

Federal defense cuts may hurt Fauquier firms

Millions of fed cash in jeopardy

BY STEVE CAMPBELL
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Fauquier County-based defense contractors face federal budget cuts in the new year under the Budget Control Act, unless Congress acts before the end of 2012.

According to a report by the Center for Security Policy (CSP), hundreds of Virginia companies stand to lose federal contracts if U.S. defense department budget cuts go into effect Jan. 2, 2013.

The Budget Control Act already mandates \$487 billion in federal defense reductions, and a second round of cuts that will go into effect Jan. 2 requires another \$500 billion reduction.

Called sequestration, the cuts threaten not just national security, according to Christine Brim, chief operating officer of CSP, but play havoc on



Times-Democrat Staff Photo/Randy Litzinger

CHOPPING BLOCK: Dave Jones' Shenandoah Fleet Maintenance and Management is one of dozens of Fauquier County businesses that may feel the pinch of federal defense cuts in the new year.

small and large businesses, as well as the economies of their communities.

"These cuts have a strategic military, national security impact, and then

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Ron Harris

there's also the simple fact of the local jobs impact," Brim told the *Times-Democrat*.

"That uncertainty is the biggest issue, because it is tough on people not knowing what is happening.

According to data compiled by CSP, Fauquier County defense contractors took in more than \$8.6 million in federal dollars in 2011 for 29 defense depart-

ment contracts.

The full amount of federal spending in the county likely runs much higher because the report lists only prime contractors, not subcontractors, according to Rich Benedetto of MediaBox Studies.

Warrenton-based MediaBox missed the listing because its work is often tucked into projects assigned to larger companies.

But Warrenton-based Shenandoah Fleet Maintenance and Management (SFMM) made the list, having received nearly \$1 million in federal funds in 2011 for its operations around the country.

The company employs about 100 workers in several states and provides maintenance and repair of government vehicles.

Last year's \$903,031 contract paid for taking care of vehicles at the Bluegrass Army Depot in Kentucky.

SFMM also takes care of Federal Emergency Management Agency vehicles under two contracts worth \$2.5

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million each.

"Civilian agencies are impacted, as well," said Dave Jones, SFMM vice president. "Our biggest customer is actually FEMA. I have no idea how it will affect us."

"I'm quite sure it will, and it won't be good, but I don't know," he said.

Many Fauquier defense contractors provide unique services that cannot be replicated by other firms. They watch cautiously while the budget process unfolds, not yet ready to panic.

"We don't think we will be affected by it," said David Duncan, president of OOSKA News, a specialty publishing company in Old Town Warrenton.

"We provide quite a niche service to one particular department of the government," he said.

Duncan's firm publishes

water sector news and intelligence in five subscription-based weekly email newsletters.

The loss of a \$51,000 contract with a branch of the U.S. military would sting, but he's not "losing sleep over it" because he believes his information is vital to the government.

"They can't get what we do elsewhere; certainly, we don't feel threatened by [sequestration]," Duncan said.

Ron Harris, president of Freestate Electronics Inc. in Warrenton, also doubts his company will feel the pinch of federal belt tightening.

"If our little business goes away, then there's some serious things that will happen to the FAA," he said.

Freestate makes electronic components that calibrate and certify the transponders used by the nation's airports to track airplanes.

Harris says Congress is unlikely to let sequestration stand because of its impact

on voters.

"The guys in Congress are in the business of handling out money. They're not in the business of stirring up trouble because that doesn't get them elected," Harris said.

"When push comes to shove, the budget will be continued, money will still flow, and it will be business as usual, for better or worse," he said.

Bruce Rampy, president of Chemetrics in Calverton, also believes his company's products are too important to the military for the defense department to eliminate.

Still, the loss of a \$154,695 contract with the U.S. Navy would be a painful blow to his company which has about \$8 million in sales a year.

"Our products are supplies that they need to have for operating their vessels, and we expect that to continue, so we're not particularly nervous about

it," Rampy said.

Besides, he said, "I think the political parties are going to solve the problem before too terribly long."

Rep. Rob Wittman, R-1st, wants Congress to act on sequestration in the remaining days before the pre-election recess.

"I don't believe that Congress should adjourn and go back to the districts until sequestration gets done. That's how important this is," Wittman told the *Times-Democrat*.

The more likely scenario, he said, is that a lame duck Congress takes up the matter in a bill that pushes off the final decision on sequestration until the next Congress.

"While it does avoid calamity," Wittman said, "it doesn't provide good public policy.

A sentiment echoed by Freestate's Harris. "What a silly way to go about the country's business," he said.