



Military Strengthens Its Western Walls of Defense

CONSTRUCTION: County Derives Economic Benefits From Big Building Strategy



Photo by Stephen Whalen

Eric Stenman is president of Barnhart Balfour Beatty, a local construction firm that made ship-berth improvements for the recently arrived USS Carl Vinson aircraft carrier.

By Lou Hirsh

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Billions of dollars in military construction projects are under way or in the pipeline throughout San Diego County, which already has among the world's largest concentrations of defense facilities and personnel.

And experts say the economic benefits, in the form of construction jobs and potential new revenues for other local businesses, could ripple throughout the region for at least the next three to four years.

The biggest round of local military upgrades and additions, the extent of which hasn't been seen since the 1960s, stems from the Department of Defense's long-range strategy to focus more personnel, aircraft and other technology in western locations, as well as boost the quality of life for those stationed at military bases.

According to a recently released study, commissioned by the San Diego Military Advisory Council and conducted by UC San Diego, the following are among improvements recently begun or in the works:

Marine Corps Base Camp Pendleton — The 125,000-acre base near Oceanside is undergoing one of the largest new construction programs of any U.S. military installation. In fiscal year 2010, about \$1.4 billion in new contracts are being awarded for projects, including a new 512,000-square-foot hospital. Also on tap are facility and infrastructure improvements, including troop housing, roads, utilities, renewable energy upgrades and training ranges, along with administrative, maintenance, warehousing and retail buildings.

By fiscal year 2012, approximately \$4 billion in contracts will be awarded. In the next few years, construction will be completed on more than 35 new or upgraded bachelor enlisted quarters and 1,200 additional family housing units.

Marine Corps Air Station Camp Pendleton — Taxiway improvements, repair and expansion of hangars and other buildings are planned in the next few years, as well as the installation of new aircraft training simulators. Timetables and costs have not been finalized.

Marine Corps Air Station Miramar — In 2008, 1,400 new units of public-private venture housing began construction at the San Diego base. By the end of fiscal year 2010, more than \$100 million in construction will have occurred, with \$65 million in planned future upgrades including replacing runway lighting, installing facilities for water reclamation, and upgrading fuel dispensing systems. More than \$36 million in new construction has been started.

Marine Corps Recruit Depot San Diego — To accommodate an additional 5,000 recruits per year, which started in 2007, one additional standard barracks and one special training company barracks for injured recruits are being added. Academic classrooms are being updated and a new logistics support building is being constructed to replace older, less energy-efficient buildings. During the next two years, \$61 million will be spent on construction of new facilities.

Work for Construction Sector

Improvements at other San Diego County military installations are completed or well under way, providing local construction firms with a crucial source of employment and revenue at a time when other sectors, including government, education and private commercial construction, are still reeling from the recession.

For instance, San Diego-based construction firm Barnhart Balfour Beatty has been busy for the past year, planning and building projects at Naval Base Coronado and Naval Air Station North Island. The company has been doing military work since the late 1980s, which has helped it maintain a steady work force, currently at around 300 people, when things have slowed down in other areas like education.

Barnhart Balfour Beatty completed about \$28 million in upgrades at Coronado, including ship-berth improvements for the recently arrived USS Carl Vinson, and began work on two child development centers to serve the naval bases, which are projected to cost \$10.9 million.



RQ IN THE NEWS

"Diversification is key," said company President Eric Stenman. "When the private residential building market is down, you want to be able to access the public markets. Because we had already done so much work for the military, we were able to position ourselves for these projects."

Long histories of military work have proven crucial for local firms, as competition to do the work has intensified.

For example, Carlsbad-based RQ Construction Inc. was recently among three firms placed on a short list of potential contractors for future military work at Quantico, Va., which had been whittled down from an original list of 30 contractors from across the country.

"The good news is that there's more work to be done, but there are also a lot more people competing to do it," said George Rogers, chief executive officer of RQ Construction, which has done military work since 1989.

Its recent projects include a \$30 million renovation of the Navy Lodge at North Island, as well as housing and command center construction at Camp Pendleton.

Leverage for Contracts Nationally

Many San Diego County companies have leveraged their long track records on local projects to win military contracts throughout the country.

Jeff Harper, president and owner of Harper Construction in San Diego, said his firm has hundreds of workers and subcontractors spread throughout the country doing military projects, covering all types of facilities including recruiting, housing and related infrastructure for nearly all armed services branches.

The latest burst of activity began around 2007, and is one of the strongest influxes of such work since the local company was started in the early 1970s.

"In San Diego it's mostly Navy and Marine projects, but the Army is going to be a very active sector across the country," Harper said.

Some of the base work is also being done to accommodate shifts in the types and quantities of aircraft, ships and weaponry being used by the military.

Marine Corps Air Station Miramar, for instance, is modifying hangars and runways to prepare for the arrival of new aircraft, including the MV-22 Osprey tilt-rotor craft, which combines functions of a helicopter and a turboprop plane. According to Lt. j.g. Carl Hansen, resident officer in charge of construction at Miramar, upcoming improvements include about \$200 million in hangar and taxiway upgrades, set to be put out for bids in the coming year and completed around 2013.

Miramar has recently experienced a wave of completed or started projects, including a \$7.3 million youth center to help care for children of base personnel, and a \$1.9 million solar carport facility to cut electricity usage.

"It's probably the most new activity we've seen since Miramar was transitioned from a Naval to a Marine Corps station around 1999," Hansen said.

Extensive Regional Benefits

Economic experts say the benefits of all the activity at local bases extends to companies well beyond construction-related firms, and it has implications for much of Southern California for the next two to three years.

Marney Cox, chief economist for the regional San Diego Association of Governments, said construction unemployment should lessen over time, and construction workers will spend in the community, helping out local merchants, restaurateurs and service companies. Large contractors will likely create new work for smaller building firms that have been struggling in the recession, as construction and renovation projects have virtually dried up.

At Camp Pendleton alone, officials have estimated there are currently 10,000 people at work on construction projects.

Cox said the ongoing spike in military construction should provide an important economic bridge in San Diego County, as other nonconstruction sectors of the economy slowly return to health.

"Of course, nobody knew when this was all being planned that it would come in the middle of a deep recession, but the timing has turned out to be very fortuitous," he said.

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