



DCN 5331 **DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION**
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ARLINGTON, VA 22202
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July 20, 2005
BAM# 34-47

Chairman:
The Honorable Anthony J. Principi

Commissioners:
The Honorable James H. Bilbray
The Honorable Philip E. Coyle, III
Admiral Harold W. Gehman, Jr., USN (Ret.)
The Honorable James V. Hansen
General James T. Hill, USA (Ret.)
General Lloyd W. Newton, USAF (Ret.)
The Honorable Samuel K. Skinner
Brigadier General Sue Ellen Turner, USAF (Ret.)

Executive Director:
Charles Battaglia

Mr. Bob Meyer
Director
BRAC Clearinghouse
1401 Oak St.
Rosslyn VA 22209

Dear Mr. Meyer:

I respectfully request a written response from the Department of Defense concerning the enclosed document:

X *Base Closure & Realignment Commission question*

34. How does the Navy use the Broadway Complex today? How does the Broadway complex and property fit into the Navy's comprehensive regional master plan for San Diego?

35. Does the Navy need additional waterfront property in the San Diego region to successfully address its current mission, or implement the BRAC 2005 recommendations affecting San Diego?

36. Regardless of the method or process used, how many military and civilian jobs would be affected if the Navy relinquished control of the Broadway Complex?

37. Does the Navy lease land and an office building from the San Diego Port Authority? Is this land adjacent to the Broadway Complex? What is this land used for, and why wasn't the Navy-owned Broadway complex considered to accommodate this requirement?

38. Has the Navy's redevelopment plan or requirement to maintain ownership of the Broadway Complex changed dramatically over time? For example, does the Navy's current plan call for the Department to maintain a headquarters or administrative presence on Broadway after disposition? If so, how large a presence? And, if not, where does the Navy believe the current Navy tenants should be relocated?

39. In what year did Congress first authorize the Navy to enter into a public/private venture that would permit the Department to out-lease the Broadway property in return for new Navy office space and/or cash?

DCN 5331
40. Congress authorized Navy to redevelop the Broadway Complex in conjunction with local authorities. What plans or actions has the Navy taken to use this authority since that Congressional action?

41. Does the Navy have a current or projected shortage of headquarters and administrative office space on their facilities in the San Diego Bay area? How many of the three buildings located within the Broadway Complex are used for general purpose office space?

42. Does the Navy use the current vacant space at Broadway to accommodate Navy demand for overflow (or surge) requirements for administrative space in the San Diego waterfront area? Does the Navy continue to own the pier located adjacent to the Broadway Complex? If not, when and why was it disposed?

43. Would it be fair to say the City was, and continues to be, receptive to the Navy's plans for Broadway? Has the City's reaction or support of the Navy's plans substantially changed over time?

44. What is the significance of the Development Agreement the Navy executed with the City of San Diego in 1992? Has the Development Agreement with the City facilitated or hindered the Navy's plans to redevelop the Broadway property?

45. Under the terms of this agreement, will the Navy maintain the right to continue to use a portion of the property for "Navy" uses? Will the Navy continue to maintain operational access to the waterfront portions of the Broadway property? Finally, how much and what kinds of private commercial development would be permitted by the Development Agreement?

46. What mission requirements require the current Navy tenants to be located at Broadway?

47. What internal Navy factors or changes, like personnel restructuring or decreased demand for Navy office space in the San Diego area, or external factors outside the Navy's control such as a down turn in the San Diego real estate market, have on the Navy's plans for Broadway?

I would appreciate your response by July 28, 2005. Please provide a control number for this request and do not hesitate to contact me if I can provide further information concerning this request.

Yours sincerely,

Frank Cirillo
Director
Review & Analysis



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

21 July 2005

The Honorable Anthony J. Principi
Chairman
Base Realignment and Closure Commission
2521 South Clark Street
Arlington, VA 22202

Dear Chairman Principi:

This is a response to the July 20, 2005 (BAM#34-47) inquiry from Mr. Michael Kessler of your staff concerning the Navy Broadway Complex, San Diego, CA. The answers to the list of questions follow:

20. How does the Navy use the Broadway Complex today? How does the Broadway complex and property fit into the Navy's comprehensive regional master plan for San Diego?

The Broadway Complex houses the Commander, Navy Region Southwest; Commander, Fleet and Industrial Supply Centers; the Fleet and Industrial Supply Center, San Diego; the Southwest Division of the Naval Facilities Engineering Command and other smaller tenants that directly support the Navy's mission. The complex is primarily administrative office space with some warehouse and training space. The Administrative Functional Regional Shore Infrastructure Plan identified the Broadway Complex as a potential receiver site for dispersed administrative activities in the San Diego metropolitan area. The Broadway Complex provides the Navy with the ability to locate administrative and logistics functions near Naval Complexes in San Diego without taking up valuable operational real estate.

21. Does the Navy need additional waterfront property in the San Diego region to successfully address its current mission, or implement the BRAC 2005 recommendations affecting San Diego?

The BRAC 2005 Secretary of Defense recommendation to relocate Mine Warfare Squadrons, as well as the proposed location of the LCS ships at Naval Station San Diego (which is not a BRAC action) will use a large portion of available DON-owned waterfront property. Waterfront property is important in the context of operational mission support. The Navy must retain sufficient operational waterfront property to meet the needs of the Fleet. In addition, the DON is working to improve the quality of life on our installations and, in that vein, desires to reduce the density of activities on the Naval Station/32nd Street Complex, which is one of our densest installations. This combination of limited waterfront

property, the need to meet operational requirements for San Diego waterfront property, and the Navy's desire to improve the quality of life for our people on these installations makes property allocation extremely challenging in the San Diego area.

22. Regardless of the method or process used, how many military and civilian jobs would be affected if the Navy relinquished control of the Broadway Complex?

There are approximately 1,200 military and civilian personnel currently located on the Broadway Complex site. None of these jobs would be eliminated if the Navy were to move from the Broadway Complex. The personnel would need to be relocated within the San Diego metropolitan area in order to continue to provide operational and regional support. A portion of these people, in particular an element of the Fleet and Industrial Supply Center, must be located at the waterfront adjacent to their customer base.

23. Does the Navy lease land and an office building from the San Diego Port Authority? Is this land adjacent to the Broadway Complex? What is this land used for, and why wasn't the Navy-owned Broadway complex considered to accommodate this requirement?

The Navy leases 3.34 acres of land at 1220 Pacific Highway from the Port of San Diego to house a component of the Naval Facilities Engineering Command (NAVFAC). The Navy did exercise its option to extend the lease, and there are 45 years remaining on that lease term. The Navy owns the buildings that are located on that property. The land is close-by but not immediately contiguous to the Broadway Complex. Plans were previously developed to consolidate NAVFAC's operations onto the Broadway Complex. However, there is currently legislation under which Navy may convey interest in the 1220 Pacific Highway property to the Port of San Diego if the Port agrees to construct a suitable replacement facility. Negotiations are ongoing and may result in a replacement facility for NAVFAC on government property elsewhere.

24. Has the Navy's redevelopment plan or requirement to maintain ownership of the Broadway Complex changed dramatically over time? For example, does the Navy's current plan call for the Department to maintain a headquarters or administrative presence on Broadway after disposition? If so, how large a presence? And, if not, where does the Navy believe the current Navy tenants should be relocated?

The Navy's redevelopment plan has changed only slightly over the last few years. There has been no substantive discussion of any development strategy other than the use of the Special Legislation. Because of associated costs and scarcity of DON-owned property in the San Diego area, DON must ensure that there would be no negative impact on operational and support missions based on the redevelopment/ownership of the Broadway Complex.

25. In what year did Congress first authorize the Navy to enter into a public/private venture that would permit the Department to out-lease the Broadway property in return for new Navy office space and/or cash?

The legislation authorizing redevelopment of the Broadway Complex was enacted under the National Defense Authorization Act for FY 1987 (P.L. 99-661) dated November 14, 1986. The legislation does not allow for cash but requires that the “consideration” for leasing the real property would be facilities or use of facilities constructed on such real property by the lessees.

26. Congress authorized Navy to redevelop the Broadway Complex in conjunction with local authorities. What plans or actions has the Navy taken to use this authority since that Congressional action?

In the late 1980’s the Navy pursued authority that would give it the ability to redevelop the Broadway Complex under a competitive solicitation and subsequent award to a private developer. Navy entered into negotiations with the City of San Diego Centre City Redevelopment Corporation (CCDC) and executed a Development Agreement for approximately 3.2M square feet of office, hotel, and commercial mixed use. At the request of the City of San Diego, these entitlements have been kept current. In 1989, the City of San Diego experienced an extensive financial market decline and the project was no longer viable as negotiated. It has been only within the last three years that the San Diego real estate commercial market has recovered, and developers demonstrated renewed interest in the development of the Broadway property. DON planning efforts for using existing legislation are on-going, although active negotiations were put on hold pending outcomes of the BRAC process, and due to uncertainties over potential base loading in the San Diego area.

27. Does the Navy have a current or projected shortage of headquarters and administrative office space on their facilities in the San Diego Bay area? How many of the three buildings located within the Broadway Complex are used for general-purpose office space? How much of the 15 acre Broadway Complex are used for parking?

The Navy installations comprising the San Diego complex have been densely developed, leaving little to no room for expansion. Due to the demands of operational requirements, administrative office space is at a premium. There are four (4) major facilities on the Broadway Complex; three (3) are primarily used for general- purpose office space. Approximately 8.6 acres of the Broadway Complex is used for parking. In the last several years, we have demolished several buildings on the Broadway site due to high maintenance and operational costs and in preparation for the Navy’s issuance of a Request for Proposal to allow redevelopment of the site. This demolition has freed up land for employee parking, which is scarce in metropolitan San Diego.

28. Does the Navy use the current vacant space at Broadway to accommodate Navy demand for overflow (or surge) requirements for administrative space in the San Diego waterfront area? Does the Navy continue to own the pier located adjacent to the Broadway Complex? If not, when and why was it disposed?

The Broadway Complex administrative space is occupied to capacity with no excess. The Navy no longer owns the Navy Pier. It was determined to be obsolete, requiring repairs in the range of \$15-20 million. It was transferred to the San Diego Unified Port District in August of 2003, as authorized under specific enabling legislation (Section 2843 of the Defense Authorization Act of 2002 (P.L. 107-107)).

29. Would it be fair to say the City was, and continues to be, receptive to the Navy's plans for Broadway? Has the City's reaction or support of the Navy's plans substantially changed over time?

The City of San Diego, through the CCDC, has supported the Navy's redevelopment plan for the Broadway Complex under the terms of the Special Legislation. The Navy and CCDC entered into a development agreement in 1992 and recently extended the terms until 2007. For further information, we recommend that the Commission contact the City of San Diego to obtain information regarding their views.

30. What is the significance of the Development Agreement the Navy executed with the City of San Diego in 1992? Has the Development Agreement with the City facilitated or hindered the Navy's plans to redevelop the Broadway property?

The 1992 Development Agreement between the City of San Diego and the Navy gives the Navy the opportunity to competitively outlease the site to a private developer, who would in turn construct 3.25M sq ft of mixed-use space, providing the Navy adequate administrative office space at no cost. The Development Agreement would assist the Navy's developer in master-planning a site that meets the needs of the City of San Diego and the Navy. The development agreement is not transferable if the property is sold.

31. Under the terms of this agreement, will the Navy maintain the right to continue to use a portion of the property for "Navy" uses? Will the Navy continue to maintain operational access to the waterfront portions of the Broadway property? Finally, how much and what kinds of private commercial development would be permitted by the Development Agreement?

Under the existing legislation, the Navy is required to stay on the site. The tenants of the Broadway Complex have no operational requirement for access to the waterfront, as the pier was transferred to the San Diego Unified Port District in 2003. According to the Development Agreement, the Navy, through its private developer, is entitled to construct 3.25M square feet of Navy office space,

museum space, above grade parking, commercial office and hotel/retail. The local redevelopment agency believes that mixed use would also potentially allow residential development as well.

32. What mission requirements require the current Navy tenants to be located at Broadway?

There are no firm mission requirements that require Navy tenants to be located specifically at the Broadway Complex. However, portions of the workforce currently positioned in the Broadway Complex directly support waterfront operations and must remain in close proximity to the customers they support. In addition, none of the Navy functions located here are being eliminated. The tenants of the Broadway Complex support operational forces in the Southwest Region of the United States. Though some of these functions could be performed at other locations, such a move would entail a large investment, and require significant planning to address the scarcity of developable land owned by DON in San Diego and to ensure consistency with the Navy's objectives to improve the quality of life on our installations.

33. What internal Navy factors or changes, like personnel restructuring or decreased demand for Navy office space in the San Diego area, or external factors outside the Navy's control such as a down turn in the San Diego real estate market, have on the Navy's plans for Broadway?

There are no planned personnel restructuring and other functional changes within the San Diego area that reduces the Navy's requirement for the space currently provided by the Broadway Complex. External factors in the past have affected previous Navy development efforts of Broadway Complex real estate. However, the market for such development today is stronger.

I trust this information satisfactorily addresses your concerns. If we can be of further assistance, please let me know.

Sincerely,



Anne Rathmell Davis
Special Assistant to the Secretary of the Navy
For Base Realignment and Closure