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January 19, 2007

The Honorable Wayne Army  
Deputy Assistant Secretary  
Department of the Navy (Installations and Facilities)  
1000 Navy Pentagon, Room 4D684  
Washington, DC 20350-1000

Re: Concord Naval Weapons Stations

Dear Mr. Army:

Thank you for your letter of January 18, 2007. As you remember, the original date scheduled for the issuance of the Declaration of Surplus for the CNWS was November 9, 2006. On November 13, 2006 the Navy extended that date 30 days to December 21, 2006 to provide time to assess the unsolicited proposal from Shaw Corporation to apply Exchange Authority Statutes to the transfer of the Inland portion of the Concord Naval Weapons Station.

During that time, we held a joint meeting between the City, including myself and Susan Bonilla, and yourself on November 20, 2006. We also held another meeting with your staff on November 30, 2006. Subsequent to those meetings, the Navy asked for an additional 30 day extension of the surplus date to January 22, 2007. In concert with Congressman George Miller's office, the City and the Navy agreed on a set of specific actions that would warrant such an extension. The City of Concord supported the 30 day request because the Navy committed to a process wherein both the Navy and the City would exchange questions and answers regarding the use of the Exchange Authority and how it might benefit both parties.

The City submitted a list of 47 questions to the Navy on December 21, 2006 per our arrangement. We received the Navy list of 28 questions on December 22, 2006. The City sent its answers to all of the Navy's questions on January 4, 2007, again in accord with our agreed schedule. On January 12, 2007 the City received a letter from the Navy detailing why its responses were late and provided comments on why the Navy was applying caution in providing definitive answers. Unfortunately, the Navy just sent a response to only 14 of our 47 questions yesterday, January 18, 2007. Thus, 33 of our questions still have not been responded to in any way by the Navy. Further, the response to the 14 questions we did receive are so vague as to be of questionable value.

In your letter, you request another 90-day extension to the current Surplus Determination date of January 22, 2007. It would not be appropriate for me as only one member of the LRA to make a decision regarding that lengthy of an extension. You have requested an

opportunity to address the full Council/LRA regarding the use of the Exchange Authority. Thus, I have scheduled a special meeting of the Council/LRA for January 30, 2007. (Due to Councilmembers being out of town on February 6, 2007.) You will have an opportunity to address the full Council/LRA regarding all of these issues at that time. Therefore, we can only support a two week extension of the current Surplus Determination date to February 5, 2007.

I would strongly encourage you and your staff to send us written answers to the remaining questions as soon as possible. As you know, having unanswered questions regarding the use of the Exchange Authority in the manner suggested creates uncertainty regarding the procedure, which mitigates toward an unfavorable decision on the use of said authority. Our staff is available to meet with your staff next week to exchange information and further clarify the issues.

This letter will further confirm the conversation between you and me, wherein you stated that any use of the Exchange Authority would not be a "single source" arrangement, but would be required to be a competitive process, with multiple "bidders," pursuant to the usual procurement process.

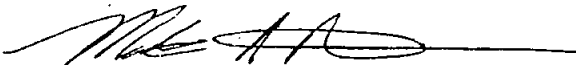
Finally, I would like to remind you that our staff will be writing a staff report analyzing the use of Exchange Authority for the Council/LRA's consideration on January 30, 2007. It is anticipated that our staff will provide a thorough analysis of the issues presented in that report and then will make a recommendation regarding the possible use of Exchange Authority. Additionally, we will of course also have a report from our City Attorney and outside counsel regarding their opinions regarding the legal aspects of BRAC and the use of the Exchange Authority.

I am reminding you of the above, simply to reiterate the importance of providing complete answers to our questions as soon as possible. With this current extension, the Surplus Determination date has now been extended to approximately three months past the original date.

We trust that you will honor the commitment you made to Representative Miller's office that if we as representatives of the local community do not voice support (on January 30, 2007) for the use of Exchange Authority outside of the BRAC process, that the Navy will proceed to issue the Notice of Surplus on February 5, 2007.

We look forward to a timely resolution of these issues.

Sincerely,



Mark A. Peterson  
Mayor, City of Concord

cc: Members of the City Council  
Lydia E. Du Borg, City Manager  
Craig Labadie, City Attorney  
Michael Wright, Reuse Director  
Senator Dianne Feinstein  
Senator Barbara Boxer  
Representative George Miller  
Representative Ellen O. Tauscher  
Kimberly Kessler, Director, Base Realignment and Closure  
David Knisely, Special Counsel