navy and Coast Guard contracts that are no longer available. Another shipbuilder in Bremerton, Washington has announced the layoff of nearly one-third of its workforce due to a loss in Navy and Coast Guard contracts. These are just two of the companies we know are direct results of the decrease in defense spending.

Impacts of military and defense related assets in Washington State

The military is the second largest public employer in the state with over 136,000 employees², with nearly \$15.7 billion dollars in procurement for Washington based vendors and nearly \$16.8 billion if vendors outside of the state doing work listing Washington as the place of performance are included, representing over four percent (4%) of the state’s gross domestic product in FY 2012, it is clear that these facilities are all reliant on a strong installation support supply chains to meet their mission needs.

People Impact							
Active Duty	Reserve	National Guard	Civilian Workforce*	Family Members	Retirees	Survivors	TOTAL
69,124	19,474	8,000	39,355	90,246	71,451	10,901	308,551

¹ <http://apps.washingtonpost.com/g/documents/politics/sequester-cuts-washington/344/>

² 2012 Demographics Report; Office of the Deputy Under Secretary of Defense (Military Community and Family Policy),

Home to Boeing Aerospace, which was recently awarded a \$4.6 billion dollar contract³ in FY 2013, and Vigor Shipyards, Incorporated, which received a \$30 million dollar contract⁴ earlier this year, Washington State is aware that the region's businesses also play a vital role in the national defense supply chain.

Top Ten Defense Contractors Located in Washington State in FY12 ⁵		
The Boeing Company	\$9.9 B	Seattle
The Boeing Company - Insitu	\$280 M	Bingen
Manson Construction	\$231 M	Seattle
Pacific Medical Center Clinic	\$210 M	Seattle
U.S. Oil Trading LLC	\$206 M	Tacoma
Vigor Industries	\$155 M	Seattle
Dakota Creek Industries Inc.	\$151 M	Anacortes
Microsoft Corporation	\$203 M	Redmond
Skookum Educational Programs Inc.	\$129 M	Port Townsend
Cubic Corporation	\$104 M	Lacey

Top Ten Defense Companies Listing WA as "Place of Performance" in FY12 ⁶		
The Boeing Company	\$7.5 B	Seattle, WA
BP PLC	\$766 M	California
Pacific Medical Center Clinic	\$698 M	Seattle, WA
EHW Constructors a Joint Venture	\$256 M	Virginia
Pacific Medical Center Clinic	\$210 M	Seattle, WA
U.S. Oil Trading LLC	\$206 M	Tacoma, WA
Dakota Creek Industries	\$151 M	Anacortes, WA
The Geo Group	\$120 M	Florida
EJB Facilities Services	\$101 M	Virginia
Vigor Industries	\$77 M	Seattle, WA

Recently, Washington was able to ascertain that over 1,500 companies in the state are in some way contracting with the Department of Defense (DOD) or Department of Homeland Security (DHS) in support of a military or defense mission, listing Washington as their vendor location.

We also have two major Department of Energy (DOE) facilities that do defense related work that would be impacted by a loss in defense supply chain support. In being able to understand only where these companies are located across the state, it was clear that thirty-five (35) of thirty-nine (39) counties were home to a company doing work for the DOD or DHS in support of a defense mission. However, we do not currently have data to help the state understand the true impact to each county of that defense investment.

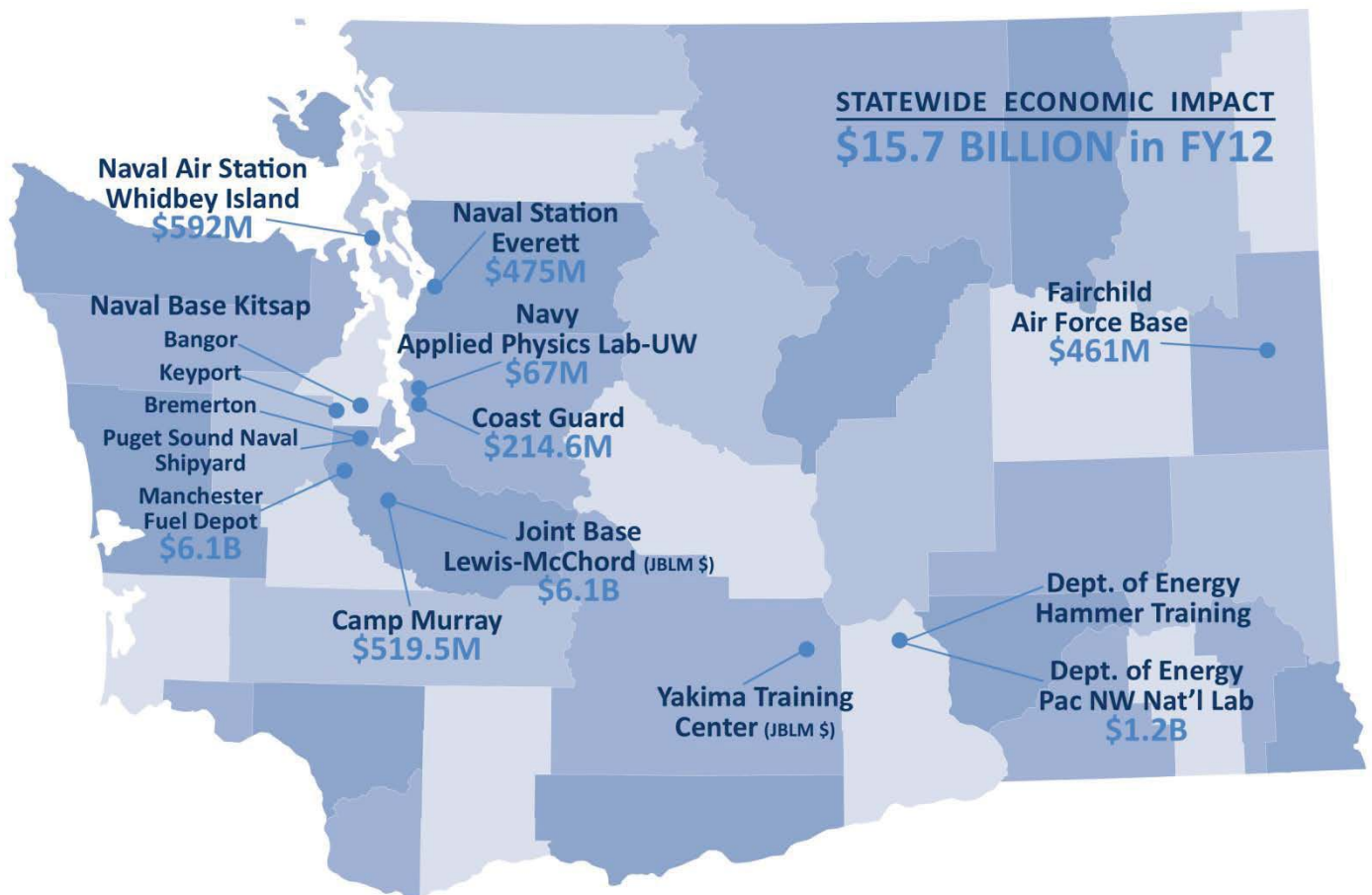
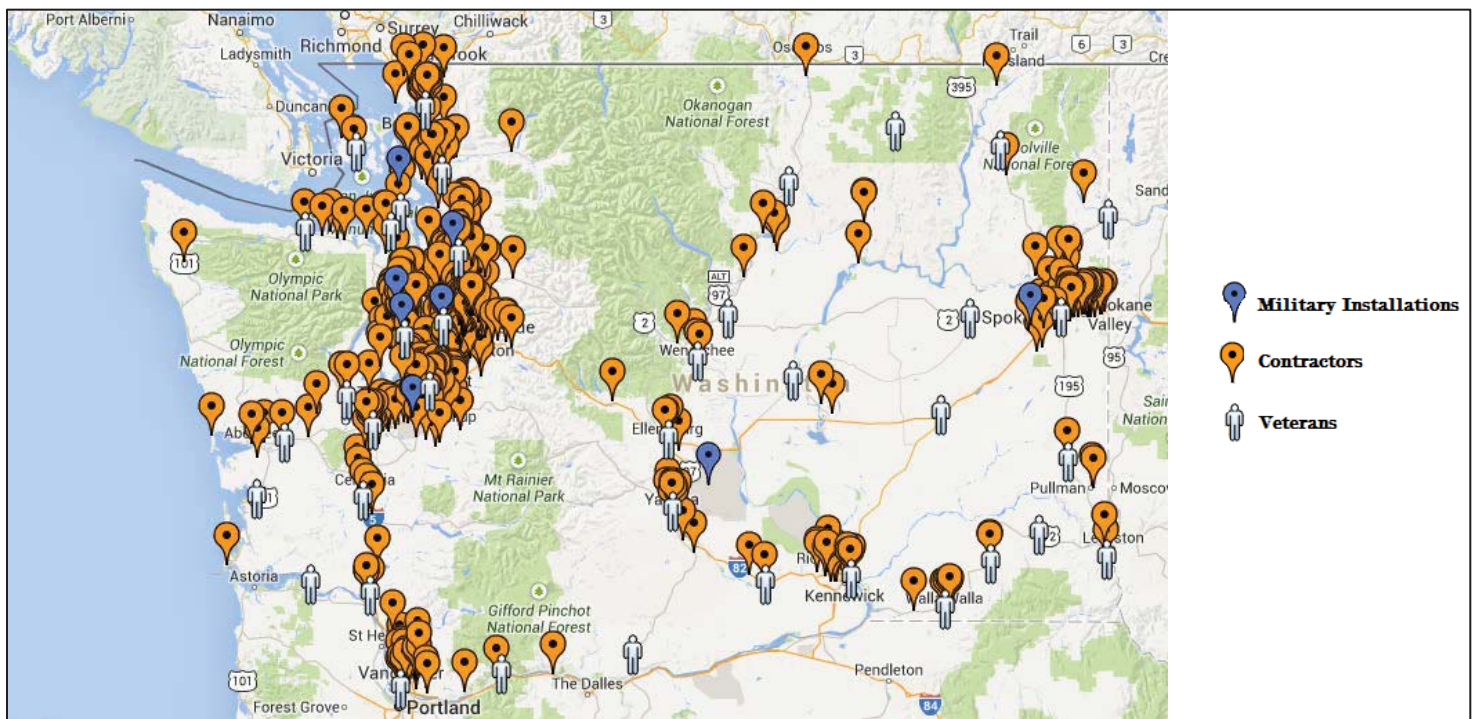
³ <http://seekingalpha.com/article/1803002-boeing-shines-bright-in-q3-but-other-large-defense-contractors-see-drop-in-backlog>

⁴ http://www.militaryindustrialcomplex.com/contract_detail.asp?contract_id=26218

⁵ *DOD & DHS Contracts FY14, FY13, FY12 – Data pulled from fpds.gov.* Tiffany Scroggs, Thurston County EDC & PTAC. 10 DEC 2013

⁶ *DOD & DHS Contracts FY14, FY13, FY12 – Data pulled from fpds.gov.* Tiffany Scroggs, Thurston County EDC & PTAC. 10 DEC 2013

Military and Defense Contractors by Location in Washington



Washington State is home to several military installations and defense related assets, including:

1. Joint Base Lewis McChord (Army/Air Force)
- including Yakima Training Center
2. Naval Base Kitsap - including Puget Sound Naval Shipyard, Bangor, Keyport, Manchester Fuel Depot, Magazine Indian Island
3. Naval Station Everett
4. Naval Air Station Whidbey Island
5. Fairchild Air Force Base
6. Washington Army/Air National Guard
7. Navy Applied Physics Lab, University of Washington
8. Pacific Northwest National Laboratory
9. Volpentest Hammer Training Facility
10. U.S. Coast Guard District 13 Headquarters

These installations and assets have diverse supply chains that are reliant on this local military and defense infrastructure. It is important that we take into consideration that this supply chain must be identified and overly reliant companies encouraged to diversify.

THE PROBLEM:

What is not clear to the state is to what extent those companies are doing business with the DOD or DHS, what portion of the company's revenue is reliant on military and defense spending, what skills and knowledge are required by the companies' workforce to be able to meet the military's or national defense needs and given the current strategy to reduce defense spending, what it would mean for these companies and thus Washington's economy. Existing sources do not and cannot stratify this data, therefore any attempt to classify these figures into a more relevant category will, by necessity, be a customized product.

Of equal concern, is the need for Washington State to be prepared to support the defense industry in our region as this planned reduction in defense spending at the national level continues to play out, thus requiring both short-term operations plan and a long-term strategic plan.

Therefore, Washington State must:

- Understand the extent of the **military and defense contracting footprint** in the state,
- Reduce the exposure of regional businesses to a reliance on military and defense spending and **develop a diversification strategy** and support system for those companies that are overly reliant on defense spending,
- Support capability for **technology transfers** and advanced commercial spin-off to the private sector,
- Generate a **"seamless" transition** or "soft-landing" for dislocated defense contract employees,
- Understand future **opportunities for industry growth** in both the public and private sector in order to meet defense needs,
- Focus on retaining and **strengthening the defense sector workforce** and businesses that make Washington their home and support national defense interests.

Management Capacity and Organization Background

Washington State Department of Commerce (The Applicant)

The Department of Commerce is the lead state agency charged with **enhancing and promoting sustainable community and economic vitality** in Washington. Commerce administers a diverse portfolio of more than 100 programs and several state boards and commissions, all focused on achieving one clear and simple mission: to grow and improve jobs in Washington.



Department of Commerce
Innovation is in our nature.

The Department of Commerce's key customers include businesses, local governments and community-based organizations. They also play the crucial role of convening numerous local, state, regional and federal partners and stakeholders, public and private. Together, Commerce works to support the Governor's priorities and achieve shared goals and objectives for the citizens of Washington.

The Department of Commerce Director, Brian Bonlender, reorganized the Department in 2013 and established the **Office of Economic Development and Competitiveness (OEDC)**. The OEDC engaged business and industry leaders to help recruit and support a team of professionals to collaborate on policies and growth strategies in target sectors.

The identified sectors are:

- *Aerospace*
- *Agriculture & Food Processing*
- *Life Sciences & Global Health*
- *Information Communication & Technology*
- *Clean Technology & Wood Products*
- *Maritime*
- *Military & Defense*

This sector-based economic development strategy is a reflection of the fact that Washington State faces intense international and interstate competition for good jobs. The state has to be constantly vigilant about identifying opportunities and strategies for supporting existing employers and cultivating new ones in Washington.

The **Military & Defense Sector**, which was stood up in December of 2013, focuses its mission within the Department of Commerce on supporting and informing statewide sector specific economic development efforts by strengthening state and federal collaborations that support military & defense infrastructure, military & defense industry as well as public, private and social sector partnerships in all communities across the state.



Washington Military Alliance (The Partners)

With such diverse military industry, missions, needs, and opportunities and a different stakeholder group for every aspect of an issue related to the military and defense community, it was important to the Governor and the federal Congressional delegation to

convene a group of diverse military community stakeholders to **come together** with **one voice** in response to potential cuts to defense spending beginning in 2012.

In response, the Washington Military Alliance (WMA) was formed. The WMA is a coalition of military and defense related stakeholder organizations, serving as an umbrella organization for the three main components of the sector representing industry, community support partnerships, and infrastructure support. This group serves a primary role as a policy advisor to the Governor, other state agencies, the Legislature, and others in support of the military and defense sector in Washington.

At the time of its formation, the group was convened primarily to collaborate on one project, the production of the Washington Military Alliance Report, which was commissioned to identify military and defense infrastructure (installations, missions, and workforce) impacts to the state and develop recommendations for ensuring a continued commitment to supporting that infrastructure in Washington as a backbone to the state and local communities.

Washington Military Alliance Partners	Roles
South Sound Military Communities Partnerships (SSMCP)	Infrastructure Partner
Forward Fairchild	Infrastructure Partner
Military Affairs Committee of Economic Alliance Snohomish County (MAEASC)	Infrastructure Partner
Puget Sound Naval Bases Association (PSNBA)	Infrastructure Partner
NAS Whidbey Task Force (NASWTF)	Infrastructure Partner
Puget Sound Regional Council (PSRC)	Infrastructure Partner
Veteran's & Military Affairs Committee Yakima Chamber	Infrastructure Partner
Pacific Northwest National Laboratory (PNNL)	Infrastructure Partner
HaMMER Training Facility	Infrastructure Partner
Applied Physics Lab, University of Washington	Infrastructure Partner
Association of Washington Business (AWB),	Industry Partner
Pacific Northwest Defense Coalition (PNDC)	Industry Partner
National Defense Industrial Association (NDIA)	Industry Partner
Armed Forces Communications & Electronics Association International (AFCEA).	Industry Partner
Procurement and Technical Assistance Center (PTAC)	Industry Partner
Economic Alliance Snohomish County (EASC)	Partnership Representative
Economic Development Council Skagit County	Partnership Representative
Kitsap Economic Development Alliance (KEDA)	Partnership Representative
Greater Spokane Incorporated (GSI)	Partnership Representative
Tacoma Pierce County Economic Development Board	Partnership Representative
Tacoma Pierce County Chamber of Commerce Military Affairs Committee	Partnership Representative
Thurston County Economic Development Council	Partnership Representative
Yakima County Development Association	Partnership Representative
Tri-Cities Economic Development Council	Partnership Representative
Economic Development Council of Seattle King County	Partnership Representative
Washington State Department of Commerce (DOC)	Military & Defense Sector Lead

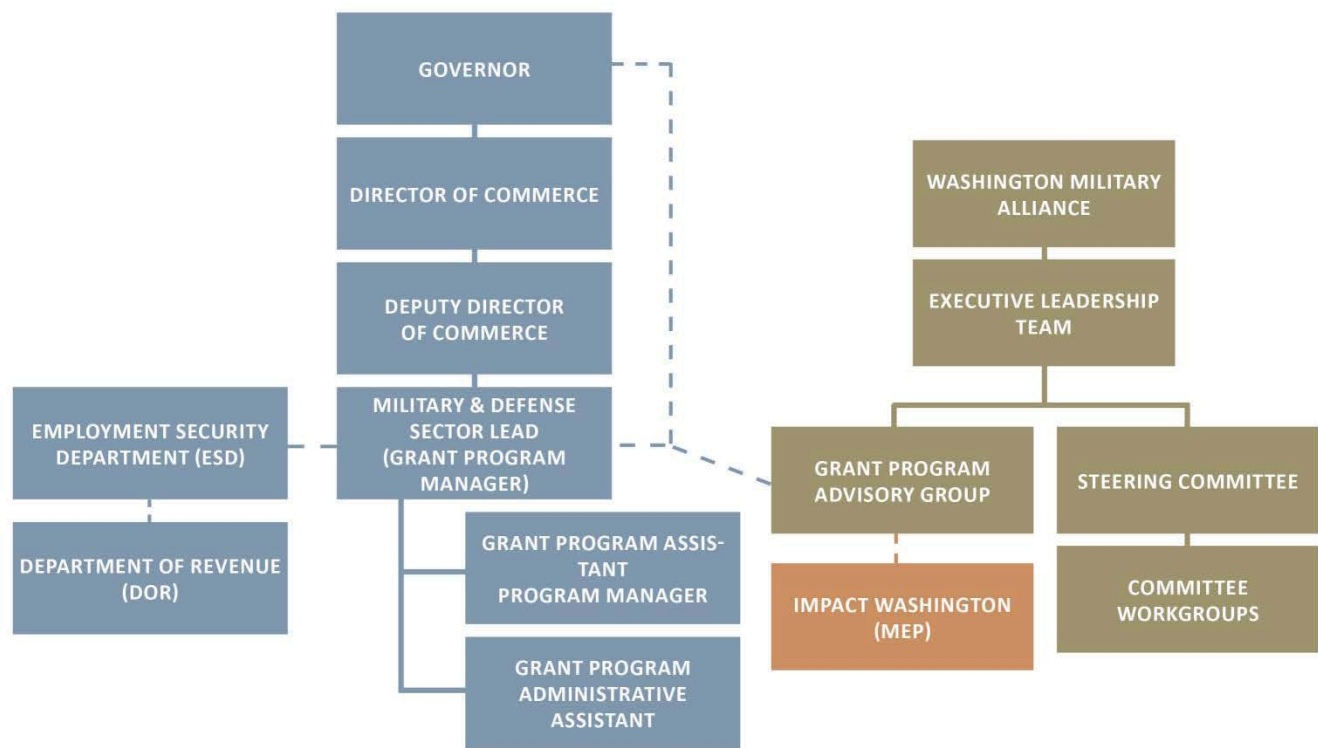
In 2014, under the direction of the Governor and with guidance from the new Military and Defense Sector Lead, the Washington Military Alliance reconvened to determine a way forward given the new realities facing the Department of Defense and the military and defense community in Washington.

Under the new leadership, the Alliance expanded its scope to include industry associations (contractors, suppliers, and service providers) and brought economic developers to the table in support of a collaborative and cohesive strategy to respond to budget decisions at the federal and state level impacting the military and defense community.

It is the intent of the proposal to provide support to further strengthen this burgeoning relationship between the State and the Washington Military Alliance by working with the partners to develop a clear mission, vision and values for the purpose of this proposal that will sustain long beyond the end of this program.

It is also our intent to utilize the two existing organizational structures to develop a partnership where the Washington Military Alliance will identify a grant program leadership team and advisory group to work with the Department of Commerce and subsequently the state in accomplishing the goals of this grant proposal.

Proposed Organizational Structure for Grant Program Administration



“At A Glance” Program Proposal

Component of Program	Title of Component	What do we want done in this component?	How much do we think it will cost?	Match Commitment	How long do we think it will take?	What do we expect the final product to be?
N/A	Overall Program Proposal Support	General support and administration of program proposal components	N/A	\$184,533.00, DOC	0-24 months	Coordinated effort across the state and all components of the program proposal
1. Setting the Table	Organization, Communication & Stakeholder Management	Organize state and regional stakeholders, Build Capacity for long-term, Strategic Communications Plan	\$425,000.00	\$11,042.00, PSRC	0-24 months (per year)	Stakeholder Collaboration, Capacity Building, Strategic Communications Plan, website
2. Understanding the Playing Field	Assessment & Forecasting Capacity	Assess current state of defense industry in WA, identify supply chain & asset map	\$480,000.00	\$20,000.00, City of Bremerton \$5,000.00, DOR	6-9 months	Asset/Supply Chain Map, Forecasting Tool
3. Finding & Planning the Solution	3A. State Analysis	Analyze the State's capacity to understand, plan for, and support implementation of a statewide response strategy to changes in defense spending	\$150,000.00	\$8,765.00, PSRC	4-6 months	Asset Map, Needs/Gap Analysis, Suggested Solutions Set
	3B1. Defense Manufacturing Supply Chain Business Support Pilot	1. Develop a successful supply chain diversification model 2. Develop resource team	\$500,000.00	\$5,228.00, PSRC	6-9 months	Replicable best practice models for state, rapid response strategy
	3B2. Defense Services Supply Chain Business Support Pilot	1. Develop a successful supply chain diversification model 2. Develop resource team	\$250,000.00	\$25,000.00, City of Lakewood/SSMC P \$15,990, KEDA	6-9 months	Replicable best practice models for state, rapid response strategy
	3B3A. Workforce Transition Business Support Pilot	Develop specific transition strategy from defense contract work to high demand sectors creating a career pathway	\$200,000.00	\$5,544.00, EASC \$6,686.00, KEDA	6-9 months	Replicable best practice models for state, rapid response strategy,

Component of Program	Title of Component	What do we want done in this component?	How much do we think it will cost?	Match Commitment	How long do we think it will take?	What do we expect the final product to be?
	3B3B. Transition Technology Tool Development Pilot	Develop technology platform for specific transition strategy from defense contract work to targeted sectors creating a career pathway for impacted workers	\$300,000.00	None To Date	6-9 months (year 2)	Identified Technology platform that automates Workforce support programs and services, Automated rapid response model developed from state analysis specific to defense contract employees.
	3C1. Outreach & Awareness Building via Industry	1. Provide Technical Assistance for defense businesses 2. Leverage existing education and outreach opportunities via defense industry partners	\$250,000.00	\$60,000.00, PTAC/Thurston County EDC \$33,410.75 GSI \$4,214.00, KEDA	0-24 months	2 annual outreach events, targeted outreach to industry organizations,
	3C2. Outreach & Awareness Building via Community	Leverage existing outreach and awareness building opportunities via WMA military & defense community partners	\$500,000.00	\$11,088.00, EASC \$9,918.00 KEDA \$33,410.75 GSI	0-24 months	Targeted outreach by local entities in targeted communities in state
4. Determining a Path Forward	Strategic Planning	Based on results of all data measures, develop short and long-term strategic plan	\$230,000.00	\$20,000.00, City of Bremerton \$50,986.00, DOC	6-12 months (year 2)	Strategic Short-Term & Long-Term Plans that incorporate all collected data and results by military community economic region
	4A. Identify Growth Areas in target sectors	Incorporate general appreciation by other targeted sectors for value of military and defense sector industry production in defense manufacturing, defense services and workforce needs.	\$250,000.00	\$5,544.00, EASC \$15,116.00, KEDA	6-12 months (year 2)	Incubation Center of Excellence for Military & Defense Manufacturing Feasibility Study
	4B. Develop Technology Transfer Program	Develop an Incubator Feasibility to Accelerate Technology Transfers, Entrepreneurship & Commercialization	\$250,000.00	\$6,758.00, KEDA	6-12 months (year 2)	Targeted feasibility study, stakeholder map and plan for small business incubation
5. Branching Out on Our Own	Implementation Planning	Successfully transition to integration with state, local or other federal programs	\$150,000.00	None To Date	4-6 months (year 2)	Sustainability strategy incorporated in to overall long-term strategic plan, Timeline for Implementation

Approach and Scope of Work:

Program Proposal Descriptions

This program proposal has multiple components in the following main areas:

1. **Setting the Table:** Organization, Communication & Stakeholder Management
2. **Understanding the Playing Field:** Assessment & Forecasting Capacity
3. **Finding & Planning a Solution:** Analysis, Pilots, & Outreach and Awareness Building
4. **Determining a Path Forward:** Planning, Identifying Growth Areas & Focusing on Tech Transfer, Entrepreneurship and Commercialization
5. **Branching Out on Our Own:** Implementation Planning

The following provides the detailed approach and scope of work task items, including deliverables, for all the elements within the program component areas listed above.

The Washington State Department of Commerce (DOC), as the grantee, plans to use contractual support for much of the effort with staff support from the Department of Commerce, WMA Partners, and Washington State Department of Revenue (DOR). The DOC plans to issue requests for proposals (RFPs) for the contractual effort as outlined in the Financial Flow Diagram at Appendix A. and the Budget Justification. The DOC, WMA partners, and DOR will be providing the non-federal match for the project in the form of staff time, travel, supplies, cash, indirect costs, and other in-kind services as described in the Budget Justification.

The proposed timeline for the project is over a 24-month period from October 1, 2014 through September 30, 2016. The time period for each Program element is listed in each section below and summarized in a table at the end of this Approach and Scope of Work section. Department of Commerce believes that a two-year timeline is most appropriate in this request given that the five component parts as inter-connected elements that build upon one another as foundational components to create sustainable next steps in addressing need in the military and defense sector in light of the proposed decrease in defense spending.

The Department of Commerce and the organizations in the Washington Military Alliance reached out to Federally-funded state and local partners regarding this approach and scope of work, for their input into this proposal, including:

- Workforce development councils and the Washington Workforce Association,
- Impact WA, the manufacturing extension partnership, and
- small business support organizations, including the Small Business Administration,

Many expressed interest in the activities that follow, but do not have experience running such programs for defense industry workers or firms. The Department of Commerce and the Washington Military Alliance will include these organizations in planning the following projects and will seek to leverage their existing programs and infrastructure when possible.

It is important to the Department of Commerce and the Washington Military Alliance partners that we are working with existing efforts by Impact WA (the MEP), the Employment Security Department, the workforce development councils, and the small business resource community to ensure we are not duplicating systems or adding additional burden to the system, rather ensuring that integration into the larger systems in a way that is a value added for the entire system and therefore the State and the constituents it is working to serve.

1. SETTING THE TABLE: Organization, Communication & Stakeholder Management

Convening and activating strategic military and defense related stakeholders and impact groups will create high impact for Washington State and the future of the military and defense sector economy. Utilizing the Washington Military Alliance as a prime partner in this engagement will be crucial to the overall success of the program.

These stakeholders and impact groups will be informed about and participate in the various program components, further detailed in the following program proposal descriptions later in this document, as well as providing input used to tailor support response offerings.

The military and defense related industry, along with military and defense installations, will be engaged around topics of procurement, contracting, research and development needs, small scale production and other mission related needs.

In encouraging stakeholder management, a “Industry Adjustment Analysis and Strategy Program” leadership team will be developed as a working group within the current structure of the Washington Military Alliance to serve as an advisory partner to the Washington State Department of Commerce.

COST: \$425,000.00 (per year)
 TIME: 0-24 months
 MATCH: \$11,042.00, Puget Sound Regional Council

GOAL:	OBJECTIVES:
<ul style="list-style-type: none"> Organize state and regional stakeholders Develop strategic communications plan 	<ul style="list-style-type: none"> Define the Economic Region Map Regional Assets Consistent Stakeholder Collaboration Form/Stabilize Statewide Leadership Group Develop future vision and engage community Develop Short-term operations plan Develop Long-term strategic vision
TASKS:	1.1 Hire (or identify) Project Staff 1.1.1 Produce Planning/Project Management Map in Microsoft Project 1.1.2 Develop Work breakdown structure for Proposed Timeline 2.1 Stabilize Statewide Leadership Group (WMA) 2.2 Identify Steering Group/Policy Committee membership (social network mapping) .3 Develop Steering Group By-laws/Charter/MOU

- .4 Identify assets among stakeholders which can be leveraged at each point in the program timeline
- .5 Identify inequities among stakeholders which must be addressed
- .6 Identify working group committee membership
- .7 Conduct regular outreach to stakeholders and impact groups
- .7.1 Host Forums/town halls in each military installation community (10)
- 3.1 Contract strategy/communications consulting firm to assist in planning and communications.
- 3.2 Work with stakeholder group to develop mission, vision, values, etc.
- 3.3 Public communications strategy development (Messaging/Content/Social media planning)
- 3.4 Develop and implement website & listserv
- 3.5 Manage Content (Newsletters/Lessons learned documents/Case studies/Success stories/Interim reports, etc.)

DELIVERABLES:

- Communication Strategy
- Social Network Map
- Short-Term Operations Plan, Work plan in Microsoft Project
- Long-Term Strategic Plan

2. UNDERSTANDING THE PLAYING FIELD: Assessment & Forecasting Capacity

The assessment will identify the scope and nature of military and defense related economic activities in Washington State that are related to contract awards and assess the dependency of the region on military and defense spending.

The assessment will employ a nationally recognized economic impact supply chain model to quantify the vulnerability of the military and defense activities and provide a forecast of these activities specific to the region for the next 3-5 years.

The assessment will populate a data bank and provide analytical modeling capacity to facilitate continuing economic impact analyses relative to changing military and defense budgetary conditions and expenditure policies. This analysis will serve as the guidance for market and workforce diversification strategies to be put in place.

COST: \$480,000.00 (year one)
 TIME: 6-9 months
 MATCH: \$20,000.00, City of Bremerton
 \$5,000.00, Department of Revenue

GOAL:

Assess current state of the defense industry in WA

OBJECTIVES:

- Understand the current impact of military and defense spending in the state
- Provide capacity to forecast the impact of changes in defense spending relevant to the state and its military and defense industry
- Create visibility on which companies/businesses in the state are supporting the military and defense sector

TASKS:

1.1 Develop performance metrics for project

	2.1 Hire consultant(s) 2.1.1 Identify industries within the military and defense sector at risk, with an emphasis on the identified sectors outline by the state Department of Commerce 2.1.2 Assess capacity of industry to transform, utilizing its human, technology, equipment and entrepreneurial capital as assets 2.1.3 Identify current economic baseline indicators 2.1.4 Identify impacted supply-chain by business 2.1.5 Survey identified supply chain CEO/COOs (effects of reduced DOD spending, plans i.e. diversify? close?, needs) 2.1.6 Identify skill level of impacted workforce (surveys/modeling) 2.1.7 Develop Gap Analysis for skills of impacted workforce 2.1.8 Skills gap between current workforce and growth sectors 2.1.9 Requirements to move existing businesses into other sectors 3.1 Review economic baseline indicators at fixed intervals to see if any movement is due to the project effects. 4.1 Develop initial strategies based on supply-chain survey data
DELIVERABLES:	<ul style="list-style-type: none"> • Military & Defense Sector Asset/Supply Chain Map • Forecasting tool • Directory of Washington State companies doing military and defense related work

3. FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

A. State Analysis

The purpose of this study is to focus on the state’s current capacity to understand, plan for and support implementation of a statewide military and defense economic diversification strategy as well as the state’s capacity to conduct targeted workforce transition support of defense related contract employees to other sectors of the economy.

This Analysis would be conducted by an outside consultant to work with the state, its industry and workforce partners to understand the processes currently in place to respond to military and defense spending shifts that impact businesses and contract employees, identify gaps in the state’s capacity to respond and develop suggested solutions to address the gaps in the state’s capacity.

This analysis would focus primarily on the state’s capacity to respond to military and defense spending reductions. The subsequent pilot program proposals focus on the industry’s capacity to respond to military and defense spending reductions.

COST: \$150,000.00 (year one)
TIME: 4-6 months
MATCH: \$8,765.00, Puget Sound Regional Council

GOAL:	OBJECTIVES:
Assess the State’s capacity to understand, plan for and	<ul style="list-style-type: none"> • To identify key state agencies, their partners and current processes used to respond to industry downsizing

support implementation of a statewide response strategy to changes in defense spending	<ul style="list-style-type: none"> • Understand these stakeholders ability to understand and apply the current resources and processes to the military and defense industry • Identify gaps in the understanding, plans and process specific to the military and defense sector • Provide needs/gap analysis with suggested solutions
TASKS:	<ol style="list-style-type: none"> 1.1 Contract with Consultant 2.1 Business Process Mapping of current capacity, complete with process identifications and trigger events; major business processes and supporting documents such as process maps 3.1 Needs Assessment & GAP Analysis Identification, documenting current capacity and additional needs requirements; objectives, impacts, agency effects, proposed solution, major alternatives considered, and executive summary
DELIVERABLES:	<ul style="list-style-type: none"> • State Process Map for planning and support of downsizing response capacity • Needs Assessment & GAP Analysis Report

B. Support, Coordination and Integration of Pilot Programs

While analyzing the state’s capacity for response, it is important to develop potential mitigation strategies for the three main components of the impacted areas of the military and defense industry in Washington by creating targeted pilot programs to provide “push and pull” to the state’s understanding of their response capability and gap analysis.

It is the intent of the state analysis component of the proposal to focus on the internal state processes and partners that would be part of the rapid response plan for defense spending reductions and mitigation, however, it is the intent of the pilot program proposals to focus on analyzing processes specific to industry that challenge capacity to diversify or commercialize their work away from DOD reliance.

B-1. Business Support Pilot A – Defense Manufacturing Supply Chain

Impact WA, the federally funded manufacturing extension partnership in Washington State, in coordination with some of the Washington Military Alliance partners, assisted in the development of this proposed pilot project, which is also featured as a catalytic investment in Puget Sound Regional Council’s (PSRC) winning “Investing in Manufacturing Communities Partnership” Strategy. This proposed pilot, unlike the PSRC proposal is strictly focused on the defense manufacturing community and allowed for input from the Employment Security Department and Department of Revenue as well.

The primary focus of the activity will be to create and test a viable economic diversification strategy specific to the defense manufacturing supply chain in the state. Based on the successful test results of a viable economic diversification strategy specific to the manufacturing supply chain, work to develop a strategy around an implementation plan of the successful model would be a logical next step.

Defense firms will be engaged, aligning the resources and services they need to diversify into aerospace, maritime and other rapidly growing key industries in Washington. In making a selection of which six companies would participate in a pilot program, The Department of Commerce, in conjunction with Impact

WA believes that the process to selection should start with a survey to identified impacted defense manufacturing businesses with a letter of support for the program from the Washington Military Alliance partners, as well as from the industry association affiliated with the business product. The survey would work to identify which companies are willing to participate in a pilot program meeting specific criteria. Once the companies who are interested in participating are identified, should there be more than six companies on the list, the top six most impacted companies would be selected for inclusion in the pilot program.

For purposes of this proposal a qualified defense impacted firm is defined as a business who is deriving a minimum of 40% business revenue from DOD contracts or as a subcontract. The business must experience a loss of or demonstrate an imminent threat of a loss of at least 5% of sales and/or production due to reduced DOD expenditures. Data on sales, production and employment must be current as of the immediate past 24 - month period for losses and in the case of imminent threat, a projection for the immediate future 24 -month period must be provided. Criteria that will also be used to determine eligibility for participation in the pilot program will include willingness to serve as a case study participant and having certain data available for inclusion in the public documents.

COST: \$500,000.00 (year one)
 TIME: 6-9 months
 MATCH: \$5,228.00, Puget Sound Regional Council

GOAL:	OBJECTIVES:
<ul style="list-style-type: none"> Develop a successful defense manufacturing supply chain diversification model Develop resource team 	<ul style="list-style-type: none"> Engage up to six local businesses for Pilot Project Support customized training for Next Generation LEAN tools Provide replicable model to share with broader defense manufacturing community
TASKS:	1.1 Identify six local defense manufacturing supply chain businesses to participate in pilot program <ul style="list-style-type: none"> 1.1.1 Assess capacity of industry to transform, utilizing its human, technology, equipment and entrepreneurial capital as assets 1.1.2 Assess the business community for growth potential by expanding its client base, developing new applications for its products, encouraging technology transfers and accelerating the commercialization of defense-related products 1.1.3 Conduct Asset Mapping for each company to include but not be limited: <ul style="list-style-type: none"> Resources including venture capital Social network mapping Higher education Federal, state, local resources Technology transfer and commercialization assistance 1.1.4 Develop strategy to support growth potential based on asset map 2.1 Provide for various components of diversification training/assistance <ul style="list-style-type: none"> 2.1.1 Plan Export and market development training 2.1.2 Provide Next GenLean consulting/Business Process Reengineering 2.1.3 Identify Diversification assistance opportunities 3.1 Provide Defense manufacturer/business association awareness and support

DELIVERABLES:

- Case Studies for businesses chosen for pilot
- White paper on model with best practices, gaps and suggestions for solutions

B-2. Business Support Pilot B – Defense Services Supply Chain

Impact WA, the federally funded manufacturing extension partnership in Washington State, in coordination with some of the Washington Military Alliance partners, assisted in the development of the proposed pilot project, which is also featured as a catalytic investment in Puget Sound Regional Council’s (PSRC) winning “Investing in Manufacturing Communities Partnership” Strategy. This proposed pilot, unlike the PSRC proposal is strictly focused on the defense services community and allowed for input from the Employment Security Department and Department of Revenue as well.

The primary focus of the activity will be to create a viable economic diversification strategy specific to the defense services supply chain, such as specialized defense engineering firms, design firms, software development companies, consultants, etc., in the state. Based on the successful test results of a viable economic diversification strategy specific to the defense services supply chain, work to develop a strategy around a state-wide implementation plan of the successful model would be a logical next step.

Defense firms will be engaged, aligning the resources and services they need to diversify into aerospace, maritime and other rapidly growing key industries in Washington. In making a selection of which six companies would participate in a pilot program, The Department of Commerce, in conjunction with Impact WA believes that the process to selection should start with a survey to identified impacted defense manufacturing businesses with a letter of support for the program from the Washington Military Alliance partners, as well as from the industry association affiliated with the business product. The survey would work to identify which companies are willing to participate in a pilot program meeting specific criteria. Once the companies who are interested in participating are identified, should there be more than six companies on the list, the top six most impacted companies would be selected for inclusion in the pilot program.

For purposes of this proposal a qualified defense impacted firm is defined as a business who is deriving a minimum of 40% business revenue from DOD contracts or as a subcontract. The business must experience a loss of or demonstrate an imminent threat of a loss of at least 5% of sales and/or production due to reduced DOD expenditures. Data on sales, production and employment must be current as of the immediate past 24 - month period for losses and in the case of imminent threat, a projection for the immediate future 24 -month period must be provided. Criteria that will also be used to determine eligibility for participation in the pilot program will include willingness to serve as a case study participant and having certain data available for inclusion in the public documents.

COST: \$250,000.00 (year one)
TIME: 6-9 months
MATCH: \$25,000.00, City of Lakewood/SSMCP
 \$15,990.00, Kitsap Economic Development Alliance

GOAL:**OBJECTIVES:**

- 1. Develop a successful defense services supply chain diversification model**
- 2. Develop resource team**

- Engage up to six local businesses for Pilot Project
- Engage local educational institutions on customized training
- Engage local workforce leadership on employment related tasks

	<ul style="list-style-type: none"> • Identify avenues for alternative revenue streams • Connect with defense related defense services supply chain businesses to provide opportunities for diversification
TASKS:	<p>1.2 Identify six local defense services supply chain businesses to participate in pilot program</p> <p>1.2.1 Assess capacity of industry to transform, utilizing its human, technology, equipment and entrepreneurial capital as assets</p> <p>1.2.2 Assess the business community for growth potential by expanding its client base, developing new applications for its products, encouraging technology transfers and accelerating the commercialization of defense-related products</p> <p>1.2.3 Conduct Asset Mapping for each company to include but not be limited:</p> <ul style="list-style-type: none"> ○ Resources including venture capital ○ Social network mapping ○ Higher education ○ Federal, state, local resources ○ Technology transfer and commercialization assistance <p>1.2.4 Develop strategy to support growth potential based on asset map</p> <p>2.2 Provide for various components of diversification training/assistance</p> <p>2.2.1 Plan Export and market development training</p> <p>2.2.2 Provide Lean Six Sigma consulting/Business Process Reengineering</p> <p>2.2.3 Identify Diversification assistance opportunities</p> <p>3.2 Provide Defense manufacturer/business association awareness and support</p>
DELIVERABLES:	<ul style="list-style-type: none"> • Demand Driven supply chain model white paper • Resource Roadmap for defense services supply chain companies

B-3. Workforce Support Pilot Programs

The primary focus of the activity will be to create a viable workforce diversification strategy specific to the defense contractors in the state. With support and input from the Employment Security Department, some of the local workforce development councils and members of the Washington Workforce Association, there is a focus to identify existing systems in the state and work to coordinate the systems to incorporate specific gap adjustments in support of the defense contractor workforce.

Based on successful test results of a viable workforce diversification strategy specific to the defense contract employee, work to develop a strategy around a state-wide implementation plan of the successful model would be a logical next step.

B-3A Seamless Transition Pilot Program

With support and input from the Employment Security Department, some of the local workforce development councils and members of the Washington Workforce Association, there is a focus to identify existing systems in the state and work to coordinate the systems to incorporate specific gap adjustments in support of the defense contractor workforce.

Since the purpose of this strategy is to identify and support growth potential, new markets and new products within the defense-dependent industry, the strategy must also identify the evolving needs of the workforce to meet the new demands. The study will assess the workforce capacity and need for training to support the regional economic diversification strategy with the intent of developing a seamless transition.

COST: \$200,000.00 (year one)
TIME: 6-9 months
MATCH: \$5,544.00, Economic Alliance Snohomish County
 \$6,686.00, Kitsap Economic Development Alliance

GOAL:	OBJECTIVES:
Develop specific transition strategy from defense contract work to targeted sectors creating a career pathway for impacted workers	<ul style="list-style-type: none"> • Augment existing Worker transition center/resources to include focus on defense • Identify Career ladder and lattice identification specific to defense worker skills with focus on current four track model used by DOD transition program to include employment, entrepreneurship, career and technical training, and education. • Identify Skills cataloguing by targeted sector high demand jobs needs • Identify Career re-employment road map for targeted sectors with support of state sector leads and industry associations and from previous pilot program outcomes • Identify Re-skill training for employees covered by businesses participating in previous pilots and work to integrate
TASKS:	1.1 Identify workforce capacity and regional labor market 1.2 Identify new career pathways and career transition opportunities 1.3 Identify training and retraining necessary to support the economic diversification strategy shared in supply chain models and based on assessment & forecasting strategy 1.4 Coordinate with the State of Washington on its workforce development model, adapting that model to the specific workforce needs and opportunities within the military and defense sector.
DELIVERABLES:	<ul style="list-style-type: none"> • Career Pathways process maps for targeted sectors from defense contractor workforce to other industries • Best practices transition model specific to defense contract employees • Rapid response model specific to defense contract employees that includes documented processed used for business requirements in building a technology application to Workforce Support Transition

B-3B Transition Technology Tool Development

With support and input from the Employment Security Department, some of the local workforce development councils and members of the Washington Workforce Association, there is a focus to identify existing systems in the state and work to coordinate the systems to incorporate specific gap adjustments in support of the defense contractor workforce.

The strategy will create a connection between the impacted workforce and the targeted industry sectors to develop career pathways by developing a technology tool that focuses on ensuring seamless transition is feasible. This strategy will also employ an opportunity to create data measurements that focus on “tracking” defense industry employees’ transition and providing for future opportunities to re-engage these employees in defense related work should it be necessary.

COST: \$300,000.00 (year two)
 TIME: 6-9 months
 MATCH: None.

GOAL:	OBJECTIVES:
Develop technology platform for specific transition strategy from defense contract work to targeted sectors creating a career pathway for impacted workers	<ul style="list-style-type: none"> • Automate existing Worker transition center/resources to include focus on defense • Automate Career ladder and lattice identification specific to defense worker skills • Automate skills cataloguing by targeted sector high demand jobs needs • Automate career re-employment road map for targeted sectors • Automate re-skill training for employees covered by businesses participating in pilot
TASKS:	1.1 Implement technology features and functionality enabling workforce to new career pathways and career transition opportunities 2.1 Training key agencies and stakeholders on technology platform 3.1 Implement technology platform solutions across key agencies and stakeholders
DELIVERABLES:	<ul style="list-style-type: none"> • Identify Technology platform that automates Workforce support programs and services • Automate rapid response model developed from state analysis specific to defense contract employees that includes technology application to support transition. • The Workforce Transition technology platform should provide features and functionality to: <ul style="list-style-type: none"> ○ Automated online checklist for career pathways of targeted sectors, helping workers select potential employers and jobs ○ Automated online resources for workers in researching targeted sectors ○ Online technology platform allowing WA State industry sector employers to interact with defense workers during the transition process for recruitment purposes into small and medium-sized businesses ○ Online technology platform providing ongoing assistance and outreach for defense workers by key stakeholders • Online technology platform providing WA State and federal government with the capability to recall these defense workers, i.e., "National Guard for defense worker/civilians," in times of need

C. Defense Industry Outreach & Awareness Building

It is one thing for the state and its partners to assume that we know what business’ problems and challenges are given the projected decrease in defense spending, however, utilizing opportunities to ensure that the state is engaging companies one on one to understand their unique needs as well as assessing common needs across the sector as companies provide feedback is crucial to the success of developing a response strategy.

Without relationships with identified companies as well as opportunities to demonstrate a value added to the company’s need, investment in strategic planning and assessment will be for naught. Therefore, the state and its partners must ensure that a clear outreach and awareness building strategy is in place to support the work of this larger state-wide vision, a vehicle for sharing best practices among peers and opportunities to shift solutions in real time based on actual market feedback is imperative.

C-1. Leverage existing outreach and awareness building through Industry Associations

Given that Washington is home to several Procurement and Technical Assistance Centers under the support of the Defense Logistics Agency as well as a chapter of the National Defense Industrial Association and the Pacific Northwest Defense Coalition, there are already outreach and awareness building opportunities taking place through industry associations. It is the state’s responsibility to ensure that a duplication of efforts is not taking place, rather ensuring that a maximization of efficiencies and opportunity is transpiring.

One way to maximize efficiency is by leveraging the work of the Procurement and Technical Assistance Center (PTAC) in their work with AllianceNW. AllianceNW is the largest business-to-government conference in the Pacific Northwest. Coordinated by the PTAC, federal agencies and prime contractors come together to provide businesses opportunities to connect with government buyers and prime contractors. This event features quality workshops on government contracting, keynote speakers, match-making and more. It would be the intent of the Department of Commerce to work with AllianceNW to develop a specific focus on diversification from defense procurement to other forms of federal and private sector support within this already well-known event.

Another opportunity to match existing resources is through the work of the Pacific Northwest Defense Coalition (PNDC) and their targeted outreach to defense businesses in the northwest. It would be the Department of Commerce’s intent that a focused supply chain summit be developed based on similar successful event models that the PNDC has implemented that focus on outreach and awareness building specific to forecasting capacity in the military and defense sector, creating strategic opportunities to engage the defense supply chain through a summit and working to promote diversification, commercialization or entrepreneurship planning.

COST:	\$250,000.00 (over two years) <i>Split between \$100K for technical assistance staffer & \$150K for outreach & awareness building</i>
TIME:	1-24 months
MATCH:	\$38,000.00, Thurston County Economic Development Council \$33,410.75, Greater Spokane Incorporated \$4,214.00 Kitsap Economic Development Alliance

GOAL:	OBJECTIVES:
1. Provide Technical Assistance for defense businesses 2. Leverage existing outreach and awareness building opportunities	<ul style="list-style-type: none"> • Maximize exposure of military and defense contractors to other federal and private sector opportunities • Provide opportunities to engage supply chain companies in proactive activities to minimize the impact of decreased defense spending
TASKS:	1.1 Hire Procurement Technical Assistance Staffer 1.2 Develop defense manufacturing and defense services supply chain track of workshops within existing AllianceNW event to maximize exposure to other federal and private sector diversification opportunities 2.1 Conduct targeted outreach to military and defense manufacturing primes and small businesses via an annual supply chain summit as well as one on one engagement 3.1 Provide for one-on-one match-making between government, primes and supply chain as well as other target industry sectors to enhance diversification strategy 3.2 Support annual NW Defense Symposium to provide targeted outreach and awareness building to military and defense contractors and private sector companies
DELIVERABLES:	<ul style="list-style-type: none"> • AllianceNW programming material and curriculum • Supply Chain Summit material and curriculum • Outreach strategy to overly dependent defense contractors

C-2. Leveraging existing education and outreach through local economic development & military support organizations

Given that Washington is home to several economic development organizations, many military support associations as well as other vested parties, there are already education and outreach opportunities taking place through impact groups and their stakeholders. It is the state's responsibility to ensure that a duplication of efforts is not taking place, rather ensuring that a maximization of efficiencies and opportunity is transpiring.

COST: \$500,000.00 (over two years)
 TIME: 0-24 months
 MATCH: \$11,088.00, Economic Alliance Snohomish County
 \$33,410.75, Greater Spokane Incorporated
 \$9,918.00, Kitsap Economic Development Alliance

GOAL:	OBJECTIVES:
Leverage existing outreach and awareness building opportunities	<ul style="list-style-type: none"> • Utilize existing relationships in local communities to expand exposure of community to realities of decreased defense spending and what it means for each community • Maximize exposure of military and defense contractors to other federal and private sector opportunities by connecting them to local, state, regional and national opportunities. • Provide opportunities to engage supply chain companies in proactive activities to minimize the impact of decreased defense spending

	<ul style="list-style-type: none"> • Connection with listed military and defense sector supply chain companies via one or more engagement events or one on one outreach per year
TASKS:	<ol style="list-style-type: none"> 1.1 Identify and target regions in the state and create regional assessment based on state level assessment and forecasting capacity. Provide analysis by region. 2.1 Conduct targeted outreach to military and defense suppliers in local communities with supply chain survey to ensure the region, local community and state is capitalizing on information/data about company's needs in relation to projected defense downsizing based on assessment and forecasting data provided to the state 3.1 Develop Outreach and awareness building materials specific to each region for use by groups to share impact data with communities 4.1 Work with local elected officials, community organizations and interested organizations to provide qualitative data related to current and future impacts of military and defense spending in the region and identify opportunities to develop long-term awareness of impacts
DELIVERABLES:	<ul style="list-style-type: none"> • Supply Chain Survey Results about impacts of defense spending on local level based on data provided in state assessment and forecasting capacity results • Individual regional maps outlining defense spending impacts for use in outreach and awareness building broken down from state level assessment and forecasting capacity results

4. DETERMINING A PATH FORWARD: Planning, Identifying Growth Areas & Focusing on Tech Transfer, Entrepreneurship and Commercialization

Strategic Planning

Based on the “assessment and forecasting” data as well as an incorporated understanding of the “state analysis” regarding capacity and capability, it is important to begin promoting a long-term strategic plan in support of the military and defense sector. It will be important to bring on a consultant to work with the communities, the stakeholders, elected officials, private sector and others to determine short-term and long-term strategic plans based on the collection of data provided in year one of this proposal to ensure that long standing perceptions based on qualitative data about impacts in specific regions are adjusted based on actual quantitative data.

Part of this short-term and long-term strategic planning will include:

COST: \$230,000.00 (year two)
TIME: 6-12 months
MATCH: \$20,000.00, City of Bremerton
 \$50,986.00, Department of Commerce

GOAL:	OBJECTIVES:
Develop a clear roadmap for short-term and long-term	<ul style="list-style-type: none"> • Ensure that all military and defense economic regions are provided a clear short-term and long-term strategy specific to their area about

strategic success by military community economic region in the state	<p>military and defense spending cuts, impacts and mitigation for economic development based on collected data.</p> <ul style="list-style-type: none"> • Work with local communities to understand the actual assets and gaps in the military and defense industry in their economic region and work to adjust • Incorporate these short-term and long-term strategic plans into the state long-term strategic plan in preparation for implementation planning phase
	<p>1.1 Identify Consultant/Strategic Partners to develop short-term and long-term strategic plans based on data collected over previous year</p> <p>1.2 Develop short-term and long-term strategic plans specific to each economic region</p> <p>1.2.1 Hold strategic planning sessions in each region</p> <p>1.3 Develop implementation plan of long-term strategic plan</p> <p>1.4 Work with stakeholders, communities, elected officials, the state, economic developers, the private sector and other partners to build consensus and capacity for implementation of long-term strategic plan.</p> <p>1.4.1 Hold Information Briefings/Public Hearings specific to targeted communities on collected data and what it means to each community</p>
	<ul style="list-style-type: none"> • Strategic Short-Term Plan that incorporates all collected data and results by military community economic region • Strategic Long-Term Plan that incorporates all collected data and results by military community economic region

A. Identify growth areas within other targeted sectors within the state:

The challenge presented by defense cuts offers the opportunity to identify new economic growth sectors related to the identified assets of the industry. The strategy may include identifying potential support services, creating enterprise clusters as well as other innovative techniques to identify, recruit and grow development within the other targeted sectors in Washington.

This element will analyze the opportunity to identify growth areas, based on the “assessment and forecasting” data, that may further support the state’s current sector economic development strategy or identify future enterprise clusters or other innovative techniques that promote strategic recruitment, retention and growth of the military and defense sector.

COST: \$250,000.00 (year two)
TIME: 6-12 months
MATCH: \$5,544.00, Economic Alliance Snohomish County
\$15,116.00, Kitsap Economic Development Alliance

GOAL:	OBJECTIVES:
Identify Growth Areas specific to and in collaboration with other targeted sectors in state	<ul style="list-style-type: none"> • Incorporate general appreciation by other targeted sectors for value of military and defense sector industry production in defense manufacturing, defense services and workforce needs.
TASKS:	1.1 Work with Department of Commerce Sector Lead program to develop

- outreach & awareness building opportunities in target sectors
- 1.2 Work with Department of Commerce Business Services Division to promote outreach & awareness building capacity specific to growth areas
- 2.1 Identify Consultant/Strategic Partners (social mapping) to develop strategic plan for incorporation of growth strategy using assessment and forecasting data
- 3.1 Develop a growth strategy
 - 3.1.1 Identify potential new product development
 - 3.1.2 Identify potential new customer/expanded customer base both within and outside Defense arena
 - 3.1.3 Identify barriers to growth
 - 3.1.4 Provide awareness of access to capital opportunities within growth areas by targeted sector
 - 3.1.5 Identify gaps

DELIVERABLES:

- Growth Strategy incorporated with assessment and forecasting capacity

B. Develop a Program to Accelerate Technology Transfers, Entrepreneurship & Commercialization

Washington State has a world-wide reputation for superior research centers and innovation. In the December 2013 Bloomberg rankings, Washington was listed as the number one “most innovative” state⁷.

This is especially true of the military and defense sector which offers a competitive advantage for R&D, engineering, advanced manufacturing and high technology. The study will identify those areas that could be targeted and/or capitalized for inclusion in an economic diversification strategy.

That strategy will incorporate the concepts of incubation and small business development support for startup companies and technology transfer opportunities and commercialization of defense-related products. It will also analyze the capacity of the state and military and defense industry to focus on business support in the form of Technology Transfer, Entrepreneurship and Commercialization specific to the industry and the feasibility of developing an industry incubator.

It is the intent of the Department of Commerce (DOC), based on previous conversations with the federal Small Business Administration to work in partnership and with existing resources to determine the most effective strategy in relation to this element of the proposal. DOC also reached out to the small business program specialists within the department as well as the entrepreneurial specialist, to help develop this element.

COST: \$250,000.00 (year two)
 TIME: 6-9 months
 MATCH: \$6,758.00, Kitsap Economic Development Alliance

GOAL:	OBJECTIVES:
Develop an Incubator Program to Accelerate Technology Transfers & Commercialization	<ul style="list-style-type: none"> • Promote Washington State as a center of excellence for military and defense technology development, entrepreneurship, incubation and commercialization.

⁷ <http://www.bloomberg.com/slideshow/2013-12-18/top-20-most-innovative-states.html#slide21>

TASKS:	<ul style="list-style-type: none"> 1.1 Identify consultant/strategic partners to conduct feasibility study <ul style="list-style-type: none"> 1.1.1 Identify technology transfer and commercialization opportunities from Defense research and development facilities like Pacific Northwest National Laboratory (PNNL) and the Applied Physics Laboratory and the University of Washington (APL-UW). 1.1.2 Develop linkages for industry to research & development at Defense facilities and Universities, including Keyport Naval Undersea Warfare Center (NUWC), the Applied Physics Laboratory and the University of Washington (APL-UW) and the Applied Sciences Laboratory at Washington State University (ASL-WSU). 1.1.3 Promote entrepreneurial activity through incubation and start-up assistance and training 1.1.4 Identify resources for capital 2.1 Develop strategy to accelerate technology transfers and commercialization of research results 3.1 Identification of pipeline strategy to encourage small business incubation specific to military and defense sector
DELIVERABLES:	<ul style="list-style-type: none"> • Incubation Center of Excellence for Military & Defense Manufacturing Feasibility Study

5. BRANCHING OUT ON OUR OWN: Implementation Planning

The study will produce an implementation plan and recommendations for actions.

COST: \$150,000.00 (year two)
 TIME: 4-6 months
 MATCH: None.

GOAL:	OBJECTIVES:
Successfully transition from OEA funded support to integration with stat, local or other federal programs already in place	<ul style="list-style-type: none"> • Generate sustainability model that the military and defense industry in Washington state can rely on • Successfully integrate military and defense industry sector needs into common processes, policy development and problem solving of state and local economic development support organizations
TASKS:	<ul style="list-style-type: none"> 1.1 Develop a blueprint for implementing the recommendations of the assessment, pilot programs and analysis reports. 1.2 Assess business support infrastructure specific to military and defense sector work and recommend improvements to fill continued gaps <ul style="list-style-type: none"> 1.2.1 Identify costs and potential funding sources for plan implementation and infrastructure improvements 1.2.2 Align the strategy with the state's targeted sectors communities, Workforce Investment Boards, and state agencies for talent development and training 2.1 Develop a Web-based portal to connect supply chain industries with defense small business, defense contractors and defense manufacturers 3.1 Develop a timeline for recommended actions
DELIVERABLES:	<ul style="list-style-type: none"> • Sustainability strategy incorporated into overall long-term strategic plan

- Timeline for Implementation Strategy

Proposed Timeline

FY15			AY 15								FY 16				AY16				FY17									
3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
			1. Organization, Communication & Stakeholder Management																									
			2. Assessment and Forecast																									
			3A. State Analysis																									
			3B1. Defense Manufacturing Supply Chain Pilot																									
			3B2. Defense Services Supply Chain Pilot																									
			3C, 3C1, 3C2. Outreach & Awareness Building																									
			3B3A. Workforce Development Pilot																									
			3B3B. Technology Transition Tool Development Pilot																									
			4. Planning																									
			4A. Identify Growth Areas																									
			4B. Technology Transfer Pilot																									
			5. Implementation Planning																									

Performance Measurement/Evaluation

Program Logic Model Years 1 and 2 Activities

1 SETTING THE TABLE: Organization, Communication & Stakeholder Management

Goal: Organize state and regional stakeholders and develop strategic communications plan

Input	Activity(s)	Output	Outcomes Short-term (24 Months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, PSRC Other Resources?	<ul style="list-style-type: none"> Contract strategy/communications consulting firm to assist in planning and communications. Identify Steering Group/Policy Committee membership (social network mapping) Identify assets among stakeholders which can be leveraged at each point in the program timeline Identify working group committee membership Public communications strategy development (Messaging/Content/Social media planning) 	<ul style="list-style-type: none"> Communication Strategy Regional Assets Map Develop Short-term operations plan Long-term strategic vision statement 	<ul style="list-style-type: none"> Economic Region are Defined Statewide Leadership Group Formed Future vision is created and community is engaged Stakeholder and impacted groups receive regular outreach and are engaged in consistent collaboration.

2 UNDERSTANDING THE PLAYING FIELD: Assessment & Forecasting Capacity

Goal: Assess current state of the defense industry in WA

Input	Activity	Output	Outcomes Short-term (6-9 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, City of Bremerton & DOR Other Resources?	<ul style="list-style-type: none"> Identify industries within the military and defense sector at risk, with an emphasis on the identified sectors outline by the state Department of Commerce Assess capacity of industry to transform, utilizing its human, technology, equipment and entrepreneurial capital as assets Identify current economic baseline indicators Identify impacted supply-chain by business Identify skill level of impacted workforce 	<ul style="list-style-type: none"> Military & Defense Sector Asset/Supply Chain Map Forecasting tool Directory of Washington State companies doing military and defense related work 	<ul style="list-style-type: none"> Current impact of military and defense spending in the state understood Capacity to forecast the impact of changes in defense spending relevant to the state and its military and defense industry provided Visibility on which companies/businesses in the state are supporting the military and defense sector created

3 FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

A. State Analysis

Goal: Assess the State's capacity to understand, plan for and support implementation of a statewide response strategy to changes in defense spending

Input	Activities	Output	Outcomes Short-term (4-6 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, PSRC Other Resources?	<ul style="list-style-type: none"> Conduct outreach/stakeholder meetings with key state agencies/staff/partners Conduct needs assessment and provide gap analysis 	<ul style="list-style-type: none"> State Process Map for planning and support of downsizing response capacity Needs/Gap Analysis with suggested solutions 	<ul style="list-style-type: none"> Key state agencies, their partners and current processes used to respond to industry downsizing identified Stakeholders ability to understand and apply the current resources and processes to the military and defense industry defined Gaps in the understanding, plans and process specific to the military and defense sector identified

3 FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

B. Support, Coordination and Integration of Pilot Programs

B-1. Business Support Pilot A – Defense Manufacturing Supply Chain Pilot

Goal: Develop a successful manufacturing supply chain diversification model and develop resource team

Input	Activities	Output	Outcomes Short-term (6-9 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, PSRC Other Resources?	<ul style="list-style-type: none"> Assess capacity of industry to transform, utilizing its human, technology, equipment and entrepreneurial capital as assets Assess the business for growth potential by expanding its client base, developing new applications for its products, encouraging technology transfers and accelerating the commercialization of defense-related products Asset Mapping Defense manufacturer/business association creation/support 	<ul style="list-style-type: none"> Case Studies for businesses chosen for pilot White paper on model with best practices, gaps and suggestions for solutions including a strategy to support growth potential 	<ul style="list-style-type: none"> Six local businesses are engaged in the Pilot Project Support customized training for Next Generation LEAN tools increased Replicable model to share with broader defense manufacturing community provided

3 FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

B. Support, Coordination and Integration of Pilot Programs

B-2. Business Support Pilot B – Defense Services Supply Chain Pilot

Goal: Develop a successful non-manufacturing supply chain diversification model and resource team

Input	Activities	Output	Outcomes Short-term (6-9 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, City of Lakewood & KEDA Other Resources?	<ul style="list-style-type: none"> Export and market development training Diversification assistance 	<ul style="list-style-type: none"> Produce Demand Driven supply chain model Produce Resource Roadmap for supply chain companies 	<ul style="list-style-type: none"> 20% or more of Pilot Project business revenues diverted to sources other than DOD Up to six local businesses are engaged in the Pilot Project Avenues for alternative revenue streams are identified Defense related services supply chain businesses are provided opportunities for diversification

3 FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

B. Support, Coordination and Integration of Pilot Programs

B-3. Workforce Support Pilot Program

Goal: Develop specific transition strategy from defense contract work to targeted sectors creating a career pathway for impacted workers

Input	Activities	Output	Outcomes Short-term (6-9 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, EASC & KEDA Other Resources?	<ul style="list-style-type: none"> Identify workforce capacity and regional labor market ability to absorb transitioning workforce Identify new career pathways and career transition opportunities Identify training and retraining necessary to support the economic diversification strategy Coordinate with the State of Washington on its workforce development model, adapting that model to the specific workforce needs and opportunities within the military and defense sector. Identify gaps and augment existing Worker transition center/resources to include focus on defense Identify Career ladder and lattice identification specific to defense worker skills 	<ul style="list-style-type: none"> Career Pathways maps for targeted sectors from defense contractor workforce to other industries 	<ul style="list-style-type: none"> Existing worker transition resources include focus on defense, augmented based on findings Career ladder & lattice identification specific to defense worker skills created Targeted sector high demand jobs needs skills cataloged Career re-employment road map for targeted sectors created Re-skill training for employees covered by businesses participating in pilot underway Local educational institutions engaged in customized training Local workforce leaders are engaged in employment

- Identify re-skill training for employees covered by businesses participating in pilot

related tasks

3 FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

B. Support, Coordination and Integration of Pilot Programs

B-4. Transition Technology Tool Development

Goal: Develop technology platform for specific transition strategy from defense contract work to targeted sectors creating a career pathway for impacted workers

Input	Activities	Output	Outcomes Short-term (6-9 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? None Other Resources?	<ul style="list-style-type: none"> • Implement technology features and functionality enabling workforce to new career pathways and career transition opportunities • Training key agencies and stakeholders on technology platform • Implement technology platform solutions across key agencies and stakeholders 	<ul style="list-style-type: none"> • Identify Technology platform that automates Workforce support programs and services • Automate rapid response model developed from state analysis specific to defense contract employees that includes technology application to support transition. • The Workforce Transition technology platform should provide features and functionality to: <ul style="list-style-type: none"> ○ Automated online checklist for career pathways of targeted sectors, helping workers select potential employers and jobs ○ Automated online resources for workers in researching targeted sectors 	<ul style="list-style-type: none"> • Automate existing Worker transition center/resources to include focus on defense • Automate Career ladder and lattice identification specific to defense worker skills • Automate skills cataloguing by targeted sector high demand jobs needs • Automate career re-employment road map for targeted sectors • Automate re-skill training for employees covered by businesses participating in pilot

3 FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

C. Outreach & Awareness Building

C-1. Leverage existing outreach and awareness building through Industry Associations

Goal: Leverage existing outreach & awareness building opportunities

Input	Activities	Output	Outcomes Short-term (1-24 months)
Project Staff 4 FTES Consultant(s) 1	<ul style="list-style-type: none"> • Conduct targeted outreach to military and defense suppliers in local communities with supply chain survey to ensure the state is capitalizing on information/data about company's needs 	<ul style="list-style-type: none"> • No tangible Output 	<ul style="list-style-type: none"> • Existing relationships in local communities to expand exposure of community to realities of decreased defense spending and what it means for each community utilized

Organizations involved? 26 Staff in-kind donations? Yes, PTAC/Thurston County EDC, GSI & KEDA Other Resources?	<ul style="list-style-type: none"> • Provide for one-on-one match-making between government, primes and supply chain as well as other target industry sectors to help companies diversify 	<ul style="list-style-type: none"> • Exposure of military and defense contractors to other federal and private sector opportunities by connecting them to local, state, regional and national opportunities maximized. • Opportunities to engage supply chain companies in proactive activities to minimize the impact of decreased defense spending provided • Listed military and defense sector supply chain companies will have attended one or more engagement events or received one on one outreach per year
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3 FINDING & PLANNING A SOLUTION: Analysis, Pilots, & Outreach and Awareness Building

C. Outreach & Awareness Building

C-2. Leveraging existing outreach and awareness building through military community organizations

Goal: Leverage existing education and outreach opportunities

Input	Activities	Output	Outcomes Short-term (0-24 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, EASC, KEDA & GSI Other Resources?	<ul style="list-style-type: none"> • Conduct targeted outreach to military and defense suppliers in local communities with supply chain survey to ensure the state is capitalizing on information/data about company's needs • Provide for one-on-one match-making between government, primes and supply chain as well as other target industry sectors to help companies diversify 	<ul style="list-style-type: none"> • No tangible Output 	<ul style="list-style-type: none"> • General appreciation by other sectors for value of military and defense sector industry production in manufacturing, incorporated with non-manufacturing and workforce needs

4 DETERMINING A PATH FORWARD: Planning, Identifying Growth Areas & Focusing on Tech Transfer, Entrepreneurship and Commercialization

Strategic Planning

Goal: Develop a clear roadmap for short-term and long-term strategic success by military community economic region in the state

Input	Activities	Output	Outcomes Short-term (6-12 months)
Project Staff 4 FTES Consultant(s) 1	<ul style="list-style-type: none"> • Identify Consultant/Strategic Partners to develop short-term and long-term strategic plans based on data collected over previous year 	<ul style="list-style-type: none"> • Strategic Short-Term Plan that incorporates all collected data and results by 	<ul style="list-style-type: none"> • Ensure that all military and defense economic regions are provided a clear short-term and long-term strategy specific to their area about military and

Organizations involved? 26	<ul style="list-style-type: none"> Develop short-term and long-term strategic plans specific to each economic region 	military community economic region	defense spending cuts, impacts and mitigation for economic development based on collected data.
Staff in-kind donations? Yes, City of Bremerton & DOC	<ul style="list-style-type: none"> Hold strategic planning sessions in each region 	<ul style="list-style-type: none"> Strategic Long-Term Plan that incorporates all collected data and results by military community economic region 	<ul style="list-style-type: none"> Work with local communities to understand the actual assets and gaps in the military and defense industry in their economic region and work to adjust
Other Resources?	<ul style="list-style-type: none"> Develop implementation plan of long-term strategic plan Work with stakeholders, communities, elected officials, the state, economic developers, the private sector and other partners to build consensus and capacity for implementation of long-term strategic plan. Hold Information Briefings/Public Hearings specific to targeted communities on collected data and what it means to each community 		<ul style="list-style-type: none"> Incorporate these short-term and long-term strategic plans into the state long-term strategic plan in preparation for implementation planning phase

4 DETERMINING A PATH FORWARD: Planning, Identifying Growth Areas & Focusing on Tech Transfer, Entrepreneurship and Commercialization

A. Identify growth areas within other sectors

Goal: Identify Growth Areas specific to and in collaboration with other targeted sectors in state			
Input	Activities	Output	Outcomes Short-term (6-12 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? Yes, EASC & KEDA Other Resources?	<ul style="list-style-type: none"> Identify potential new product development Identify potential new customer/expanded customer base both within and outside Defense arena Identify barriers to growth 	<ul style="list-style-type: none"> Develop a growth strategy for identified areas of opportunity including access to capital 	Incorporate general appreciation by other sectors for value of military and defense sector industry production in manufacturing, non-manufacturing and workforce needs.

4 DETERMINING A PATH FORWARD: Planning, Identifying Growth Areas & Focusing on Tech Transfer, Entrepreneurship and Commercialization

B. Develop a Program to Accelerate Technology Transfers & Commercialization

Goal: Develop an Incubator Program to Accelerate Technology Transfers & Commercialization			
Input	Activities	Output	Outcomes Short-term (6-12 months)
Project Staff 4 FTES Consultant(s) 1	<ul style="list-style-type: none"> Identify technology transfer and commercialization opportunities from Defense research and development facilities like PNNL and APL-UW. Develop linkages for industry to research & development at Defense facilities and 	<ul style="list-style-type: none"> Incubation Center of Excellence for Military & Defense Manufacturing Proposal Identification of 	<ul style="list-style-type: none"> Washington State as a center of excellence for military and defense technology development, incubation and

Organizations involved? 26	Universities, including Keyport NUWC.	pipeline strategy to encourage small business incubation specific to military and defense sector	commercialization promoted
Staff in-kind donations? Yes, KEDA	<ul style="list-style-type: none"> Promote entrepreneurial activity through incubation and start-up assistance Identify resources for capital Develop strategy to accelerate technology transfers and commercialization of research results 		
Other Resources?			

5 BRANCHING OUT ON OUR OWN: Implementation Planning

Goal: Successfully transition from OEA funded support to integration with stat, local or other federal programs already in place

Input	Activities	Output	Outcomes Short-term (4-6 months)
Project Staff 4 FTES Consultant(s) 1 Organizations involved? 26 Staff in-kind donations? None to Date Other Resources?	<ul style="list-style-type: none"> Develop a blueprint for implementing the recommendations of the assessment, pilot programs and analysis reports. Assess business support infrastructure specific to military and defense sector work and recommend improvements Identify costs and potential funding sources for plan implementation and infrastructure improvements Align the strategy with the state's targeted sectors communities, Workforce Investment Boards, and state agencies for talent development and training 	<ul style="list-style-type: none"> Program sustainability model 	<ul style="list-style-type: none"> Military and defense industry sector needs successfully integrated into common processes, policy development and problem solving of state and local economic development support organizations

Sustainability

Understanding that the state doesn't know what it doesn't know yet, it is our intent to analyze and evaluate state, local and regional sustainability capacity in the first year of the grant program.

However, by year two, we are looking at initial opportunities to use the following tools as potential sustainability options for the programs that it is believed will result from the outcomes of this proposal:

Organization, Communication & Stakeholder Management

- Transition the Washington Military Alliance to a dues-based membership organization with an annual fundraising strategy.
- Work with the State Legislature and other state agencies to incorporate funding for support of the organization via the Military & Defense Sector strategy.

Assessment & Forecasting Capacity

- Build capacity within other state agencies to conduct this analysis on an annual basis on behalf of the state using similar techniques and data capacity resulting from the consultant work
- Alternatively, identify an annual funding source to procure the assessment and forecasting tool. Current thoughts include the implementation of an annual "state of the military and defense sector in WA" that could be purchased by community and private sector organizations in order to pay for cost of assessment and production of the report.

State Analysis

- Build capacity in the state using the resulting process map to ensure that annual assessments are occurring and identify resource needs as a result, and then work with the state agencies and the legislature to address resource gaps.

Pilot Program Models

- Assuming that the resulting models demonstrate successful results, there is current discussion about incorporating the lessons-learned into a training module that companies, other organizations or other states may be interested in purchasing in the long-term. Impact WA (the MEP) has also agreed to adopt the best practices of the pilot program results for use with other companies and components of their Investment in Manufacturing Communities Partnership strategy.
- Pursue individual business support funding at the state level, private sector and other federally funded programs to help businesses diversify and transition.

Transition Technology Tool

- Current discussions believe that once the tool is developed, companies, organizations and communities would be interested in financing purchase of the tool for their workforce development practices.

- It is the state's intent among the Department of Commerce, the Employment Security Department and the Department of Revenue that incorporation of this tool be integrated into the state systems from the beginning.

Outreach & Awareness Building

- A possible sustainability model includes charging private companies to participate in the major events proposed.
- There is also discussion about encouraging private sector sponsorship of the events as a sustainability model.

The state looks forward to identifying other opportunities to sustain the outcomes of this proposal as the progress of the program provides more detailed outcomes and identified values to various companies, organizations and communities.

Budget Justifications

ASSURANCE:

The Washington State Department of Commerce as grantee and any consultant/contractor operating under the terms of this grant will comply with all Federal, State and local laws and regulations applicable to its activities; including compliance with the procurement standards in 32 CFR Part 33, “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments”; Subpart A, General, Section 33.36 Procurement. Contractor selection criteria (including cost) will be included in any RFP that is issued.

The Washington State Department of Commerce, as the grantee, and in accordance with applicable state law, federal law and Agency policy, will comply with the Federal requirements for Lobbying & Contracts, Grants, Loans and Cooperative Agreements, Debarment Certification; and Certification of Compliance for Procurement.

JUSTIFICATION:

The overall project budget is projected at \$4,851,421.00

The overall project non-federal match is projected at \$501,700.00 (17.4% of total budget)

The Department of Commerce, Washington Military Alliance partners and Department of Revenue will be providing the non-federal match for the project in the form of staff time, travel, supplies, cash, indirect costs, and other in-kind services as described in this Budget Justification and associated appendices.

The budget has been designed to cover project expenses for a 24-month period.

For items pertaining to Personnel, Fringe, Goods & Services, Equipment, Travel, and Indirect Costs for Department of Commerce personnel, the state formulary was utilized in determining rates.

For items pertaining to Contractual proposals, a range of at least three contracts with similar scope and proposed outcomes was examined and a “middle of the road” number projected for each contractual component of the grant proposal.

The Budget Spreadsheet may be found starting on page 58.

PERSONNEL:

Department of Commerce & Department of Revenue - Personnel

To support the coordination, management and implementation of the five main components of the program proposal outlined within the grant application, Department of Commerce is proposing the personnel funding support for three (3) full-time employee (FTE) positions and part of an existing FTE position.

Program Manager – Military Sector Lead (\$80,000 annual salary): Given the importance of the work outlined in this grant proposal, the Governor and Director of Commerce believe it is important to closely tie the

management of this program to the staff member at the state who works to address issues in the Military & Defense sector in the state and then serves as an advisor to the Governor and the state on recommended actions.

It is proposed that the Program Manager would be responsible for managing all aspects of the grant proposal for the 24 month duration of the program, implementation of each component of the program, staff management and supervision, contract management, fiscal accountability, reporting and auditing, and general administration of the grant.

In the case of the Program Manager – Military Sector Lead, it is intended that they shall spend at least 30% of their current role with the department focused on serving as the program manager for the proposal, tasks such as organization, communication, stakeholder management, outreach and awareness building.

Given that the Governor places such a high regard on the work of this position and the effort of this grant proposal, that it warrants a committed amount of time dedicated to this effort and therefore, would utilize more of the Military Sector Lead's time and require further investment.

Assistant Program Manager (\$64,750.00 annual salary): It is expected that the Assistant Program Manager would assist in coordinating day to day strategic implementation of the various components of the grant proposal over the duration of the 24 month program, conduct stakeholder engagement meetings, speak on behalf of the department and the grant program across the state and to the media, work to ensure that proper implementation of recommendations and reports at the conclusion of each phase is being undertaken by the grant program and partners, work to ensure that task tracking is accounted for among the match partners and other stakeholders contributions are accounted for in relation to the grant, provide for management of contracts, fiscal accountability and reporting and auditing in conjunction with the Program Manager, however, would serve in this capacity in a full-time position with full-time focus. This position would also serve to help coordinate the recommendations of the strategy/communications consultant proposed in item one of the proposed grant, focused on organization, communication and stakeholder management by serving as a liaison to the consultants and the match staff in the Department.

Technical Assistance Staffer (\$64,750.00 annual salary): It is expected that this technical assistance staffer would work to support the planning and implementation of event coordination for AllianceNW, the NW Defense Symposium, and provide for technical support to companies interested in diversification opportunities that may not be included in the pilot programs outlined in the grant proposal, work with defense businesses outside the pilot programs to offer resource support references, and encourage resource coordination for those businesses not currently covered by alternate industry support groups with the intent of identifying gaps in resources and providing feedback to the Program Manager on recommendations to the Department and the State for future investment in support of defense businesses for the duration of the 24 month program.

It is also expected that the Technical Assistance Staffer would work in coordination with defense industry associations to implement the tasks outlined in C-1 of the grant proposal focused on developing a defense manufacturing and defense services supply chain track of workshops within the existing AllianceNW event, encourage maximum exposure of defense businesses to other federal and private sector diversification opportunities and provide technical assistance for pursuit of those opportunities, conduct targeted outreach to military and defense manufacturing primes and small businesses via an annual supply chain summit as well as through one-on-one engagement, and provide technical assistance in one-on-one matchmaking between

government, primes and the defense supply chain to other target industry sectors specifically to enhance the diversification strategy in Washington.

Administrative Assistant (\$35,938.00 annual salary): This position is intended to provide wrap-around administrative support to the Program Manager, Assistant Program Manager and the Technical Assistance Staffer in day to day support efforts such as scheduling, data entry, and mail management, answering phones and providing paperwork management support for the duration of the 24 month program.

The key positions for this grant effort will be the Program Manager, filled by Kristine Reeves; Director, Military & Defense Sector; and the Assistant Program Manager to be hired under the resulting grant.

Item	Staff Name	Federal	Non-Federal	Total Budget
Personnel				
Program Manager - Military Sector Lead (15% FTE federal match) (30% FTE non-federal match) (Staff)	Reeves	\$ 30,000.00	\$ 48,000.00	\$ 78,000.00
Assistant Program Manager (100% FTE) (Staff)	TBD	\$ 129,480.00	\$ -	\$ 129,480.00
Administrative Assistant 2 (100% FTE) (Staff)	TBD	\$ 73,512.00	\$ -	\$ 73,512.00
Technical Assistance Staffer (100% FTE) (Staff)	TBD	\$ 129,480.00	\$ -	\$ 129,480.00
Business Development Program Manager (15% FTE) (Staff)	Lawhead	\$ -	\$ 19,920.00	\$ 19,920.00
Business Development Managing Director (2% FTE) (Staff)	Clark	\$ -	\$ 3,280.00	\$ 3,280.00
Communications & Outreach Manager (7% FTE) (Staff)	Zerr	\$ -	\$ 9,780.00	\$ 9,780.00
Communications Consultant 2 (7% FTE) (Staff)	Scholmann	\$ -	\$ 6,240.00	\$ 6,240.00
Finance Manager (12% FTE) (Staff)	McArthur	\$ -	\$ 18,820.00	\$ 18,820.00
Budget Analyst 3 (12% FTE) (Staff)	Carney-Taylor	\$ -	\$ 15,040.00	\$ 15,040.00
Subtotal for Department of Commerce (DOC) Salary		\$ 362,472.00	\$ 121,080.00	\$ 483,552.00

Match Staff

Given that the Department of Commerce does not have a match letter included in the appendix for reference; it is intended to outline the general match staff time to be spent in support of the proposal.

Business Services Development Program Manager (\$66,420.00 annual salary): This position will work, as match for the 24 month grant program, to support the grant proposal in the form of connecting current resources provided by the division to the newly identified businesses within the military and defense sector based on the data acquired in the assessment and forecasting capacity portion as well as in support of the identification of growth sectors to ensure that current business support programs are adequately communicated to the defense businesses within the state and integrated appropriately. This will require one-on-one meetings, outreach and awareness building and focused conversations on identifying growth sectors.

Business Services Development Managing Director (\$82,000.00 annual salary): This position will work, as match for the 24 month grant program, to provide general supervision to the Business Services Development Program Manager while also supporting strategic implementation of components of the grant proposal in collaboration with existing programs within the Department of Commerce to ensure that business support programs are targeting defense business, which is not currently happening, and that current programs are

integrating assessment and forecasting results specific to the military and defense industry into their existing programs at the state level.

Communications & Outreach Manager (\$69,756.00 annual salary): This position will work, as match for the 24 month grant program, to support the grant through the development and implementation of communications materials as recommended by the communications plan developed in item one for the grant proposal, provide supervision of the Communications Consultant 2, support material development for outreach and awareness building and provide in-kind design and layout of the printed material.

Communications Consultant 2 (\$42,588.00 annual salary): This position will support, as match for the 24 month grant program, the development and implementation of communications materials outside the scope of the request for a strategic / communications consultant in the organization, communications and stakeholder management portion of the proposal as well as during the strategic planning and identification of growth areas portions of the grant proposal. Department of Commerce will provide, in-kind, the design and layout of the printed materials for outreach and awareness building, support the design of the reports to be shared with the defense industry and stakeholders and graphics that support communications efforts.

Finance Manager (\$75,266.00 annual salary): This position will, as match for the duration of the 24 month grant program, support the grant proposal by serving as the lead agent for fiscal management of the grant proposal and the various components of the proposal on behalf of the Department to ensure that compliance is happening, that measurements are being met in relation to the expenditure of funds on time and on budget and that state and federal policies and procedures are being followed in the process.

Budget Analyst 3 (\$60,120.00 annual salary): This position will, as match for the duration of the 24 month grant program, support the grant proposal by supporting the Finance Manager and under the direction of the Finance Manager, through day to day finance management, procurement tasks associated with the grant proposal, reimbursement tasks associated with the grant proposal, compliance and auditing portions of the grant proposal and working to ensure that all proper policies and procedures are being followed for the duration of the grant proposal.

Full position descriptions are provided in the “Staffing” Appendix A. As three positions proposed in the grant would be newly created, Department of Commerce plans to interview and hire qualified personnel following state hiring practices once the grant is approved.

When Department of Commerce has selected the most qualified individual for the Assistant Program Manager, who will also serve as a key position for the grant; the Department grant point-of-contact will forward the resume through the grant amendment process.

The Program Manager’s resume is also provided in the “Staffing” Appendix A.

Washington State Department of Commerce understands that personnel changes to a designated key position or new hires into a designated key position will require prior Office of Economic Adjustment approval. Key personnel are defined as those who are critical to the project, i.e., their absence from the project would be expected to impact the approved scope of the project.

Washington Military Alliance Non-Federal Match Partners – Personnel

Services provided by the Washington Military Alliance partners non-federal staff match commitments are not intended to duplicate tasks or services as outlined in the grant proposal under the contractual effort, but are in support of that effort. The non-federal match staff from the following six organizations will perform activities as part of the overall project as described in the individual match commitment letters included in Appendix B.

Item	Staff Name	Federal	Non-Federal	Total Budget
Personnel				
President & CEO	McClelland	\$ -	\$ 10,000.00	\$ 10,000.00
Senior Manager, Public Policy & Research	Coil	\$ -	\$ 3,500.00	\$ 3,500.00
Manager, Marketing & Graphic Design	SB	\$ -	\$ 594.00	\$ 594.00
Director, Industry & Resource Development	MS	\$ -	\$ 1,985.00	\$ 1,985.00
Finance Manager	AT	\$ -	\$ 291.00	\$ 291.00
Chief Operating Officer	JM	\$ -	\$ 1,085.00	\$ 1,085.00
Director, Business Development	JS	\$ -	\$ 1,846.00	\$ 1,846.00
Manager, Events & Administrative Support	JD	\$ -	\$ 154.00	\$ 154.00
Subtotal for Economic Alliance Snohomish County (EASC) Salary		\$ -	\$ 19,455.00	\$ 19,455.00
VP Business Development	Toth	\$ -	\$ 8,735.00	\$ 8,735.00
Economic Dev. Manager	Smith	\$ -	\$ 4,064.00	\$ 4,064.00
Economic Dev. Coordinator	Repp	\$ -	\$ 5,250.00	\$ 5,250.00
Economic Dev. Industry Manager	Key	\$ -	\$ 7,573.00	\$ 7,573.00
Contracted Position	Hadley	\$ -	\$ 30,000.00	\$ 30,000.00
Subtotal for Greater Spokane Incorporated (GSI) Salary		\$ -	\$ 55,622.00	\$ 55,622.00
Executive Director	Powers	\$ -	\$ 36,288.00	\$ 36,288.00
Business Development Director	Cocus	\$ -	\$ 9,768.00	\$ 9,768.00
Executive Administration, Marketing & Events	Mangrum	\$ -	\$ 4,776.00	\$ 4,776.00
Subtotal for Kitsap Economic Development Alliance (KEDA) Salary		\$ -	\$ 50,832.00	\$ 50,832.00
AllianceNW Event Coordinator	Hansen	\$ -	\$ 4,500.00	\$ 4,500.00
Subtotal for Thurston County Economic Development Council Salary		\$ -	\$ 4,500.00	\$ 4,500.00
Economic Development Program Manager (04.75% FTE)	Pierce	\$ -	\$ 9,309.00	\$ 9,309.00
Principal Economic Development Manager (05.62% FTE)	Lee	\$ -	\$ 9,785.00	\$ 9,785.00
Senior Economic Development Analyst (01.53% FTE)	Thibedeau	\$ -	\$ 2,044.00	\$ 2,044.00
Assistant Economic Development Analyst (03.44% FTE)	Anderson	\$ -	\$ 3,402.00	\$ 3,402.00
Administrative Assistant (<01% FTE)	Purdue	\$ -	\$ 495.00	\$ 495.00
Subtotal for Puget Sound Regional Council (PSRC) Salary		\$ -	\$ 25,035.00	\$ 25,035.00
Economic Development Manager (10% FTE)	TBD	\$ -	\$ 7,682.00	\$ 7,682.00

Program Manager (20% FTE)	TBD	\$	-	\$ 11,559.00	\$ 11,559.00
Graduate Intern Assistant	TBD	\$	-	\$ 1,500.00	\$ 1,500.00
Subtotal for South Sound Military Communities Partnership/City of Lakewood Salary		\$	-	\$ 20,741.00	\$ 20,741.00

FRINGE:

Usual benefits are defined in RCW 39. 12.010(3) and WAC 296- 127-014 and include employer payments for medical insurance, pensions, approved apprenticeship training programs, vacation and holiday pay, and other bona fide benefits. Deductions from workers' paychecks are not usual benefits. Usual benefits are employer paid. Benefits that are required by law (Industrial Insurance, Social Security, State Unemployment Compensation taxes, etc.) do not qualify as usual benefits.

In order to apportion benefits to hours worked, L&I will generally look at contributions and hours worked over the course of a year, assuming 2,080 hours per worker per year, unless an employer provides an alternate schedule and can document actual hours worked. This approach is sometimes called "annualization."

Divide the total yearly contributions made by the employer for each individual worker by 2,080 hours (40 hours per week X 52 weeks = 2,080 hours).

Fringe benefits provided to Washington State employees include:

- Old Age and Survivors Insurance (OASI) 6.20%;
- Retirement 9.21%;
- Medical Aid, Industrial Insurance (Workers Compensation) \$34.16/month;
- Admin, \$33.73/month,
- Admin Field Staff, \$161.02/month
- NOC, \$8.14/month Volunteers;
- Health/Life/Disability Insurance (Medicare) 1.45%;
- Medical/dental \$662/month;
- Unemployment Insurance and Dependent Care services are pooled indirect costs.

Fringe Benefits are calculated at a designated percentage rate annually based on salary level and projected number of hours worked in the year.

Department of Commerce & Department of Revenue - Fringe

Item	Staff Name	Federal	Non-Federal	Total Budget
Fringe				
Military Sector Lead (15% FTE federal match) (30% FTE non-federal match) (Staff)	Reeves	\$ 8,175.00	\$ 13,080.00	\$ 21,255.00
Assistant Program Manager (100% FTE) (Staff)	TBD	\$ 38,496.00	\$ -	\$ 38,496.00
Administrative Assistant 2 (100% FTE) (Staff)	TBD	\$ 28,724.00	\$ -	\$ 28,724.00
Procurement and Technical Assistance Counselor (100% FTE) (Staff)	TBD	\$ 38,496.00	\$ -	\$ 38,496.00
Business Development Program Manager (15% FTE) (Staff)	Lawhead	\$ -	\$ 6,220.00	\$ 6,220.00

Business Development Managing Director (2% FTE) (Staff)	Clark	\$	-	\$	940.00	\$	940.00
Communications & Outreach Manager (7% FTE) (Staff)	Zerr	\$	-	\$	2,980.00	\$	2,980.00
Communications Consultant 2 (7% FTE) (Staff)	Scholmann	\$	-	\$	2,360.00	\$	2,360.00
Finance Manager (12% FTE) (Staff)	McArthur	\$	-	\$	5,560.00	\$	5,560.00
Budget Analyst 3 (12% FTE) (Staff)	Carney-Taylor	\$	-	\$	4,920.00	\$	4,920.00
Subtotal for Department of Commerce (DOC) Fringe		\$	113,891.00	\$	36,060.00	\$	149,951.00

Washington Military Alliance Non-Federal Match Partners – Fringe

Item	Staff Name	Federal	Non-Federal	Total Budget
Fringe				
President & CEO	McClelland	\$ -	\$ 1,067.00	\$ 1,067.00
Senior Manager, Public Policy & Research	Coil	\$ -	\$ 601.00	\$ 601.00
Manager, Marketing & Graphic Design	SB	\$ -	\$ 105.00	\$ 105.00
Director, Industry & Resource Development	MS	\$ -	\$ 466.00	\$ 466.00
Finance Manager	AT	\$ -	\$ 54.00	\$ 54.00
Chief Operating Officer	JM	\$ -	\$ -	\$ -
Director, Business Development	JS	\$ -	\$ 387.00	\$ 387.00
Manager, Events & Administrative Support	JD	\$ -	\$ 41.00	\$ 41.00
Subtotal for Economic Alliance Snohomish County (EASC) Fringe		\$ -	\$ 2,721.00	\$ 2,721.00
VP Business Development	Toth	\$ -	\$ 2,796.00	\$ 2,796.00
Economic Dev. Manager	Smith	\$ -	\$ 1,300.00	\$ 1,300.00
Economic Dev. Coordinator	Repp	\$ -	\$ 1,680.00	\$ 1,680.00
Economic Dev. Industry Manager	Key	\$ -	\$ 2,423.00	\$ 2,423.00
Contracted Position	Hadley	\$ -	\$ -	\$ -
Subtotal for Greater Spokane Incorporated (GSI) Fringe		\$ -	\$ 8,199.00	\$ 8,199.00
Executive Director	Powers	\$ -	\$ 5,496.00	\$ 5,496.00
Business Development Director	Cocus	\$ -	\$ 1,560.00	\$ 1,560.00
Executive Administration, Marketing & Events	Mangrum	\$ -	\$ 768.00	\$ 768.00
Subtotal for Kitsap Economic Development Alliance (KEDA) Fringe		\$ -	\$ 7,824.00	\$ 7,824.00
AllianceNW Event Coordinator	Hansen	\$ -	\$ -	\$ -
Subtotal for Thurston County Economic Development Council Salary Fringe		\$ -	\$ -	\$ -
Economic Development Program Manager (04.75% FTE)	Pierce	\$ -	\$ -	\$ -
Principal Economic Development Manager (05.62% FTE)	Lee	\$ -	\$ -	\$ -
Senior Economic Development Analyst (01.53% FTE)	Thibedeau	\$ -	\$ -	\$ -

FTE)						
Assistant Economic Development Analyst (03.44% FTE)	Anderson	\$	-	\$	-	\$ -
Administrative Assistant (<01% FTE)	Purdue	\$	-	\$	-	\$ -
Subtotal for Puget Sound Regional Council (PSRC) Fringe		\$	-	\$	-	\$ -
Economic Development Manager (10% FTE)	TBD	\$	-	\$	-	\$ -
Program Manager (20% FTE)	TBD	\$	-	\$	-	\$ -
Graduate Intern Assistant	TBD	\$	-	\$	-	\$ -
Subtotal for South Sound Military Communities Partnership/City of Lakewood Fringe		\$	-	\$	-	\$ -

TRAVEL:

In-state travel costs are based on Washington's privately owned vehicle mileage reimbursement rate of \$.56 per mile. According to the Revised Code of Washington, lodging reimbursement shall be in an amount equal to the actual cost of the least expensive available rate for reasonable accommodations based on single occupancy.

In-state travel – KEDA: It is expected that over the course of the grant proposal, KEDA staff will travel by car, ferry and public transit in support of the grant proposal to meetings, outreach events and various support efforts of the grant proposal.

In-state travel – Commerce Staff x3: Based on a review of general travel for the Military & Defense Sector Lead over the last eight months, assuming that a continued level of community and stakeholder engagement were to persist for the Program Manager, the Assistant Program Manager and the Technical Assistance Staffer, the Sector Lead had traveled nearly 21,000 miles around the state in eight months directly related to their work.

Assuming that only 30% of that travel was directly correlated with defense industry related meetings with defense businesses, industry stakeholders and in support of military and defense related outreach, it is assumed that the Program Manager and the Assistant Program Manager would travel an average of 7,000 miles each around the state in two years. One trip to Spokane from Seattle is nearly 300 miles on its own, nearly 600 miles round trip. Knowing that there are a minimum of 10 defense communities targeted for outreach around organization, communication and stakeholder management, as well as conducting forums with these communities, travel will be required.

As such, assuming that each staffer travels a minimum of 7,000 miles over the duration of the two year grant period that is 14,000 miles X %0.56, which equals \$11,760.00. It is also presumed that the Technical Assistance Staffer would do some targeted outreach to local businesses in the Puget Sound region in support of their resource support. Therefore, assuming that they would primarily conduct their resource support within the King, Pierce and Snohomish County area given that is where it is believed a majority of defense business is located, it is projected that this staffer may travel up to 500 miles in the course of the grant proposal which would equate to 500 miles X %0.56 which equals \$280.00. The Department recognizes that this assessment totals more than the federal request, especially since per diem is not factored in the current rate analysis. However, it was felt that the request should be based on conservative estimates.

The in-state per diem reimbursement rates for meals vary by location, but the lowest rates are \$11.00 Breakfast; \$14.00 Lunch; \$21.00 Dinner.

In-state travel as defined by Revised Code of Washington is official business travel to destinations inside the boundaries of Washington State. Official business means the authorized duties performed by an employee or official of the State in the employee's defined capacity under the duties and responsibilities prescribed by the employment or office.

In-State Travel – Commerce Staff (Lawhead): Given that this position is based in Spokane, WA and covers outreach to all of Eastern Washington, and based on the fact that an annual median mileage for this position acquires over 30,000 miles per year, it is expected that this position will travel nearly 9,000 miles over the course of the year in support of this grant proposal.

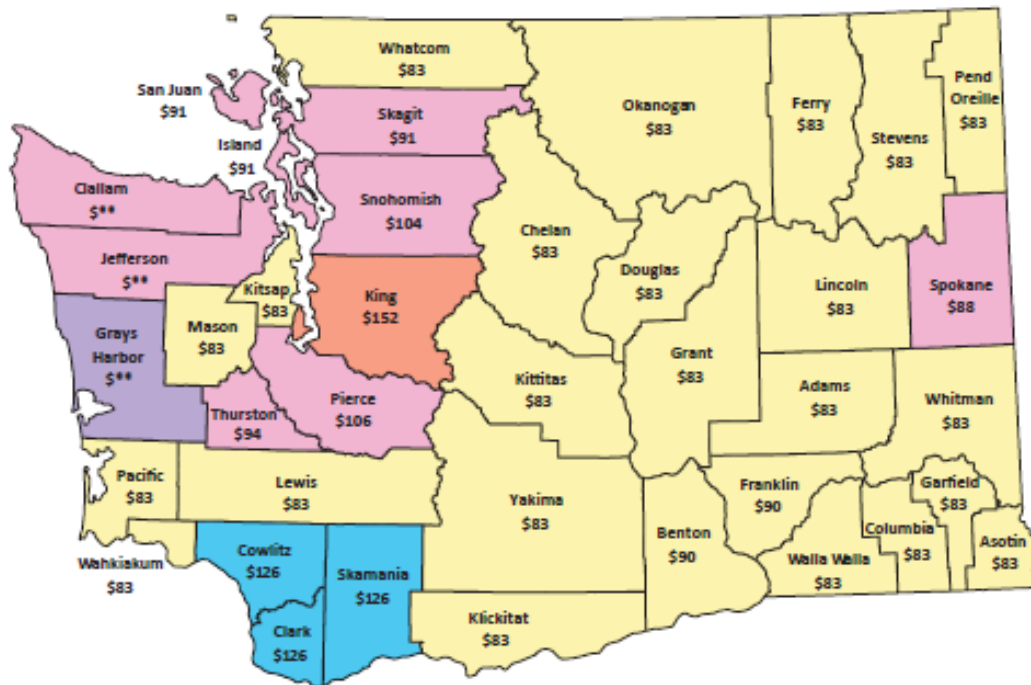
Out-of-state travel rates are determined by General Services Administration set rates, which estimate that airfare, would be projected between \$700 and \$900 per flight based on government contracted rates, lodging is estimate at \$224 per night, which is the maximum lodging rate in the DC area and meals are projected at \$71 per day, which is also the maximum rate for the DC area. The assumption is that each trip would be a minimum of three days but no more than five.

Flight	\$900.00
Lodging (5 nights x \$224)	\$1,120.00
Per Diem (5 days)	\$355.00
TOTAL	\$2,375.00

It is projected that the Program Manager and the Assistant Program Manager would make at least two trips to DC within the 24-month period of the grant proposal for the purpose of attending OEA related meetings, one of which would be a grant management presentation, another being attendance at a defense industry related symposium for the purpose of working with other federal partners, OEA and obtaining updated information on the defense industry.

Item	Staff Name	Federal	Non-Federal	Total Budget
Travel				
In-State Travel - KEDA	Powers, Cocus	\$ -	\$ 1,185.00	\$ 1,185.00
In-State Travel - Commerce Staff x 3 (PM, APM & TAS)	Reeves, TBD, TBD	\$ 12,000.00	\$ -	\$ 12,000.00
In-State Travel - Commerce Staff	Lawhead	\$ -	\$ 5,000.00	\$ 5,000.00
Out-of-State Travel (4 trips to Washington D.C. x \$2375) - PM, APM	Reeves, TBD, TBD	\$ 9,500.00	\$ -	\$ 15,600.00
Subtotal for Travel		\$ 21,500.00	\$ 6,185.00	\$ 27,685.00

Per Diem Rates - As of October 1, 2013



Meal Rates				
TOTAL	B	L	D	
\$46	\$11	\$14	\$21	
\$51	\$13	\$15	\$23	
\$56	\$14	\$17	\$25	
\$61	\$15	\$18	\$28	
\$71	\$18	\$21	\$32	

\$	Maximum Lodging Rate
**	Seasonal Lodging Rates (see table)

** Seasonal Lodging Rates for Counties:		
Clallam & Jefferson	07/01 - 08/31	\$122
	09/01 - 06/30	\$95
Grays Harbor	07/01 - 08/31	\$105
	09/01 - 06/30	\$83

POV Mileage Rate	
The privately owned vehicle mileage reimbursement rate is \$0.56 per mile. (effective 1/1/14)	

For Out-of-State Per Diem Rates, refer to the GSA website at: <http://www.gsa.gov>. To get the total meal and incidental expense rate breakdown of individual meal allowances, refer to the State Administrative and Accounting Manual (SAAM), Subsection 10.40.10.c

Some of the partners have provided for non-federal match in this category.

SUPPLIES:

The three (3) newly created positions within the Department of Commerce that will be funded by this grant require the purchase of new electronic computer equipment, printers and mobile communication devices. The Department of Commerce, which is where the office space will be located, will provide network connections and large capacity printing and copying through the use of onsite Xerox machines.

Based on the longevity of the proposed grant program (spanning 24 months), it has been determined that the cost of purchase is in the long run is less expensive than the 24-month equipment rental costs.

AllianceNW Office Supplies (match): It is projected that basic supplies for the facilitation of the event require purchase and would include name tag holders, specialty paper for table and directional signs, pens, paper, printer ink, etc and should serve as match for the program proposal. This match directly correlates to the event outlined in C-1: Leverage existing outreach and awareness building through Industry Associations.

KEDA Office Supplies (match): It is projected that in the course of conducting support for the grant proposal that general office supplies such as paper, pens, photocopies, etc, shall be purchased and used specifically in support of the grant proposal as outlined in the match support letter and therefore used as match.

Computers, Phones, Office Furniture: Cost estimations are based on State FY14 equipment purchases, Computer (\$1,400), Workstation & chair (\$1,200) for three staff to be hired under the grant proposal totaling \$2600.00 per staffer for items to be purchased in the first year of the grant proposal.

Standard Office Supplies: This includes paper, writing tablets, pens, clips, post its, desk accessories, staplers/staples, for three staff to be hired under the grant proposal at \$500 per person, per year. Standard office supplies will be procured in accordance with State of Washington procurement regulations. In some instances, Department of Commerce will provide office supplies.

Supplies			
AllianceNW Supplies for Outreach & Awareness Building event	\$ -	\$ 300.00	\$ 300.00
KEDA Office (Supplies, Expense, Photocopier Lease)	\$ -	\$ 2,292.00	\$ 2,292.00
Computers, phones, office furniture for 3 staff @ \$2600 (APM, AA2, & TAS) - only in year one	\$ 7,800.00	\$ -	\$ 7,800.00
Standard Office Supplies for 3 Staff @ \$500 (APM, AA2, & TAS) x 2 years	\$ 3,000.00	\$ -	\$ 3,000.00
Subtotal for Supplies	\$ 10,800.00	\$ 2,592.00	\$ 13,392.00

CONTRACTUAL:

The budget spreadsheet catalogs estimated component activities that may occur as part of the contractual elements. The cost estimate for all activities listed below is based on previous procurement actions similar in scope or activity. The tasks associated with each contractual item listed below are outlined in the Approach section of this proposal.

A range of at least three contracts with similar scope and proposed outcomes was examined and a “middle of the road” number projected for each contractual component of the grant proposal. The Department of Commerce plans to issue requests for proposals (RFPs) for the contractual efforts as outlined in the Financial Flow Diagram in Appendix A.

Item	Federal	Non-Federal	Total Budget
Contractual			
1 Organization, Communication & Stakeholder Management - Strategic Planning/Communications Consultant	\$ 185,000.00	\$ -	\$ 185,000.00
2 Assessment & Forecasting Capacity	\$ 480,000.00	\$ 20,000.00	\$ 500,000.00
3A State Analysis	\$ 150,000.00	\$ -	\$ 150,000.00
3B1 Defense Manufacturing Supply Chain Business Support Pilot	\$ 500,000.00	\$ -	\$ 500,000.00
3B2 Defense Services Supply Chain Business Support Pilot	\$ 250,000.00	\$ -	\$ 250,000.00
3B3A Seamless Transition Workforce Support Pilot	\$ 200,000.00	\$ -	\$ 200,000.00
3B3B Transition Technology Tool Development	\$ 300,000.00	\$ -	\$ 300,000.00
3C1 Defense Manufacturing Outreach & Awareness Building via Industry	\$ 150,000.00	\$ -	\$ 150,000.00
3C2 Defense Manufacturing Outreach & Awareness Building via Community	\$ 500,000.00	\$ -	\$ 500,000.00
4 Strategic Planning	\$ 230,000.00	\$ 20,000.00	\$ 250,000.00
4A Identify Growth Areas	\$ 250,000.00	\$ -	\$ 250,000.00
4B Technology Transfer, Entrepreneurship & Commercialization	\$ 250,000.00	\$ -	\$ 250,000.00

Feasibility			
5 Implementation Planning	\$ 150,000.00	\$ -	\$ 150,000.00
Subtotal for Contractual	\$3,595,000.00	\$ 40,000.00	\$3,635,000.00

OTHER:

Facility Rental - Due to the lack of available large capacity (20+ people) meeting room space in State, local or regional government offices in regional parts of the state, Department of Commerce expects to incur the cost of meeting venue rental space to conduct stakeholder meetings. If and when available, Department of Commerce will host stakeholder meetings in space offered at no cost to the Department. The estimated cost of meeting venue rental space is based on the average rate for Non-Profit, County, State and Federal Agency of \$250 per use.

Printing of Materials - This budget category also includes estimated printing costs for stakeholder meeting literature, defense industry outreach brochures and draft report copies. For all print jobs, the State is required when cost effective to use the state printing office. Estimates used for printing are based on prior State FY14 purchases.

AllianceNW Outreach and Communications (match): The website is www.alliancenorthwest.org and features information about the event, registration links, and details on match-making and training sessions, and a training webinar on how businesses can make the most of the day through appropriate preparation. The email communications include e-blasts to potential attendees and those already registered with up to date information about the event. Federal agencies often help promote the event, but need content and flyers to distribute to their prime contractors and other staff. This match directly correlates to the event outlined in C-1: Leverage existing outreach and awareness building through Industry Associations.

AllianceNW Event Registration & Match-Making System (match): This registration system handles the 600+ attendees' registration, name tags, and other important elements along with the 480 match making appointment sessions. This match directly correlates to the event outlined in C-1: Leverage existing outreach and awareness building through Industry Associations.

AllianceNW Facility Rental (match): The event is held at the Washington State Fair Sleep Country Showplex in Puyallup, Washington. The event can accommodate all of the event attendees with room for training sessions and match making. This match directly correlates to the event outlined in C-1: Leverage existing outreach and awareness building through Industry Associations.

AllianceNW Pipe & Draping (match): The outreach exhibition area allows for meaningful interactions between government, primes, and small businesses. The pipe and drape creates private meeting space and reduces sound so that conversations about a business' capabilities can take place. This match directly correlates to the event outlined in C-1: Leverage existing outreach and awareness building through Industry Associations.

KEDA Occupancy (match): It is expected that in the course of providing support to the grant proposal, that use of the office space KEDA currently utilizes will be used to support staff work in support of the grant as well as in support of meetings for the Program Manager and Assistant Program Manager while in the region and should be considered as match.

KEDA Outreach & Awareness Building: Given that KEDA is the local economic development entity, the staff, as outlined in the match letter, would support the grant proposal in outreach and awareness building efforts in the course of their support of the grant proposal.

Postage/Mailings - Postage charges are estimated using 2-day letter delivery charges as posted by U.S. parcel delivery companies.

Rent & Utilities --Seattle, WA x3 – Rent & Utilities are based on monthly projections by building, by FTE of those residing/stationed in that building.

For the Westin building – located in Seattle, WA, where the Program Manager position is currently expected to be housed given this is where the Military Sector Lead is located and the location where the other three positions to be hired are projected to be located, there is an exception to the above stated rule in that there is a disproportionate share of space by Division or Section and therefore, the cubical/office space is measured, thus assigning a percentage of the building to each occupying Division/Section.

The amount per Division/Section is then distributed by Division/Section FTEs of those residing/stationed in the Westin Building. The Westin Building lease includes utilities in the base rent amount; therefore “utilities” are not a separate charge unless the costs per year exceed the base. This has only happened once in the prior 8 years that the Department of Commerce has occupied the space and is unlikely to happen again.

Currently, Rent & Utilities is projected to cost \$750 per FTE per month for the 24 month duration.

Assistant Program Manager	\$750 per month x 24 months =	\$18,000.00
Administrative Assistant	\$750 per month x 24 months =	\$18,000.00
Technical Assistant Staffer	\$750 per month x 24 months =	\$18,000.00
TOTAL FEDERAL REQUEST		\$54,000.00

Rent & Utilities --Seattle, WA - Rent & Utilities are based on monthly projections by building, by FTE of those residing/stationed in that building.

For the Westin building – located in Seattle, WA, where the Program Manager position is currently expected to be housed given this is where the Military Sector Lead is located and the location where the other three positions to be hired are projected to be located, there is an exception to the above stated rule in that there is a disproportionate share of space by Division or Section and therefore, the cubical/office space is measured, thus assigning a percentage of the building to each occupying Division/Section.

The amount per Division/Section is then distributed by Division/Section FTEs of those residing/stationed in the Westin Building. The Westin Building lease includes utilities in the base rent amount; therefore “utilities” are not a separate charge unless the costs per year exceed the base. This has only happened once in the prior 8 years that the Department of Commerce has occupied the space and is unlikely to happen again.

Currently, Rent & Utilities is projected to cost \$750 per FTE per month for the 24 month duration.

Business Development Program Manager;	\$750 per month x 24 months x 15% =	\$2,700.00
Business Development Managing Director,	\$750 per month x 24 months x 02% =	\$360.00
Communications & Outreach Manager,	\$750 per month x 24 months x 07% =	\$1,260.00
Communications Consultant 2	\$750 per month x 24 months x 07% =	\$1,260.00

TOTAL NON-FEDERAL MATCH

\$5,580.00

Rent & Utilities –Olympia, WA - Rent & Utilities are based on monthly projections by building, by FTE of those residing/stationed in that building. Given that two of the staffers working for the Department of Commerce are housed in the Olympia building (Fiscal Manager and Budget Analyst 3), facility match was calculated as part of their match based on the percentage of time expected they would be working on this grant proposal.

Fiscal Manager	\$478 per month x 24 months x 12% =	\$1,377.00
Budget Analyst	\$478 per month x 24 months x 12% =	\$1,377.00
TOTAL NON-FEDERAL MATCH		\$2,753.00

There is a mix of a federal request and a non-federal match for this category.

Item	Federal	Non-Federal	Total Budget
Other			
Facility Rentals for Quarterly Meetings & Stakeholder Engagement Town halls (8 qrtly, 10 twnhalls x \$250.00)	\$ 4,500.00	\$ -	\$ 4,500.00
Printing of Outreach Materials - Small Scale (informational literature, one pagers, brochures)	\$ 4,831.00	\$ -	\$ 4,831.00
Printing of Outreach Materials - Large Scale (reports, signs, banners)	\$ 13,000.00	\$ -	\$ 13,000.00
Mailings (1500 x\$0.50 x 4 mailings)	\$ 3,000.00	\$ -	\$ 3,000.00
AllianceNW Outreach & Communications (30 hours x \$40 per hour)	\$ -	\$ 1,200.00	\$ 1,200.00
AllianceNW Event Registration System & Match-making System	\$ -	\$ 4,000.00	\$ 4,000.00
AllianceNW Facility Rental	\$ -	\$ 13,000.00	\$ 13,000.00
AllianceNW Pipe & Draping	\$ -	\$ 11,000.00	\$ 11,000.00
KEDA Occupancy (Janitorial, Liability Insurance, Rent, Telephone)	\$ -	\$ 3,372.00	\$ 3,372.00
KEDA Outreach & Awareness Building	\$ -	\$ 4,950.00	\$ 4,950.00
Rent & Utilities \$9,000/FTE/Year--Seattle, WA x2 (two years) X 3 FTE	\$ 54,000.00	\$ -	\$ 54,000.00
Rent & Utilities \$9,000/FTE/Year--Seattle, WA x 2 (two years) X 31% (Program Manager)	\$ -	\$ 5,580.00	\$ 5,580.00
Rent & Utilities \$5,736/FTE/Year--Olympia, WA x 2 (two years) X 24% (Fiscal Manager & Budget Analyst)	\$ -	\$ 2,753.00	\$ 2,753.00
Subtotal for Other	\$ 79,331.00	\$ 44,212.00	\$ 123,543.00

INDIRECT CHARGES:

The Department of Commerce has an Indirect Cost Plan that is approved by our cognizant agency, HUD. A copy of the plan is attached as Appendix A. Projected indirect costs for this project total \$166,727.00 in federal request, which is 03.4% of the total application of \$4,854,442.00.

The Commerce Indirect Cost Plan establishes an indirect cost rate of 35%. The rate is applied to salaries and benefits only, not to all costs or expenditures of the agency. The Department of Commerce has a wide variety of programs including direct services, state and Federal loan and grant programs, economic development and trade missions, and local government infrastructure programs. The indirect rate is applied to salaries and benefits because there is a strong correlation between the amount of staff that is required to run a program and the amount of support that is provided for that program through indirect costs.

Indirect costs include salary and benefit costs of all personnel in the Administrative Services Division (Accounting, Budget, Human Resources, Information Technology, and Office Services (procurement, facilities, telecom, public records management, public records requests)).

Item		Federal	Non-Federal	Total Budget
Indirect Charges				
Military Sector Lead & Program Manager (15% FTE federal request / 30% FTE non-federal match) (Staff)	Reeves	\$ 13,361.20	\$ 21,378.00	\$ 34,739.20
Assistant Program Manager (100% FTE) (Staff)	TBD	\$ 58,791.60	\$ -	\$ 58,791.60
Administrative Assistant 2 (100% FTE) (Staff)	TBD	\$ 35,782.60	\$ -	\$ 35,782.60
Technical Assistance Counselor (100% FTE) (Staff)	TBD	\$ 58,791.60	\$ -	\$ 58,791.60
Business Development Program Manager (15% FTE) (Staff)	Lawhead	\$ -	\$ 9,149.00	\$ 9,149.00
Business Development Managing Director (2% FTE) (Staff)	Clark	\$ -	\$ 1,477.00	\$ 1,477.00
Communications & Outreach Manager (7% FTE) (Staff)	Zerr	\$ -	\$ 4,466.00	\$ 4,466.00
Communications Consultant 2 (7% FTE) (Staff)	Scholmann	\$ -	\$ 3,010.00	\$ 3,010.00
Finance Manager (12% FTE) (Staff)	McArthur	\$ -	\$ 8,533.00	\$ 8,533.00
Budget Analyst 3 (12% FTE) (Staff)	Carney-Taylor	\$ -	\$ 6,986.00	\$ 6,986.00
Subtotal for Indirect Costs		\$ 166,727.00	\$ 54,999.00	\$ 221,726.00

Budget Spreadsheet

Contract Period 10/01/14-09/30/16 = 24 Months				
Personnel, Fringe, Travel, and Supplies are Calculated Per Year & Subtotalled by Two Year Contract Period				
Grant Budget Summary				
Grant Total	Federal	Non-Federal	Total Budget	
	\$4,349,721.00	\$ 501,700.00	\$4,851,421.00	
Item	Staff Name	Federal	Non-Federal	Total Budget
Personnel				
Program Manager - Military Sector Lead (15% FTE federal match) (30% FTE non-federal match) (Staff)	Reeves	\$ 30,000.00	\$ 48,000.00	\$ 78,000.00
Assistant Program Manager (100% FTE) (Staff)	TBD	\$ 129,480.00	\$ -	\$ 129,480.00
Administrative Assistant 2 (100% FTE) (Staff)	TBD	\$ 73,512.00	\$ -	\$ 73,512.00
Technical Assistance Staffer (100% FTE) (Staff)	TBD	\$ 129,480.00	\$ -	\$ 129,480.00
Business Development Program Manager (15% FTE) (Staff)	Lawhead	\$ -	\$ 19,920.00	\$ 19,920.00
Business Development Managing Director (2% FTE) (Staff)	Clark	\$ -	\$ 3,280.00	\$ 3,280.00
Communications & Outreach Manager (7% FTE) (Staff)	Zerr	\$ -	\$ 9,780.00	\$ 9,780.00
Communications Consultant 2 (7% FTE) (Staff)	Scholmann	\$ -	\$ 6,240.00	\$ 6,240.00
Finance Manager (12% FTE) (Staff)	McArthur	\$ -	\$ 18,820.00	\$ 18,820.00
Budget Analyst 3 (12% FTE) (Staff)	Carney-Taylor	\$ -	\$ 15,040.00	\$ 15,040.00
Subtotal for Department of Commerce (DOC) Salary		\$ 362,472.00	\$ 121,080.00	\$ 483,552.00
Department of Revenue Staff	TBD	\$ -	\$ 5,000.00	\$ 5,000.00
Subtotal for Department of Revenue (DOR) Salary		\$ -	\$ 5,000.00	\$ 5,000.00
President & CEO	McClelland	\$ -	\$ 10,000.00	\$ 10,000.00
Senior Manager, Public Policy & Research	Coil	\$ -	\$ 3,500.00	\$ 3,500.00
Manager, Marketing & Graphic Design	SB	\$ -	\$ 594.00	\$ 594.00
Director, Industry & Resource Development	MS	\$ -	\$ 1,985.00	\$ 1,985.00
Finance Manager	AT	\$ -	\$ 291.00	\$ 291.00
Chief Operating Officer	JM	\$ -	\$ 1,085.00	\$ 1,085.00

Director, Business Development	JS	\$ -	\$ 1,846.00	\$ 1,846.00
Manager, Events & Administrative Support	JD	\$ -	\$ 154.00	\$ 154.00
Subtotal for Economic Alliance Snohomish County (EASC) Salary		\$ -	\$ 19,455.00	\$ 19,455.00
VP Business Development	Toth	\$ -	\$ 8,735.00	\$ 8,735.00
Economic Dev. Manager	Smith	\$ -	\$ 4,064.00	\$ 4,064.00
Economic Dev. Coordinator	Repp	\$ -	\$ 5,250.00	\$ 5,250.00
Economic Dev. Industry Manager	Key	\$ -	\$ 7,573.00	\$ 7,573.00
Contracted Position	Hadley	\$ -	\$ 30,000.00	\$ 30,000.00
Subtotal for Greater Spokane Incorporated (GSI) Salary		\$ -	\$ 55,622.00	\$ 55,622.00
Executive Director	Powers	\$ -	\$ 36,288.00	\$ 36,288.00
Business Development Director	Cocus	\$ -	\$ 9,768.00	\$ 9,768.00
Executive Administration, Marketing & Events	Mangrum	\$ -	\$ 4,776.00	\$ 4,776.00
Subtotal for Kitsap Economic Development Alliance (KEDA) Salary		\$ -	\$ 50,832.00	\$ 50,832.00
AllianceNW Event Coordinator	Hansen	\$ -	\$ 4,500.00	\$ 4,500.00
Subtotal for Thurston County Economic Development Council Salary		\$ -	\$ 4,500.00	\$ 4,500.00
Economic Development Program Manager (04.75% FTE)	Pierce	\$ -	\$ 9,309.00	\$ 9,309.00
Principal Economic Development Manager (05.62% FTE)	Lee	\$ -	\$ 9,785.00	\$ 9,785.00
Senior Economic Development Analyst (01.53% FTE)	Thibedeau	\$ -	\$ 2,044.00	\$ 2,044.00
Assistant Economic Development Analyst (03.44% FTE)	Anderson	\$ -	\$ 3,402.00	\$ 3,402.00
Administrative Assistant (<01% FTE)	Purdue	\$ -	\$ 495.00	\$ 495.00
Subtotal for Puget Sound Regional Council (PSRC) Salary		\$ -	\$ 25,035.00	\$ 25,035.00
Economic Development Manager (10% FTE)	TBD	\$ -	\$ 7,682.00	\$ 7,682.00
Program Manager (20% FTE)	TBD	\$ -	\$ 11,559.00	\$ 11,559.00
Graduate Intern Assistant	TBD	\$ -	\$ 1,500.00	\$ 1,500.00
Subtotal for South Sound Military Communities Partnership/City of Lakewood Salary		\$ -	\$ 20,741.00	\$ 20,741.00

Fringe						
Program Manager - Military Sector Lead (15% FTE federal match) (30% FTE non-federal match) (Staff)						
	Reeves	\$	8,175.00	\$	13,080.00	\$ 21,255.00
Assistant Program Manager (100% FTE) (Staff)						
	TBD	\$	38,496.00	\$	-	\$ 38,496.00
Administrative Assistant 2 (100% FTE) (Staff)						
	TBD	\$	28,724.00	\$	-	\$ 28,724.00
Technical Assistance Staffer (100% FTE) (Staff)						
	TBD	\$	38,496.00	\$	-	\$ 38,496.00
Business Development Program Manager (15% FTE) (Staff)						
	Lawhead	\$	-	\$	6,220.00	\$ 6,220.00
Business Development Managing Director (2% FTE) (Staff)						
	Clark	\$	-	\$	940.00	\$ 940.00
Communications & Outreach Manager (7% FTE) (Staff)						
	Zerr	\$	-	\$	2,980.00	\$ 2,980.00
Communications Consultant 2 (7% FTE) (Staff)						
	Scholmann	\$	-	\$	2,360.00	\$ 2,360.00
Finance Manager (12% FTE) (Staff)						
	McArthur	\$	-	\$	5,560.00	\$ 5,560.00
Budget Analyst 3 (12% FTE) (Staff)						
	Carney-Taylor	\$	-	\$	4,920.00	\$ 4,920.00
Subtotal for Department of Commerce (DOC) Fringe						
		\$	113,891.00	\$	36,060.00	\$ 149,951.00
DOR staff						
		\$	-	\$	-	\$ -
Subtotal for Department of Revenue (DOR) Fringe						
		\$	-	\$	-	\$ -
President & CEO						
	McClelland	\$	-	\$	1,067.00	\$ 1,067.00
Senior Manager, Public Policy & Research						
	Coil	\$	-	\$	601.00	\$ 601.00
Manager, Marketing & Graphic Design						
	SB	\$	-	\$	105.00	\$ 105.00
Director, Industry & Resource Development						
	MS	\$	-	\$	466.00	\$ 466.00
Finance Manager						
	AT	\$	-	\$	54.00	\$ 54.00
Chief Operating Officer						
	JM	\$	-	\$	-	\$ -
Director, Business Development						
	JS	\$	-	\$	387.00	\$ 387.00
Manager, Events & Administrative Support						
	JD	\$	-	\$	41.00	\$ 41.00
Subtotal for Economic Alliance Snohomish County (EASC) Fringe						
		\$	-	\$	2,721.00	\$ 2,721.00
VP Business Development						
	Toth	\$	-	\$	2,796.00	\$ 2,796.00
Economic Dev. Manager						
	Smith	\$	-	\$	1,300.00	\$ 1,300.00
Economic Dev. Coordinator						
	Repp	\$	-	\$	1,680.00	\$ 1,680.00
Economic Dev. Industry Manager						
	Key	\$	-	\$	2,423.00	\$ 2,423.00
Contracted Position						
	Hadley	\$	-	\$	-	\$ -
Subtotal for Greater Spokane Incorporated (GSI) Fringe						
		\$	-	\$	8,199.00	\$ 8,199.00

Executive Director	Powers	\$	-	\$	5,496.00	\$	5,496.00
Business Development Director	Cocus	\$	-	\$	1,560.00	\$	1,560.00
Executive Administration, Marketing & Events	Mangrum	\$	-	\$	768.00	\$	768.00
Subtotal for Kitsap Economic Development Alliance (KEDA) Fringe		\$	-	\$	7,824.00	\$	7,824.00
AllianceNW Event Coordinator	Hansen	\$	-	\$	-	\$	-
Subtotal for Thurston County Economic Development Council Salary Fringe		\$	-	\$	-	\$	-
Economic Development Program Manager (04.75% FTE)	Pierce	\$	-	\$	-	\$	-
Principal Economic Development Manager (05.62% FTE)	Lee	\$	-	\$	-	\$	-
Senior Economic Development Analyst (01.53% FTE)	Thibedeau	\$	-	\$	-	\$	-
Assistant Economic Development Analyst (03.44% FTE)	Anderson	\$	-	\$	-	\$	-
Administrative Assistant (<01% FTE)	Purdue	\$	-	\$	-	\$	-
Subtotal for Puget Sound Regional Council (PSRC) Fringe		\$	-	\$	-	\$	-
Economic Development Manager (10% FTE)	TBD	\$	-	\$	-	\$	-
Program Manager (20% FTE)	TBD	\$	-	\$	-	\$	-
Graduate Intern Assistant	TBD	\$	-	\$	-	\$	-
Subtotal for South Sound Military Communities Partnership/City of Lakewood Fringe		\$	-	\$	-	\$	-
Travel							
In-State Travel - KEDA	Powers, Cocus	\$	-	\$	1,185.00	\$	1,185.00
In-State Travel - Commerce Staff x 3 (PM, APM & TAS)	Reeves, TBD, TBD	\$	12,000.00	\$	-	\$	12,000.00
In-State Travel - Commerce Staff	Lawhead	\$	-	\$	5,000.00	\$	5,000.00
Out-of-State Travel (4 trips to Washington D.C. x \$2375) - PM, APM & TAS	Reeves, TBD, TBD	\$	9,500.00	\$	-	\$	9,500.00
Subtotal for Travel		\$	21,500.00	\$	6,185.00	\$	27,685.00
Supplies							
AllianceNW Supplies for Outreach & Awareness Building event		\$	-	\$	300.00	\$	300.00
KEDA Office (Supplies, Expense, Photocopier Lease)		\$	-	\$	2,292.00	\$	2,292.00
Computers, phones, office furniture for 3 staff @ \$2600 (APM, AA2, & TAS) -		\$	7,800.00	\$	-	\$	7,800.00

only in year one				
Standard Office Supplies for 3 Staff @ \$500 (APM, AA2, & TAS) x 2 years	\$ 3,000.00	\$ -	\$	\$ 3,000.00
Subtotal for Supplies	\$ 10,800.00	\$ 2,592.00	\$	\$ 13,392.00
Contractual				
1 Organization, Communication & Stakeholder Management - Strategic Planning/Communications Consultant	\$ 185,000.00	\$ -	\$	\$ 185,000.00
2 Assessment & Forecasting Capacity	\$ 480,000.00	\$ 20,000.00	\$	\$ 500,000.00
3A State Analysis	\$ 150,000.00	\$ -	\$	\$ 150,000.00
3B1 Defense Manufacturing Supply Chain Business Support Pilot	\$ 500,000.00	\$ -	\$	\$ 500,000.00
3B2 Defense Services Supply Chain Business Support Pilot	\$ 250,000.00	\$ -	\$	\$ 250,000.00
3B3A Seamless Transition Workforce Support Pilot	\$ 200,000.00	\$ -	\$	\$ 200,000.00
3B3B Transition Technology Tool Development	\$ 300,000.00	\$ -	\$	\$ 300,000.00
3C1 Defense Manufacturing Outreach & Awareness Building via Industry	\$ 150,000.00	\$ -	\$	\$ 150,000.00
3C2 Defense Manufacturing Outreach & Awareness Building via Community	\$ 500,000.00	\$ -	\$	\$ 500,000.00
4 Strategic Planning	\$ 230,000.00	\$ 20,000.00	\$	\$ 250,000.00
4A Identify Growth Areas	\$ 250,000.00	\$ -	\$	\$ 250,000.00
4B Technology Transfer, Entrepreneurship & Commercialization Feasibility	\$ 250,000.00	\$ -	\$	\$ 250,000.00
5 Implementation Planning	\$ 150,000.00	\$ -	\$	\$ 150,000.00
Subtotal for Contractual	\$3,595,000.00	\$ 40,000.00	\$	\$3,635,000.00
Other				
Facility Rentals for Quarterly Meetings & Stakeholder Engagement Town halls (8 qrtly, 10 twnhalls x \$250.00)	\$ 4,500.00	\$ -	\$	\$ 4,500.00
Printing of Outreach Materials - Small Scale (informational literature, one pagers, brochures)	\$ 4,831.00	\$ -	\$	\$ 4,831.00
Printing of Outreach Materials - Large Scale (reports, signs, banners)	\$ 13,000.00	\$ -	\$	\$ 13,000.00
Mailings (1500 x\$0.50 x 4 mailings)	\$ 3,000.00	\$ -	\$	\$ 3,000.00
AllianceNW Outreach & Communications (30 hours x \$40 per hour)	\$ -	\$ 1,200.00	\$	\$ 1,200.00
AllianceNW Event Registration System & Match-making System	\$ -	\$ 4,000.00	\$	\$ 4,000.00
AllianceNW Facility Rental	\$ -	\$ 13,000.00	\$	\$ 13,000.00
AllianceNW Pipe & Draping	\$ -	\$ 11,000.00	\$	\$ 11,000.00
KEDA Occupancy (Janitorial, Liability Insurance, Rent, Telephone)	\$ -	\$ 3,372.00	\$	\$ 3,372.00
KEDA Outreach & Awareness Building	\$ -	\$ 4,950.00	\$	\$ 4,950.00

Rent & Utilities \$9,000/FTE/Year--Seattle, WA x2 (two years) X 3 FTE	\$ 54,000.00	\$ -	\$ 54,000.00
Rent & Utilities \$9,000/FTE/Year--Seattle, WA x 2 (two years) X 31%	\$ -	\$ 5,580.00	\$ 5,580.00
Rent & Utilities \$5,736/FTE/Year--Olympia, WA x 2 (two years) X 24%	\$ -	\$ 2,753.00	\$ 2,753.00
Subtotal for Other	\$ 79,331.00	\$ 45,855.00	\$ 125,186.00
Indirect Charges			
Program Manager – Military Sector Lead (15% FTE federal request/ 30% FTE non-federal match) (Staff)	Reeves	\$ 13,361.20	\$ 21,378.00
Assistant Program Manager (100% FTE) (Staff)	TBD	\$ 58,791.60	\$ -
Administrative Assistant 2 (100% FTE) (Staff)	TBD	\$ 35,782.60	\$ -
Technical Assistance Staffer (100% FTE) (Staff)	TBD	\$ 58,791.60	\$ -
Business Development Program Manager (15% FTE) (Staff)	Lawhead	\$ -	\$ 9,149.00
Business Development Managing Director (2% FTE) (Staff)	Clark	\$ -	\$ 1,477.00
Communications & Outreach Manager (7% FTE) (Staff)	Zerr	\$ -	\$ 4,466.00
Communications Consultant 2 (7% FTE) (Staff)	Scholmann	\$ -	\$ 3,010.00
Finance Manager (12% FTE) (Staff)	McArthur	\$ -	\$ 8,533.00
Budget Analyst 3 (12% FTE) (Staff)	Carney-Taylor	\$ -	\$ 6,986.00
Subtotal for Indirect Costs		\$ 166,727.00	\$ 54,999.00
			\$ 221,726.00