



Q4 Meeting Summary  
Governor's Military Council  
November 1-2, 2017  
San Diego, CA

**November 1<sup>st</sup>**

**Defense Industry Day**

The Council conducted a site visit of Northrop Grumman's Autonomous Systems Center of Excellence. Northrop has five centers of excellence with three located in California: Aircraft Integration, Palmdale; Space Park, Redondo Beach; Autonomous Systems, San Diego. It has over 130 facilities in California.

Northrop's direct economic impact for the state was over \$6.3 billion for 2015. It employs 67,000 people across the nation with 25,000 employees in California and over 30,000 retirees in the state. Twelve percent of its workforce is made-up of veterans. The organization relies on over 5,000 California suppliers for its businesses and in 2015, spent over \$1.8 billion with suppliers.

Northrop's core business is comprised of Command, Control, Communications, Computers Intelligence, Surveillance and Reconnaissance (C4ISR); autonomous systems; logistics; cyber; and strike platforms. It has three operational sectors of aerospace systems, mission systems and technology services.

Critical to its operations is access to a qualified workforce. The feeder opportunities available through the close proximity to California's premiere academic institutions meet this critical need. Northrop has developed partnerships with over 40 schools including Stanford, UC San Diego, UCLA, American Institute of Aeronautics, Cal Poly, California Institute of Technology, UC Irvine, Antelope Valley College, Loyola Marymount, and Supply Chain Management Institute.

Another critical factor for Northrop to be located in California is its access to ranges for R, D, T&E. There currently is a need for modernizing ranges and ranges need to be larger for the new capabilities of platforms being developed. Council Member Giacchi identified this issue as a potential opportunity for public/private partnerships.

While the access to a qualified workforce provided by the proximity to California's premier educational institutions is a plus, workforce issues pose a significant operational challenge. First among them is the high cost of housing in the state for potential employees. Interns voice this as their primary concern for staying in California. Workforce planning is another area of concern, ensuring students succeed in challenging engineering programs has proven problematic. Northrop does engage in academic mentorship programs, however, there may be an opportunity to replicate the highly successful program employed by Lawrence Livermore Laboratory for ensuring academic success amongst veterans pursuing engineering degrees.

## Q4 MEETING SUMMARY

Another concern is developing best practices for foreign customers to interact with California companies. Northrop identified this issue as a possible area for Council support going forward.

Northrop briefed the Council on the Fire Scout, which identified successes for the state and underscored ongoing challenges of operating in California. The Fire Scout is the first fully autonomous rotary aircraft. Engineering and logistics occur in California but the platform is manufactured out of state. The next generation MQ8C Fire Scout is being built in California and provides increased endurance over previous versions. Ground consoles are located at Pt. Mugu and Maryland and are built out of state.

After the briefing at Northrup, the Council moved to the offices of the San Diego Economic Development Corporation (SDEDC) where it held two round-table discussions with prime defense contractors and small to medium defense contractors. In attendance for the prime defense contractors were Northrop Grumman, The Boeing Company, Raytheon, Lockheed Martin, General Dynamics NASSCO, and BAE Systems. The small to medium contractor's round-table consisted of E3R Inc., XSITE LLC, Cypher Analytics, Sentek Global, and Boarhog LLC. The following is a bulleted summary of the meeting.

### Prime Contractor's Panel:

Northrop Grumman Corporation—represented by Joseph Ahn

- 130 facilities in CA, 3 Centers of Excellence in the state.
- Workforce challenges:
  - 40% of workforce will be able to retire in the next 5 years and will rely on students at California's premier universities to fill their positions.
  - The City of Los Angeles is preventing companies from asking applicants if they are convicted felons, which leads to some security clearance concerns at Northrop's LA facilities.

The Boeing Company—represented by Tony Cordero

- Boeing has facilities in El Segundo, Huntington Beach, Seal Beach, and Long Beach.
  - Both a commercial aircraft and a defense company with 2600 small to medium suppliers.
    - Suppliers are essential to our operations, and actions to assist them is the best thing the state can do to support us.
  - Have a large number of retirees living in California as well, which directly contributes to the economy.
  - The El Segundo facility is the largest satellite production facility in the world.
- Concerned about split roll taxation with regard to Proposition 13/property tax reform since they are a large property holder in the state. Company stays in California because of access to the highly skilled local workforce.
  - Have started to phase out manufacturing in California because of high costs (labor, quality of life, taxes) and regulatory burden (CEQA, etc). The only product that they still manufacture in California are satellites. Have also moved testing facilities to other states.

Raytheon—represented by Earl Wederbrook

- Raytheon is committed to California because of its proximity to end-users.
- Primarily focused on cybersecurity issues right now given the changing federal regulations around supply chain security versus the traditional "lowest bid" culture of winning defense contracts.

Lockheed Martin—represented by Eric Fox

#### Q4 MEETING SUMMARY

- Lockheed is moving many of its facilities to Colorado and Florida because of incentive programs offered by their state governments. This is accompanied by a large shift of employees, further hurting California's economy.
  - Eric mentioned that Governor Brown has been an effective leader in supporting defense companies, and cited the State's work on encouraging the long-range strike bomber to be built in California.
  - Lockheed still conducts design, testing, and engineering here but not manufacturing in CA due to the same reasons that Boeing stated.
- Lockheed has 2800 small to medium suppliers in California and encouraged the Council to assist them as that is where the state could have the greatest impact.
- California needs to look at the future of the industry: cyber, sonic systems, etc., to put itself in a position to be competitive.

#### General Dynamics NASSCO—represented by Dennis Dubbard

- Lease property from the Port of San Diego for their facilities and tied to California because of geography.
- Workforce issues:
  - California provides access to premier engineers in the state due to caliber of schools, but NASSCO running into issues recruiting blue collar workers.
  - Have received great support from the state's Employment Training Panel (ETP) and from the Governor's Office of Business and Economic Development in the form of tax credits which have helped keep costs low.
  - Have been running into workers compensation challenges, which represent a federal and state issue.
  - Focus on hiring transitioning veterans, 10% of their workforce are veterans.
  - California's Community Colleges need to offer maritime programs to keep the workforce educated.
- Also struggle with environmental regulations from the state, that factor into the cost of doing business.
- The state should expand advanced manufacturing tax credits because shipbuilding is currently not eligible for them.

#### BAE Systems—represented by Terry Buis

- Focus on ship repair, also tied to California because of proximity to the ocean. Also a tenant of the Port of San Diego.
- Had offices across the state, but closed their Santa Clara and SF offices.
- Workforce issues:
  - Difficulty recruiting enough welders to company.
  - Employ 2,000 people in the San Diego region.
- Encroachment:
  - Industry faces great levels of encroachment in current facilities. Past levels of encroachment led to the closure of the San Francisco facility. There is currently no government-owned shipyard in San Diego.
- BAE has also had great difficulty in winning Navy bids because of the costs of environmental regulations in the state. The state should either streamline the regulations, or encourage the Navy to be more fair when weighing West coast bids.

#### Small to Medium Sized Contractor's Panel:

#### E3R Inc.—represented by Gary Brister

## Q4 MEETING SUMMARY

- Small businesses are required to file taxes as individuals, not as corporations, which can stunt small business growth because CA has the highest individual tax rates.
- The CalJobs website is very difficult to use, and the companies struggle to recruit veterans.
- Health insurance rates are incredibly expensive, which is both a state and federal issues.
- Not a lot of credit extension options for small business in the state, meaning that they cannot always bid for DoD contracts because they cannot afford to put in the up-front resources necessary to win the contracts.

XSITE LLC—represented by Jack Turner

- Echoed the personal tax issue brought up by E3R.
- Workforce Issues:
  - Mentioned that the state's tax on veteran retirement pay is an issue in retaining a veteran workforce.

CypherAnalytics—represented by Trevor Bender

- CA needs to encourage veterans to stay in the state because they often have the military clearances necessary to do the work required in this industry.
  - First-time clearances often take longer than a year to get through.
- California has its own state classifications for small business but they are often difficult to apply to.

Sentek Global—represented by Justin Parker

- Employ 170 people in California, profits of \$35 million.
- Echoed the clearances issue and encouraged the state to retain veterans.
- Cost of living in California is high, meaning that Sentek often has difficulty recruiting personnel.

Boarhog LLC—represented by Joseph Bulger

- Struggling under the State Franchise Tax Board's increase of a flat 1.1% gross fee from LLCs as well as the higher cost of maintaining LLC status in CA versus other states.

Closing comments by Chair Chávez:

- California is open to listening to industry and finding ways to work together to support their operations. Today's session represents an important first step in that regard.
- Career tech education at the local level is being expanded and redesigned to meet regional workforce needs.

At the conclusion of the industry discussions, the Council moved to a reception hosted by the following entities: Devaney Pate Morris & Cameron LLP; The Law Office of Leslie E. Devaney, A Professional Law Corporation; The Law Office of Jeffery A. Morris, A Professional Law Corporation; San Diego Economic Development Corporation; and San Diego Military Advisory Council.

## November 2<sup>nd</sup>

### **Naval Base San Diego**

The Council conducted an informational site visit with Captain Roy Love, Commander, Naval Base San Diego, and his command team.

CPT Love briefed that normal port loading is approximately at 70% capacity but that the base was currently at 50%. There are 51 ships home ported at NBSD and the installation houses 251 tenants for a

## **Q4 MEETING SUMMARY**

total population of ranging from 38,000-50,000 personnel with 35,000 vehicles. There are 10,000 housing units in the San Diego region for Navy personnel. The number of vehicles entering the base each day creates significant delays in both accessing the base, with 25-30 minute delays at access gates, and on surrounding access roads into the base. A ride share program for on-base contractors is being implemented and bike lanes into the base are being explored by San Diego to alleviate vehicle congestion and parking problems on base. Harbor Drive is a main arterial roadway that is impacted by vehicle congestion and is a cause for concern as it provides access to both NBSD and GDNASSCO's marine terminal. Staff has identified this route as a Strategic Highway Network connector and will explore opportunities for additional state/federal resources to address issues of concern.

After the brief, CPT Love conducted an installation tour with the Council to highlight areas of concern. Highest priority is the age of piers 6 & 8, which cannot support heavy loads. The projects are included in the 23/24 FYDP. Utilities upgrade is another high priority and is an unfunded MILCON project, designated P888. Upgrading the Quay Walls structurally and power capabilities is another high priority and will allow for increased flexibility and additional operational capacity. Of note, is that Air Quality Control Board regulations limit the number of ships that can operate under own power while docked. This regulation requires upgraded on-shore power capability to supply newer generation ships while docked.

### **Space and Naval Warfare Systems Command (SPAWAR)**

The Council conducted an informational site visit with the Pat Sullivan, Executive Director, SPAWAR and his command team.

SPAWAR workforce is comprised of 9,000 civilians and 1,000 military with 6,000 in San Diego region. The workforce represents half of the entire cyber workforce in San Diego region.

SPAWAR acquires cyber tools for Navy enterprise systems and serves as the technical authority for the Navy in defining security architecture. Its mission priorities are more automation in cyber and data analytics in cyber. Mr. Sullivan briefed that California and Virginia are the two largest areas where SPAWAR spends money.

SPAWAR has a critical need for new facilities to meet evolving cyber capabilities/warfare mission. The command is considering four courses of action for meeting its facilities requirements. Two represent MILCON projects that are considered highly unlikely and two others are forms of a public/private venture involving a land swap of Navy owned land for new facilities. The PPV project is in the very early stages and staff will continue to monitor the issue as it moves forward.

### **Council Business Meeting**

The Council held its quarterly business meeting at the Science Applications International Corporation (SAIC) offices in San Diego, California from on November 2<sup>nd</sup>, 2017.

Chair Chávez established that a quorum was present and convened the business meeting of the Governor's Military Council at 2:30 pm. The following members were in attendance: Vice-Chair Hanlon; MG Astafan; MG Jackson; RADM Johnson; MG Kenneally; RADM Slaght; LTG Tattini; Mr. Berard; Mr. Coyle; Mr. Giacchi; Senator Nguyen; MG Baldwin; VADM Oliver.

Also in attendance were Council Executive Director Andreas Mueller, Council Policy Advisor CPT Rito Guerra, Council Assistant Policy Advisor Gareth Smythe, and LTC Risner, the Council's legal counsel.

## Q4 MEETING SUMMARY

Mr. Mueller welcomed the attendees, and summarized the Council's activities over the past two days highlighting the unique opportunity to engage with the private industry and dive into the policy details with the industry representatives. Mr. Mueller then mentioned how critical the Governor's Office of Business and Economic Development (GO-Biz) was in supporting the defense industry in the state, and expressed his desire for the Council to engage in more interaction with private industry moving forward. Mr. Mueller ended his comments by thanking Chair Chávez for his leadership on the visit.

Chair Chávez asked the Council to review and approve the minutes from the Council's third quarter business meeting. Mr. Giacchi moved and RADM Slaght seconded the approval of the third quarter minutes. With no dissention, the minutes were approved.

Mr. Mueller then opened up the discussion of the Council's official 2018 meeting schedule, remarking that the dates for next year's Council activities revolved around the date for the 3<sup>rd</sup> Annual All California Defense Summit which might be impacted because of CPT Guerra's deployment overseas. Mr. Mueller promised the Council that he would provide a draft 2018 calendar for the Council's approval in a few weeks from this meeting, and asked the Council Members to ensure that the dates that Council staff marked for Council activities did not conflict with their schedules.

Mr. Mueller outlined the structure of the proposed 2018 schedule, highlighting that there would be two quarterly meetings, the Summit with an additional quarterly meeting included and a block of time for delegation site visits to California's installations and other national security facilities across the state. Mr. Mueller explained that the delegation site visits were a way for the Council to engage with as many different national security elements as possible since it is logistically challenging to visit all thirty of California's installations in one year. Mr. Mueller finished by stating that the Council's official calendar would be approved by the full Council at the first quarter meeting in 2018. He encouraged the Council to identify any installations that they strongly wanted to visit so that Council staff could make those accommodations when developing the proposed calendar.

Chair Chávez added that it is his priority moving forward for the Council to better engage with the State Legislature. He recommended that, when the Council is conducting these site visits, the Assemblymember and Senator from the area be invited to attend. Chair Chávez offered to send a personal invitation to the members and their staff ahead of the site visits. Chair Chávez also suggested that all of the Council's visits and large activities be placed in the Capitol Morning Report so that the Legislature has a greater awareness of Council business. Chair Chávez concluded his statements on messaging by stating that he would be talking with the Governor's Press Office to discuss a more formal way to publicize the Council's efforts.

MG Baldwin offered that the California Military Department could handle the mechanics of publicizing for the Council given approval from the Governor's Press Office.

LTG Tattini expressed his desire to have more press coverage of the All California Defense Summit.

Mr. Mueller welcomed the conversation around publicizing the Council's activities, but suggested that the Council think fully about how much publicity it wanted around delegation visits and related activities.

Mr. Coyle remarked that, while attending the Council's recent site visit to Naval Air Weapons Station China Lake, he and the other Council delegates interacted with several legislative staffers who seemed to suggest that the Brown Administration and the military do not "go well together," and that he would like to see better publicity around the Council's activities to demonstrate the Administration's full and active support for the Department of Defense in California.

## Q4 MEETING SUMMARY

Mr. Mueller mentioned that the Council had very good relationships in general with Congressional staff in Washington, D.C. and feels confident that California's Congressional delegation understands the role of the Military Council and the work of the Brown Administration to support the DoD in California.

RADM Johnson remarked that, in addition to state legislators, the Council should engage with relevant Congressional staff members when engaging in site visits as educating the district staff about the Council is important. He also stated that, with a new Governor set to be elected next November, the Council needs to be proactive about engaging with the transition team and educating them on the Council's activities and success since being formally incorporated into statute.

Chair Chávez encouraged the Council to continue taking on relevant issues like energy, cyber, water and transportation to elevate the Council's profile and deliver as much value as possible to the State.

MG Astafan offered that the Council-sanctioned Statewide National Security Economic Impact Study would show how important the national security sector was to California's economy, further stressing the importance of a functioning and supported Military Council.

Mr. Mueller then moved to the Council staff work plan and action items list, stating that the list is comprised of longer-term projects and items that come out of meetings, tours, site visits and other activities that the Council engages in. He mentioned that Council staff would be sending the digital file of the work plan for the Council to see. He also stated that Council staff would create a master list of Council successes and disseminate that list among the Council Members as well.

MG Astafan then briefed the Council on the delegation visit to Sierra Army Depot in Herlong, California.

- The installation was built in 1942 and is located in Herlong, California within Lassen County halfway between Susanville, California and Reno, Nevada.
- The delegation members were VADM Oliver, MG Regua, and COL Aspling staffed by Mr. Smythe.
- Herlong had a recorded population of 87 people in 2012, and received a great deal of land in previous BRAC rounds.
- The installation is re-using ammo containers as storage units, and is at about 90% storage capacity at this time.
- The installation has around 1300 employees, 40% of whom are veterans at the GS 5 and 7 level. 40% live in Reno, while 60% live in Lassen County.
- The installation is commanded by a LTC who lives in Reno, which could cause problems for local community support activities that take place in California.
- The installation does have one civilian employee who lives in the commander's house on base.
- The Council delegation received the installation's mission briefing and then underwent a windshield tour of the grounds. The Council delegation was able to see the installation's 10,000-foot runway and railroads.
- MG Astafan believes that the installation could take on additional missions but have workforce, access and capacity issues. There is a great amount of vacant land to expand, but the storage is almost at capacity.

VADM Oliver remarked that, because the Depot runs on a working capital fund, it is in a good position to receive missions from a BRAC process given the fact that there are few other facilities like SIAD that have the growth potential of the installation.

#### Q4 MEETING SUMMARY

Mr. Coyle stated that, while serving on the 2005 BRAC Commission, SIAD was looked at but passed over because there were few other places to carry out the mission and the net savings from closing would be close to zero.

MG Astafan continued her report by recounting that she briefed the Lassen County Board of Supervisors about the Military Council and the benefits of having a local community support organization for SIAD. She also stated that she sent follow up letters to the Supervisors and the installation, and is optimistic about the chances of the community support org starting because of the support of some of the County Supervisors and local businesses/services. She concluded her remarks by encouraging Mr. Mueller to stay in contact with Representative LaMalfa's Office about how important a community support organization would be for the area.

Mr. Mueller stated that the Council has a good working relationship with its counterpart in Nevada, and that the idea for a BLM military representative from California came from Nevada.

Chair Chávez remarked that he received calls from Assembly Minority Leader Dahle about the Council's trip to Lassen.

Mr. Berard then briefed the Council on the delegation visit to Naval Air Weapons Station China Lake:

- Additional Council delegates were Mr. Coyle and VADM Breckenridge who were staffed by CPT Guerra.
- There is virtually no difference between the City of Ridgecrest and China Lake as senior installation leadership are very much involved in local government and vice versa. They have one of the best community-installation partnerships in the state.
- The installation has a very large workforce that is highly paid.
- The installation is a test facility base with a large bombing and armament range. It also has a whole series of labs, live fire testing, 3D printing of solid propellant for missiles or energetics for warheads and are doing some Nano-technology work as well.
- The installation is out of the naval air warfare weapons division. Naval Base Ventura County, Point Mugu and China Lake are under one command. They also steward the R2508 air complex.
- While China Lake is not necessarily threatened by a BRAC round, they are challenged to retain their workforce given the necessary distance from urban centers.
- China Lake received additional missions during the 2005 BRAC, and is in a position to take on more if the situation were to arise. The electronic warfare mission that was supposed to have moved to China Lake is delayed, and the Council should follow up on the status of that mission.
- While China Lake has struggled with water security over the years, they remarked during the Council's visit that they were in a strong place with regard to their water table. They have senior water rights in the area and are working on a wastewater treatment project and a water-recycling project to inject water back into the table. The wastewater treatment plant on base serves the entire part of eastern Kern County. The installation has a forthcoming water study that is due to be completed shortly.

Chair Chávez remarked that this is a possible area of partnership between the Navy and the Marine Corps, as Marine Corps Installations West Commanding General Killea mentioned during the Council's lunch with Navy Region Southwest that the Navy could use the water credits that Pendleton has accrued.

MG Kenneally stated that the issue with the water is that 3,000 or more people that work at China Lake live in the community and use the water, so that any water insecurity issues in the community of Ridgecrest automatically become issues of the base.

## Q4 MEETING SUMMARY

Mr. Mueller suggested that Ridgecrest apply for a federal REPI grant through the Department of Defense. REPI money would allow the local community to purchase or rezone land around military bases for other purposes, assisting encroachment and water insecurity issues. Mr. Mueller also recognized that the County has done a fine job of rezoning vacant land, but that significant amounts of farmland devoted to almond tree cultivation were stressing the water table. The grant would help the county buy the land the trees are sited on to encourage farmers to relocate to a place where their industry is more sustainable.

Chair Chávez highlighted the importance of California speaking with one voice in military affairs, reminding the meeting participants that the Council was apolitical and committed to supporting all installations across the state. Chair Chávez recommended that the Council make clear to China Lake that the Council is standing by to assist them with any of their needs moving forward.

Mr. Mueller also highlighted that there are 11 public schools on military bases in California including China Lake, and that the Council had secured funding for all but the schools at Edwards Air Force Base and Marine Corps Base Camp Pendleton.

CPT Guerra then updated the Council on staff activities taken since the Council's previous meeting in August:

- The Council's sanctioned Statewide National Security Economic Impact Study is set to be finalized in February, with January serving as the review period.
  - Chair Chávez mentioned that the unveiling of this study relates to the earlier discussion on how to publicize Council activities. Chair Chávez also suggested that the Council waits to release the study until he receives more guidance from the Governor's Press Office about how much flexibility the Council will have in publicizing its operations.
  - VADM Oliver offered that the Monterey defense cluster is undergoing their own study provided by the Point Loma Nazarene University's Fermanian Business Institute.
  - RADM Johnson suggested that the Council be provided the preliminary results of the study so that they can review and offer their feedback.
- The funding for the Mather Veterans effort, a transitional and permanent housing program for veterans, has received the funding that it needed given a few setbacks and shortfalls.
- Council staff have organized a call with the CEC and the CPUC to discuss energy resiliency and security issues that came out of the summit.
- Council staff were invited to a meeting of the CalTrans director and the regional directors to discuss areas of synergy with the Council. Council staff are in ongoing talks with CalTrans about long range planning with the strategic defense routes federal plan. This directly relates to the NB San Diego visit and the transportation issues that were brought up during the tour, and Council staff will engage with CalTrans to see if there are state resources that can be leveraged to support transportation projects.
- Council staff conducted its quarterly statewide military support organization call with 30 participants. Chair Chávez kicked off the call by outlining his goals and priorities for the Council. The call participants requested a quarterly in-person meeting of the support organizations led by the Council. Some of the participants brought up safety issues in military communities as an issue, which might relate to the affordable housing/low BAH reimbursement rates driving service members and their families into areas with higher crime.
  - Mr. Mueller agreed that the coordination effort would be valuable, but suggested that the support organizations themselves should nominate co-chairs to assist in this effort.
  - MG Baldwin offered that BAH is excessively low in CA and that the Guard has been having issues with that in San Luis Obispo and Camp Roberts. This might be a topic that the Council encourages Congress to reexamine because California's rates need to be reevaluated.

#### Q4 MEETING SUMMARY

- Mr. Mueller stated in response that Council staff was working with Congressman Garamendi at Beale Air Force Base on this very issue. He stated that they needed to go base by base and member by member in order to effectively counter that trend.
- Council staff will be participating with the Governor's Office of Planning and Research and Navy Region Southwest in military land use planning compatibility workshops meant to address the state's currently military-community planning laws.

RADM Slaght offered his thoughts on the Council's new focus on cybersecurity, stating that regions needed to coordinate together on worst-case scenarios with a potential cyber attack. He continued by stating that the San Diego Cyber Center of Excellence held its first regional forum, and that he was pleased with the response to that forum from everyone except the investor-owned utilities which was a shame because those are some of the most vulnerable aspects of our critical infrastructure. RADM Slaght continued by stating that he is hoping to reengage them because long term grid outages are a cascading event and can impact everything. He is also hoping that the state cyber task force will continue its efforts around protecting critical infrastructure and educating the cyber partners in CA.

Ms. Dreusike from Naval Base San Diego thanked the Council for touring the installation and for engaging with Navy leadership. She concluded by stating that she looked forward to Council staff and OPR working together with NRSW on the military planning workshops.

MG Astafan moved, and Mr. Coyle seconded the Council's motion to go into regularly scheduled Closed Session.

Executive Director Mueller briefed the Council on federal actions/issues. He forecasts a 15% increase in the DoD budget. There will be a renewed effort next year for a BRAC. The appropriations bill will likely be passed in December. The study on the economic impact of exempting military retirement pay in California is expected to be completed in the next four months. There is a \$100 million addition in the Senate appropriations bill for Pier 8 at Naval Base San Diego.

Mr. Giacchi recommended that the Council be cognizant of the balance between efforts to bring new programs to California matching current capabilities.

No Council action was taken in closed session.

Mr. Berard moved and Mr. Giacchi seconded the motion to adjourn. The Council Meeting adjourned at 4:45pm.