

DCN: 7530

# COMMANDER NAVY REGION SOUTHWEST



## BRAC Commission Visit

05 August 2005



# Department of Defense Position

- Acting Deputy Secretary of Defense and Secretary of the Navy Hon. Gordon England's letter to Mr. Principi, of 14 July 2005, states:

***"...the disposition of the Broadway Complex is better addressed through ongoing negotiations between the City of San Diego, local developers and the DON outside the BRAC process."***



# Department of the Navy Precepts for Broadway Complex Decision

- Not excess, required for Fleet and Regional support
- Achieves “best value”
- Long-term, centralized location for Fleet support
- Low-risk option
- Avoid spending top-line dollars
- Comply with AT/FP requirements
- Maximize “in kind” consideration



# Metropolitan San Diego Installations





# Downtown San Diego

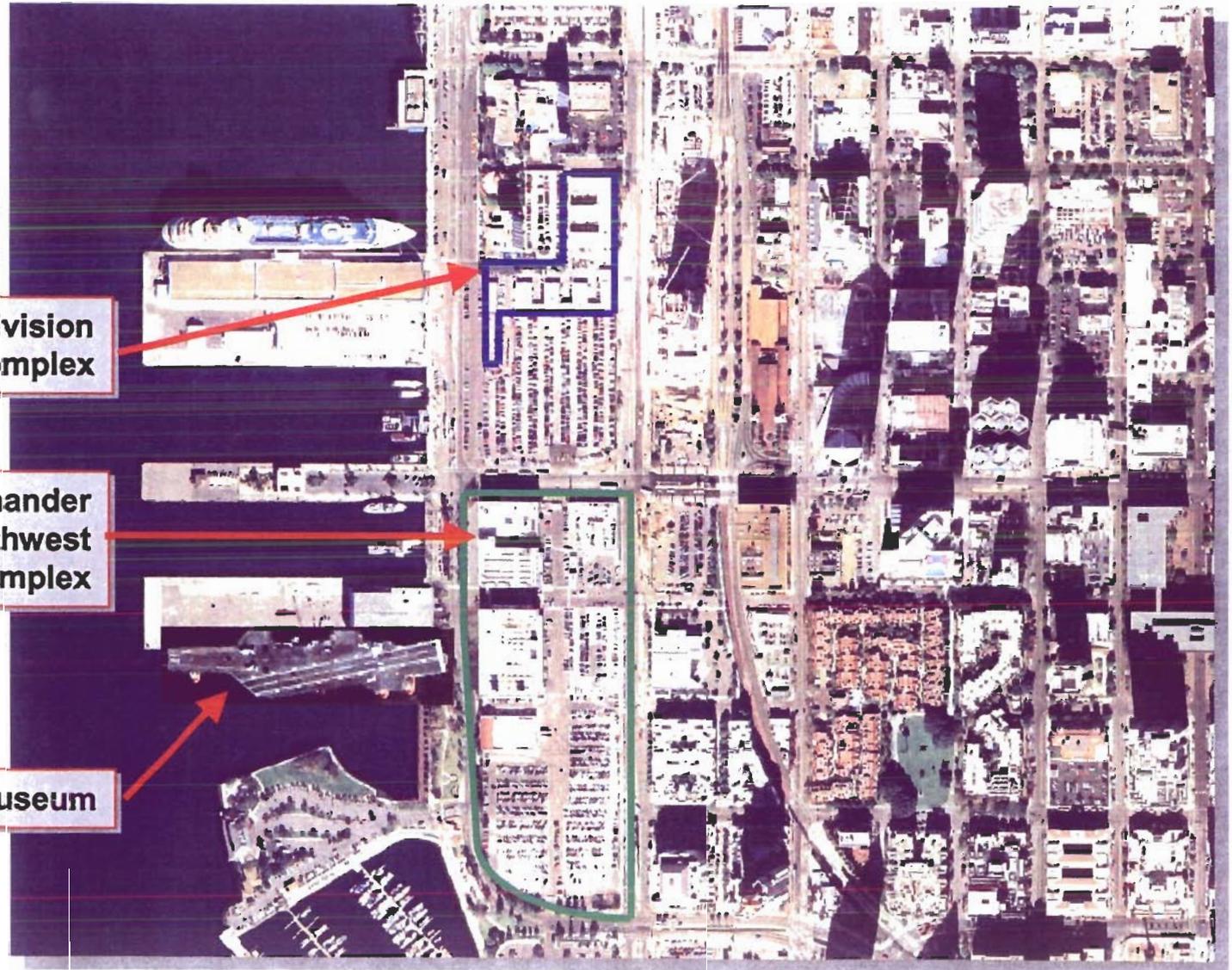


North

**Southwest Division  
1220 Pacific Highway Complex**

**Commander  
Navy Region Southwest  
Broadway Complex**

**USS MIDWAY Museum**





# Who We Are...

Activity	# of Personnel	SF Requirement	Cost \$k
SWREG 	302	82,222	22,940
SWREG Tenants	299	105,949	29,560
FISC 	320	73,600	20,534
NAVFAC SW* 	325	65,000	18,135
<b>Total</b>	<b>1246</b>	<b>326,771</b>	<b>91,169</b>

\* Third floor Bldg 1 and 75% of Bldg 110 only. Does not include 1220 Pacific Highway.



# Broadway Complex Redevelopment History

- In 1987, Special Legislation (PL 99-661, Sec 2732) allows Navy to long-term lease the Broadway property.
  - Strategy was for long-term outlease in exchange for 1MSF of Navy office space. Fluctuating market conditions in the downtown area, large Navy space requirement, and an overabundance of downtown commercial office space resulted in this effort not being economically feasible.
- In 2003, project revitalized to consolidate significant portions of administrative office spaces and terminate expensive leases in the commercial sector used by other commands/entities. This is in accord with SECDEF BRAC principles.
  - Strategy was to leverage the Broadway Complex property to acquire adequate space to replace existing administrative office space and consolidate other support space.



# Recent Progress using Existing Special Legislation

- August 2004, received approval to proceed under the terms of the special legislation.
  - Financial analysis, appraisals, NEPA, environmental baseline surveys and other required documentation initiated.
- Mid-January 2005, conducted industry discussions to receive candid feedback on the Navy's redevelopment plans. Strongly encouraged to proceed.
- Late January 2005, DON put the project on hold due to BRAC process.
- Navy is prepared to issue a Request for Qualifications (financial and technical) and a Request for Proposal (technical land use and development strategy).

The current San Diego real estate market, combined with favorable financial conditions, support the success of this approach.



# Conveyance Risks

## (BRAC or New Legislation)

- Raises potential of screening for no-cost public benefit conveyance, scoring risk, and the reassertion of Tidelands Trust restrictions.
- Obviates the negotiated development agreement and full entitlements.
- Does not achieve best value for DON.



# THE WAY AHEAD

- **Statutory authorities exist for the long-term outlease of the property in exchange for a consolidated office building.**
- **These leasing authorities can achieve all of the Department of the Navy's precepts with respect to Broadway Complex.**
- **Greater value to the DON results from:**
  - **No risk of assertion of Tidelands Trust Restrictions (translates to no litigation risk)**
  - **No risk of Public Benefit Conveyance Screening**
  - **Retention of existing Development Agreement and full entitlements**
  - **Operations and Maintenance requirements can be included since BFR reduced**



# Recommendation

- **Fully support the DOD and DON position on the way ahead for addressing the Broadway Complex outside of BRAC, providing the best value to the Nation, the Navy, and our Sailors and Marines.**

***“...the disposition of the Broadway Complex is better addressed through ongoing negotiations between the City of San Diego, local developers, and the DON, outside the BRAC process.”*** – Acting Deputy Secretary of Defense and Secretary of the Navy, Hon. Gordon England (July 14, 2005)