

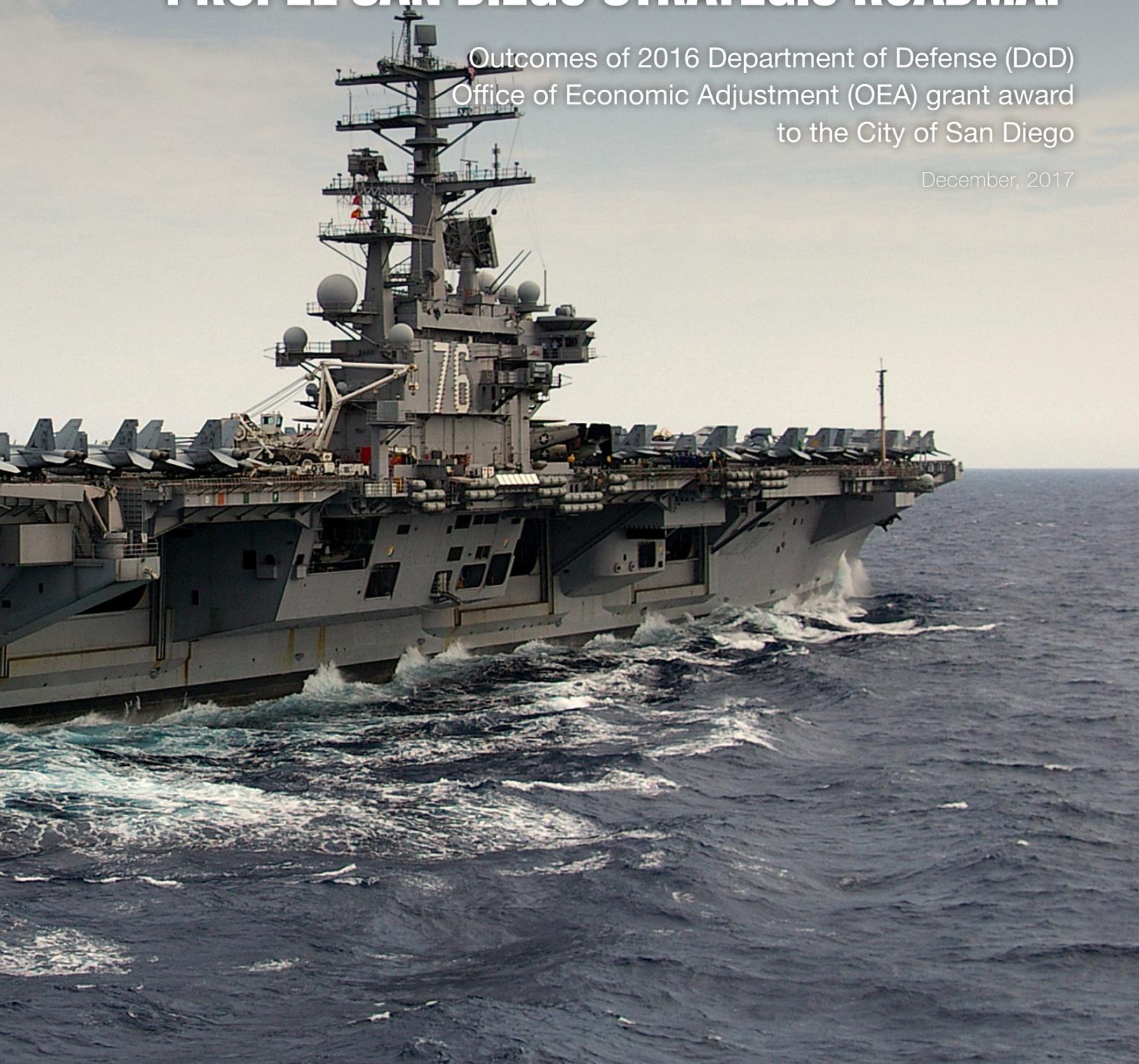
future→iQ



# PROPEL SAN DIEGO STRATEGIC ROADMAP

Outcomes of 2016 Department of Defense (DoD)  
Office of Economic Adjustment (OEA) grant award  
to the City of San Diego

December, 2017



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PREPARED BY:

future→iQ



*This report was prepared under contract with the City of San Diego, with financial support from the Office of Economic Adjustment, Department of Defense. The content reflects the views of Future iQ and workshop participants, and does not necessarily reflect the views of the Office of Economic Adjustment or the Department of Defense.*



# TABLE OF CONTENTS

1.0 Introduction .....	4
1.1 Vision.....	4
1.2 Think Tank Results - How will the vision be achieved? .....	5
1.3 Mission .....	5
1.4 Key Economic Indicators .....	6
1.5 Organizational Framework .....	7
2.0 Scenarios of the Future .....	8
2.1 Key drivers - Talent Availability and Economic Diversity .....	8
2.2 Expected and Preferred Future .....	9
3.0 Strategic Roadmap Framework.....	10
3.1 Company Diversification and Competitiveness .....	11
3.2 Leverage R&D .....	11
3.3 Human Capital .....	12
3.4 Enabling Environment .....	13
3.5 Outreach and communication .....	15
4.0 Operational Framework.....	16
5.0 Propel San Diego Sustainability Sequence and Timeline .....	17
6.0 About Future iQ .....	18
7.0 City of San Diego, California.....	19
8.0 Acknowledgements .....	19



## 1.0 INTRODUCTION

The Propel San Diego Strategic Roadmap is a product of a 2016 Department of Defense (DoD) Office of Economic Adjustment (OEA) grant awarded to the City of San Diego. The San Diego Defense Industry Adjustment Grant objectives are defense-related industry resiliency and diversification efforts in a regional economy. The focus and priorities in the Strategic Roadmap are not intended to be a comprehensive economic development strategy for the San Diego economy. The Roadmap is designed to be a guide for a group of public, private and non-profit partners to share and leverage resources in addition to the grant funds and achieve the goals and principles of the OEA Industry Adjustment Program as it relates to the existing San Diego defense sector.

### 1.1 VISION

The efforts of Propel San Diego will lead to a more **diversified economy** that attracts investment and fosters entrepreneurial opportunities for all citizens. An emphasis on **workforce training programs**, **improved transportation networks** and **telecommuting** alternatives will create a versatile workforce that can respond proactively to **disruption and technology change**. San Diego's border location is a competitive advantage for manufacturing and expands access to a skilled workforce. San Diego attracts international workers. The community will have a **strong military presence** with a **deep appreciation for their service and contributions**.



## 1.2 THINK TANK RESULTS - HOW WILL THE VISION BE ACHIEVED?

Two priority areas were identified to achieve the vision, education and barriers to entry into the San Diego market for businesses.

### Education

- Three potential action areas were identified:
- Alignment of/with industry by K-16 institutions and career pathways
- Additional work based learning opportunities and apprenticeships
- Increasing support for STEM programs

### Barriers to Entry

- One potential action area was identified:
- Regional business incubator and accelerator programs to support new and small businesses as they seek to establish themselves.

## 1.3 MISSION

- Facilitate greater knowledge and understanding of the local defense networks regionally.
- Enhance communication between the applicant and its partners by networking and assessing existing defense industries, contractors, sub-contractors, and related suppliers.
- Develop a strategy for companies to respond to changes in defense spending (even anticipate and preempt them) to ensure a sustainable and resilient regional future by adapting to new or alternative economic opportunities.
- Ultimately, develop a resilient defense supply chain in the San Diego region that can stabilize despite changing budget priorities and address both regional economic and Department of Defense (DoD) readiness priorities.



## 1.4 KEY ECONOMIC INDICATORS

These key economic indicators are a set of measurable points that give an ongoing picture of the San Diego regional economy with respect to the military and defense sector. The indicators were selected to have a connection to the Propel San Diego Roadmap priorities and objectives. The key indicators are shown with a 2016 benchmark, as a starting point, and should be assessed on an annual basis to determine trends and sector direction.

<b>Key Indicators, source SDMAC unless identified</b>	<b>2016 Benchmark</b>
Direct US Military Spending	\$23.3 B
US Military Direct Employment	134,000
San Diego Homeported Ships	53
US Military as % of Total Regional GDP	20%
Value of Procurement Contracts to Local Companies	\$8.6B
Utility Patents – San Diego-Carlsbad-San Marcos MSA (US Metro Rank)	5,460 <sup>1</sup> (5)
San Diego Scientific R&D Cluster Economic Value (2015)	\$14.4B
% of Degree Holders (Bachelor's +) whose first degree was Science or Engineering (US Metro Rank)	42.6% <sup>2</sup> (4)
Foreign – Born Population (US Metro Rank)	24.2% <sup>2</sup> (5)
Total Export Value (US Metro Rank)	\$17.4B <sup>3</sup> (15)

<sup>1</sup> 2015 data from [www.uspto.gov](http://www.uspto.gov)

<sup>2</sup> 2015, American Community Survey, 1-Year Estimate

<sup>3</sup> 2015, International Trade Administration



## 1.5 ORGANIZATIONAL FRAMEWORK

- Regional Leadership Group (RLG) – consisting of the City of San Diego and sub-recipients of OEA funding that are bound by a 2016 MOU/Teaming agreement. The primary role of the RLG is to review the individual work plans of the RLG members and provide overall assessment of Propel San Diego progress and impact. The RLG members are committed to participate in meetings, engagement activities, and policy area committees, to share relevant evidence-based and place-based data and information, facilitate coordinated research, advocacy, and resource development for activities and solutions and to commit staff and leadership time.
- Advisory Committee (AC) – consists of knowledge leaders from industry, education and the community who provide general oversight to ensure collaboration and integration, be a conduit to industry and key stakeholders, provide industry and community relationships, give guidance and key recommendations for projects and priorities and be active participants in Propel San Diego activities.
- Core Teams (CT) – small groups of individuals who gather to complete a defined set of tasks or provide critical information and insight on particular topics. Establishment of core teams will be recommended by the AC and RLG with a defined objective, work plan, timeline and expected outcome.
- Strategic Partners (SP) – are the active participants working to support and implement the Propel San Diego Strategic Roadmap. The Partners consist of economic and workforce development agencies, higher education institutions, community based organizations, associations and others that have a strong relationship with the regional defense sector. The Partners may lead the implementation of specific tasks within the roadmap, are committed to align and leverage all stakeholders work and resources and sustain the initiative. The initial Partners include the following groups and may include others in the future.
  - City of San Diego
  - San Diego Military Advisory Council Foundation
  - San Diego Regional Economic Development Foundation
  - South County Economic Development Council
  - East County Economic Development Council Foundation
  - San Diego North Economic Development Council
  - San Diego Workforce Partnership
  - Universities and Community Colleges
  - Defense-Related Non-Profit Trade/Business Associations
  - Other Non-Profit Workforce / Defense Support Organizations



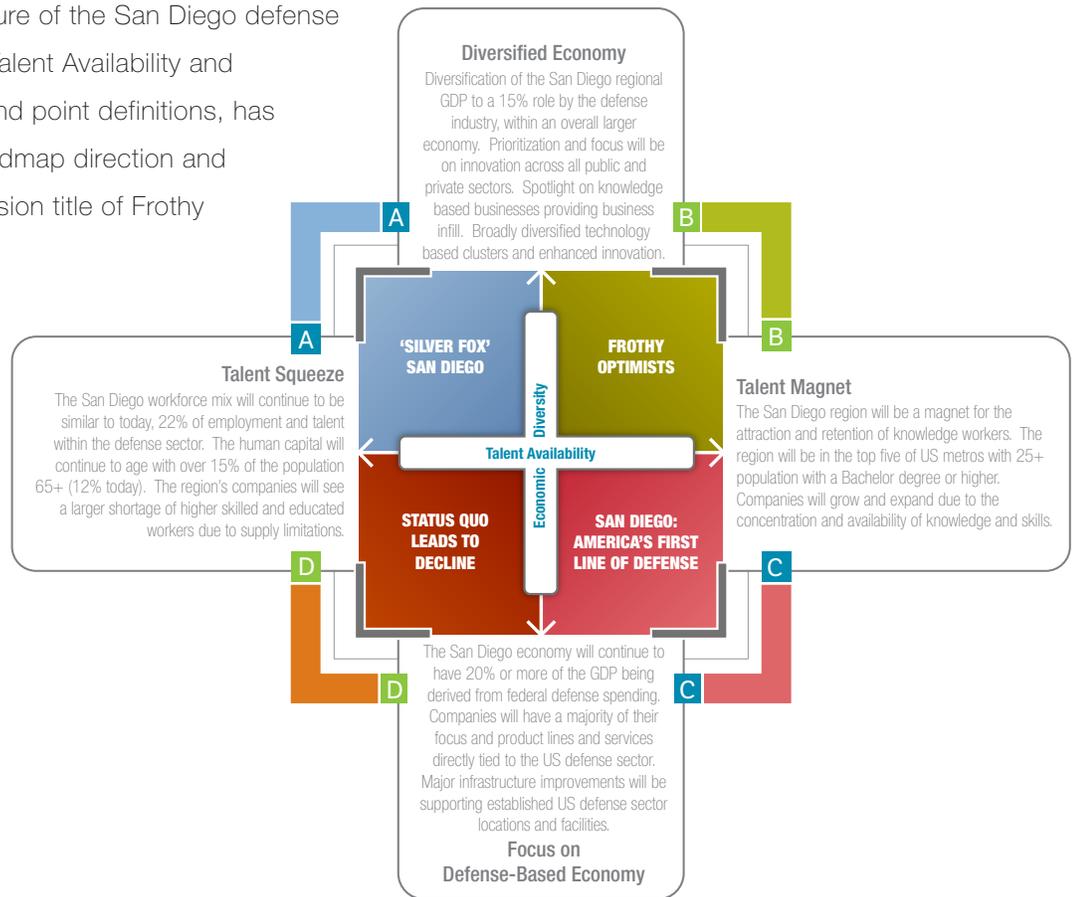


## 2.0 SCENARIOS OF THE FUTURE

A one day scenario planning session was held in San Diego, California, on February 17, 2017. The purpose and objective of the Propel San Diego Think Tank was to envision the preferred future for the regional defense sector. The preferred future was a result of a scenario planning process which focused on the San Diego defense sector as a segment of the overall San Diego economy.

### 2.1 KEY DRIVERS - TALENT AVAILABILITY AND ECONOMIC DIVERSITY

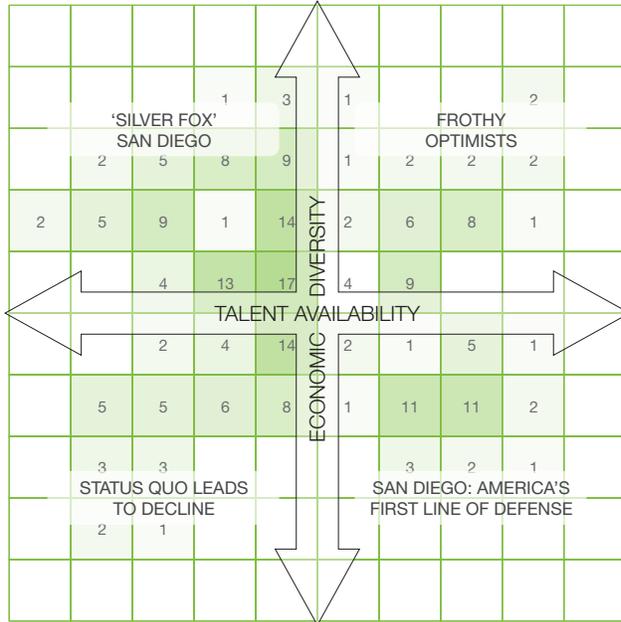
The following scenario matrix represents the two major factors influencing the future of the San Diego defense sector. The spectrum of Talent Availability and Economic Diversity, the end point definitions, has informed the strategic roadmap direction and priorities. The preferred vision title of Frothy Optimist was the majority opinion of the group during the Think Tank in February 2017.



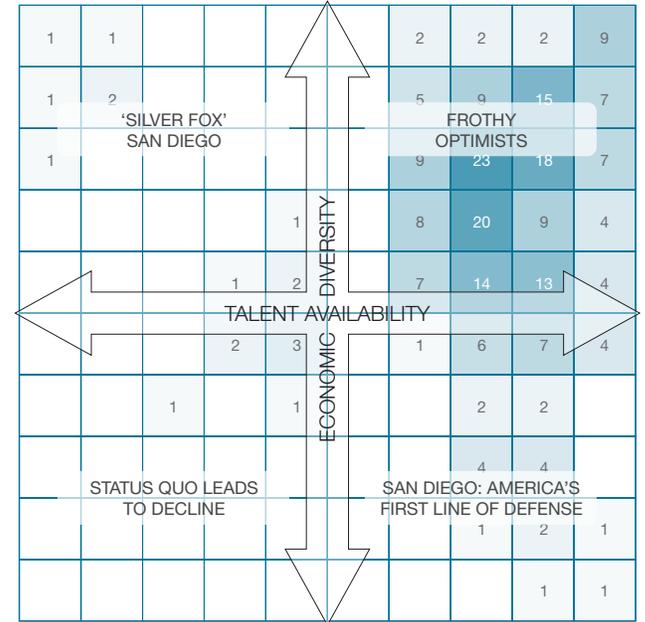
## 2.2 EXPECTED AND PREFERRED FUTURE

The San Diego regional leaders assume that the eventual direction of the defense sector is similar to what it is today in respect to talent availability and economic diversity. They preferred that the future of the regional economy would have greater diversity and with a significant expansion in the area's talent supply. Movement from the eventual direction to the preferred future is the basis by which the Strategic Roadmap has been developed.

### Expected Future



### Preferred Future





## 3.0 STRATEGIC ROADMAP FRAMEWORK

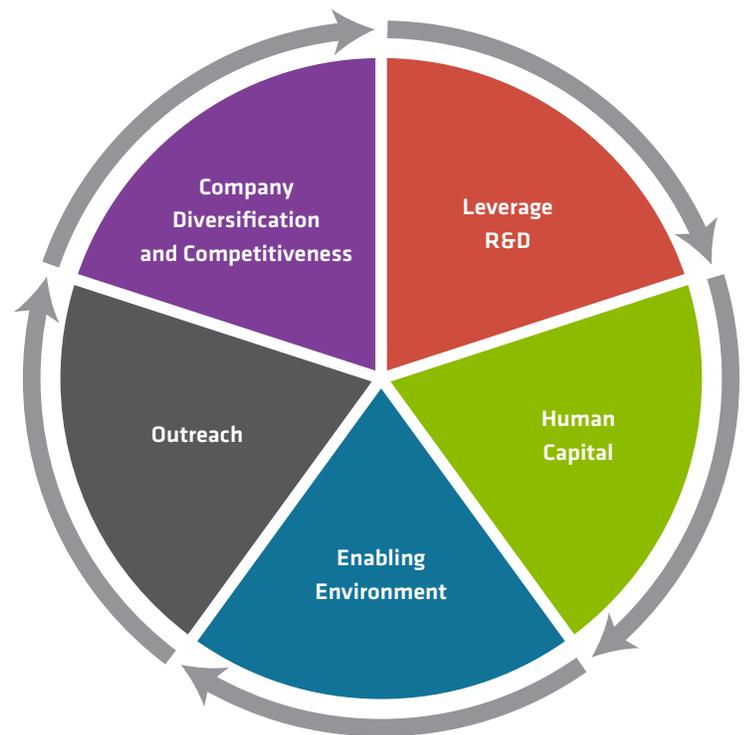
The strategic roadmap has been developed through the course of 2017, with input from numerous local stakeholders, and has been created by the members of the Regional Leadership Group, which includes:

- East County Economic Development Council Foundation
- San Diego Regional Economic Development Corporation
- San Diego Military Advisory Council Foundation
- South County Economic Development Council Foundation

In addition, a stakeholder workshop held on the 2 November 2017 helped validate and expand the recommendations and key elements of the roadmap.

### STRATEGIC ROADMAP – OPPORTUNITY, INDICATORS, LEADERSHIP, ACTIONS

The Strategic Roadmap is a guide for the Strategic Partners and other stakeholders to achieve the vision and preferred future by building more resilient supply chains, expanding research and innovation, attracting and retaining human capital, fostering a positive business climate and increasing sector awareness.



### 3.1 COMPANY DIVERSIFICATION AND COMPETITIVENESS

**OPPORTUNITY** – Increase company diversification and competitiveness by focusing on product/service supply chains and expanding to national and international markets

• **Strategic Actions**

- Target business expansion opportunities to international markets through greater engagement and broader application of World Trade Center San Diego services including expansion of MetroConnect program to defense sector businesses
- Maintain a focus on supply chain analysis with the Connectory platform measuring user activity, determination of outcomes and implementing team collaborating best practices
- Improve San Diego County company's cybersecurity and compliance capabilities
- Launch bi-annual Department of Defense and other federal government contracting workshops and trainings
- Prepare an annual defense sector sustainability competitiveness evaluation and recommendations to be included in other regional reporting

• **Strategic Indicators**

- San Diego defense sector a maximum of 25% of the regional GDP
- Military procurement will be greater than 35% of overall direct spending
- Number of ITAR compliant companies in San Diego
- San Diego MSA export value in the top 15 of US metro areas

• **Leadership and Key Partners**

- San Diego Regional Economic Development Corporation
- South County Economic Development Council
- East County Economic Development Council
- San Diego North Economic Development Council



## 3.2 LEVERAGE R&D

**OPPORTUNITY** - Leverage R&D in San Diego to become a hub for innovation that benefits the defense industry sector and helps diversify the area's economy

### • Strategic Actions

- Complete an Innovation Ecosystem Map defining the primary areas of defense related to R&D, their current relationship to innovation and commercialization programs, a SWOT analysis and a set of recommendations with a goal to realize greater economic impact in the future
- Identify two to three areas of focus for defense sector innovation such as unmanned vehicles and technology, cybersecurity and information technology
- Enhance existing technology transfer program between the military and the community

### • Strategic Indicators

- Number of utility patents granted in San Diego County
- Top 10 of metro areas for startup activity, Kauffman Index
- San Diego Scientific R & D cluster value = 2015 \$14.4B
- Commercialization of military technologies in San Diego companies
- Total of SBIR/STTR awards in the San Diego regional economy, 2015 \$67M

### • Leadership and Key Partners

- San Diego Regional Economic Development Corporation
- South County Economic Development Council
- East County Economic Development Council
- San Diego North Economic Development Council
- CONNECT



### 3.3 HUMAN CAPITAL

**OPPORTUNITY** - Human capital is the key ingredient for community and economic vitality. San Diego can sustain a world class workforce with pipelines to new workers, international associations and an affordable desirable lifestyle.

#### • Strategic Actions

- Develop San Diego-specific career pathways for each of the following defense sector industries: aerospace, defense and maritime
- Pursue increased alignment between K-16 curriculum and defense industry career requirements; facilitate additional career days; increase support for STEM programs
- Predict industry sector disruptions and develop models for repurposing and retaining workers
- Support and augment program partnerships that support transitioning service members by expanding business awareness, involvement and commitments

#### • Strategic Indicators

- San Diego's ranking among US Metros, percentage of Degree Holders (Bachelor's +) whose first degree was Science or Engineering – San Diego currently ranks #4.
  - Remaining in the top five is an indicator that we are preparing a workforce to meet the scientific and technological needs of the sector.
- Number, type, and granting institutions of defense industry credentials
  - Occupations require credentials in addition to or in place of 4-year degrees. It is important to identify these credentials and determine whether they are meeting the needs of the industry.
- Age distribution of defense workforce
  - Many areas of the economy are facing workforce depletion due to the retirement of the baby boomers. Analyzing the age distribution of this industry will highlight areas where the worker pipeline might not be robust enough.
- Percentage of foreign-born San Diego residents participating in the workforce
  - We recognize the strength of San Diego's international community. Our economy will benefit from making sure we are engaging everyone in meaningful employment.
- Percentage of transitioning service members retained in the area
  - Former military personnel have valuable experience and skills to contribute to the economy. The regional economy will benefit from supporting those who would like to make their permanent home in San Diego.

#### • Leadership and Key Partners

- San Diego Workforce Partnership
- San Diego Military Advisory Council
- San Diego Regional Economic Development Corporation
- South County Economic Development Council
- East County Economic Development Council
- Defense-Related Non-Profit Trade/Business Associations
- Other Non-Profit Workforce / Defense Support Organizations



## 3.4 ENABLING ENVIRONMENT

**OPPORTUNITY** – Propel San Diego can build an enabling environment by cultivating business to business relationships, have an innovative outlook and pursue a positive business climate for the military and defense sectors.

### • Strategic Actions

- UAV development to become more knowledgeable to market San Diego as a leader and enabling Business to Business Connections
  - Assess what we have (training)
  - Where can we go? (UAV industry roundtable discussions)
  - Joint roundtable discussions (UAV industry & Other industries)
  - How to connect industries?
  - Determine success of connections
  - Investigate steps leading to San Diego as leader in unmanned aircraft & marine systems
- Activate the Connectory platform to build business to business connections and identify new relationships
- Determine immediate action items from Aerospace & Maritime to focus on and to pursue business climate
- Develop metrics and be proactive in tracking unmanned and autonomous vehicle sector

### • Strategic Indicators

- Annual tangible business to business contacts occurring in the Connectory
- San Diego Sustainable Competitiveness Index, top 10 of Metro regions
- Number of linkages of the San Diego Region Connectory with similar platforms in other regions and/or by Defense/Government agencies resulting in new opportunities
- Utilization of the Connectory platform by other jurisdictions that sustains the Connectory and generates opportunities for San Diego businesses.
- Number of companies and jobs created and retained in UAV field
- Number of innovations and patents for UAV systems by San Diego companies and military
- Number of companies granted clearance at UAV test sites
- Amount of DoD contract dollars to UAV prime contractors

### • Leadership and Key Partners

- **South County Economic Development Council**
- **East County Economic Development Council Corporation**
- San Diego Military Advisory Council
- San Diego Workforce Partnership
- San Diego Regional Economic Development
- City of San Diego



## 3.5 OUTREACH AND COMMUNICATION

**OPPORTUNITY** – Use Propel San Diego as the title brand with an active outreach and communications effort to increase awareness, collaborations and opportunities.

### • Strategic Actions

- Finalize the goals, objectives and measurement structure for the Propel San Diego Outreach and Communication Plan through 2020.
- SDMAC maintains staff to support the Propel San Diego outreach and communication tasks and Regional Leadership Group.
- Internal Audience – Provide regular communication with principal stakeholders to strengthen alignment, reinforce progress and recognize new opportunities
- Maintain the SDMAC website and Propel San Diego social media platforms as the primary location of information and contacts.
- External Local Audience – build and sustain Propel San Diego as a recognized brand supporting the defense sector through communications, events and publications
- External Distant Audience – communicate nationally and internationally in support of Propel San Diego and reinforcement of the strategic plan
- Launch the Propel San Diego Citizens Academy as a program to increase citizens awareness and knowledge of the military and defense sector
- Reinforce the value, benefit and future of the military and defense sector on San Diego by an enhanced Economic Impact Study
- Customize Propel San Diego's message to reach various groups including DoD contractors, military personnel, elected officials, etc.

### • Strategic Indicators

- Number of Propel San Diego branded events per year
- Total social media followers or those who sign-up on the website for email updates
- Local, Regional and National media placements
- SDMAC and City of San Diego Propel San Diego Website clicks

### • Leadership and Key Partners

- San Diego Military Advisory Council
- San Diego Workforce Partnership
- San Diego Regional Economic Development Corporation
- South County Economic Development Council
- East County Economic Development Council Foundation
- City of San Diego





## 4.0 OPERATIONAL FRAMEWORK

The following key points define the agreed operational framework to progress the work defined in the Propel San Diego Roadmap.

- The **Propel San Diego Strategic Roadmap** is the guiding document for the Strategic Partners to build effective collaboration.
  - Annually the Strategic Partners will prepare a brief work plan outlining their focus, objectives, resource commitment and expected outcomes for the upcoming year.
  - Annually the Strategic Partners will conduct a collaborative review of each stakeholder's work plan and overall progress of the Propel San Diego initiative.
- The **Strategic Partners** are the primary groups/individuals that will implement specific portions of the Propel San Diego Strategic Roadmap
- A **Propel San Diego Lead Coordinator** will be provided by SDMAC. This person's responsibility will be to provide overall coordination for the RLG, Advisory Committee and other main activities of Propel San Diego. The project manager will also be the lead party for the completion of plan tasks for SDMAC
- The **RLG** provides the convening mechanism for the City of San Diego and OEA Grant sub-recipients to share progress, express needs and explore opportunities
- The **Advisory Committee** is a group of key leaders in the San Diego area that are assembled on a quarterly basis for input to the work plans and recommendations
- **Core teams** will be launched on an as-needed basis to bring a group of subject matter experts together to complete a defined task or objective





## 5.0 PROPEL SAN DIEGO SUSTAINABILITY SEQUENCE AND TIMELINE

### IN 2017:

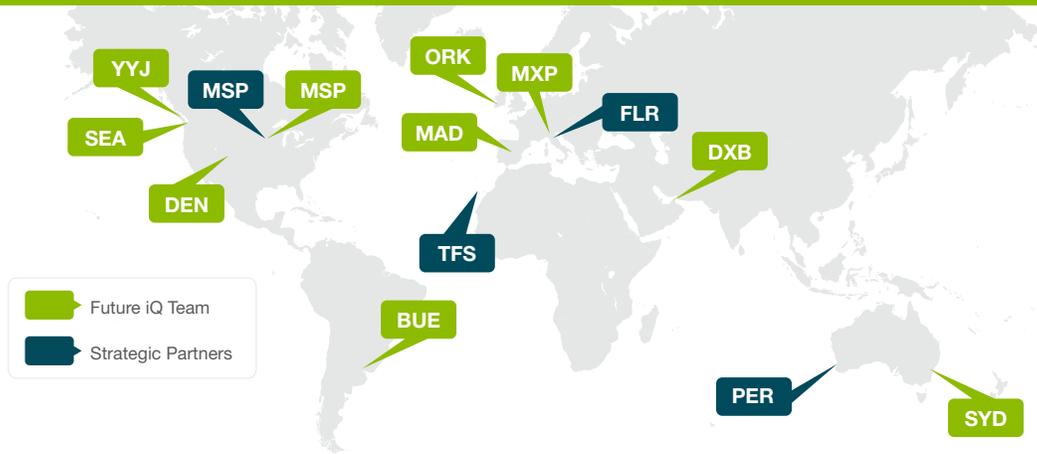
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- Adopt Propel San Diego as a regional economic defense sector initiative, a program of SDMAC in collaboration with a group of principal stakeholders.
- Propel San Diego, with the Strategic Partners, commits to engage the San Diego County defense sector on a consistent basis generating value for industry and the stakeholders.
- Prepare and adopt a Memorandum of Agreement (MOA) that establishes a formal relationship, expectations and benefits of Strategic Partners. (Initial three-year commitment with an assessment and renewal option).

### STARTING IN 2018:

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- The Strategic Partners will prepare yearly work plans in terms of the strategic roadmap objectives.
- Based upon the work plans, the RLG will prepare a yearly Propel San Diego operating budget including Strategic Partners funding allocations. The budget shall target resource leveraging, compounding of funds, human capital and organizational capacity deployment.
- The Strategic Partners will meet at least once a quarter to review the following topics,
  - Work plan progress, appraisals and adjustments
  - Progress improvement analysis and recommendations
  - New opportunities for Propel San Diego and the industry sector
- Annually review the Propel San Diego Strategic Roadmap and provide updates and recommendations for the future.
- Hold quarterly Advisory Committee meetings to review and analyze the Propel San Diego activities in relation to current and future defense sector and military trends.
- Hold timely and appropriate celebrations and recognition gatherings that highlight significant events in the regional defense sector and progress of Propel San Diego.



## 6.0 ABOUT FUTURE IQ

Future iQ specializes in the application of scenario planning; network analysis, industry and regional analysis, and community engagement and capacity building

To learn more about Future iQ, and our recent projects visit [www.future-iq.com](http://www.future-iq.com) or by email at [info@future-iq.com](mailto:info@future-iq.com)

### This Roadmap report was prepared by:



#### DAVID BEURLE, CEO, FUTURE IQ

As CEO of Future iQ, David specializes in creating future planning approaches for the use in regional, community and organizational settings. David has worked in the field of organizational and regional economic and community planning for over 20 years. His work in community and economic development has earned his work international, national and state awards.



#### JIM HAGUEWOOD, ECONOMIC DEVELOPMENT SPECIALIST

Jim specializes in stakeholder and community engagement that utilizes asset based principles and tools such as SMART strategies. With a career in the tourism and hospitality industry, Jim's focus and impact has been in regional community economic development initiatives in more than five areas in North America over the past decade. He has served as President of the Port Angeles Downtown Association and as Board Member of the 7 Cedars Resort & Casino of the Jamestown S'Klallam Tribe.



## 7.0 CITY OF SAN DIEGO, CALIFORNIA

The City of San Diego is serving as the facilitator and manager of a grant from the United States Department of Defense, Office of Economic Adjustment that is intended to supply “Community Economic Adjustment Assistance for Reductions In Defense Industry Employment.” The City is working with four sub-recipients of the grant;

- East County Economic Development Council Foundation
- San Diego Regional Economic Development Corporation
- San Diego Military Advisory Council Foundation
- South County Economic Development Council Foundation

**For more information on the Propel San Diego project, please contact:**

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## 8.0 ACKNOWLEDGEMENTS

The City of San Diego and Future iQ would like to express deep appreciation to the Propel San Diego Regional Leadership Group (RLG) for the significant time and effort put into the of this Roadmap. This Roadmap would not have been possible without the tireless perseverance of RLG members to bring regional stakeholders to events and contribute their expertise.





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 **PROPEL**  
SAN DIEGO  
DRIVING DEFENSE RESILIENCY