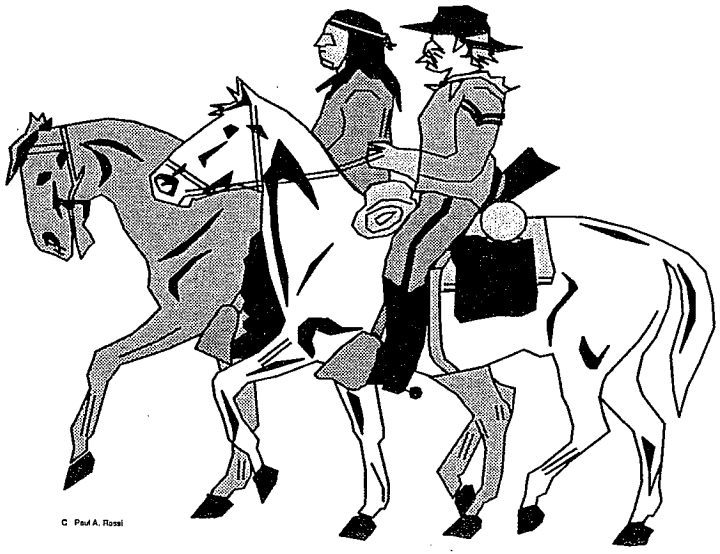
Annual
IMPACT STATEMENT
Fiscal Year 1998



October 1, 1997 - September 30, 1998
Fort Huachuca, Arizona

USF200011330

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NOTE: Multipliers used in this Fiscal Year (FY) 1998 Impact Statement are derived from the Economic Impact Forecast System (EIFS) developed by the U.S. Army Corps of Engineers Construction Engineering Research Laboratory (CERL). The multipliers relate directly to Cochise County, the diversity of its industrial and commercial base, and the size of the population. Consequently, the multiplier factors are not as large as they would be in a more industrialized area. They are based on current input from Fort Huachuca and Cochise County as well as recognized published data sources. A multiplier shows the economic expansion in a community. For example, a 1.5 multiplier would mean that the local economy expanded one and one-half times.

Prepared by Directorate of Resource Management
U.S. Army Garrison, Fort Huachuca, AZ

October 1, 1997 - September 30, 1998

INTRODUCTION

Fort Huachuca plays a major role as an employer and a consumer in the economic health of Arizona. It is the largest employer in southern Arizona, with 10,362 military, civilian, and contractor employees. In Cochise County, 28.0 percent of the employment is directly related to the presence of Fort Huachuca.

During FY 98, Fort Huachuca continued to experience the impact of general reductions to Department of Defense (DOD) budgets. However during FY 98 the overall employee population remained fairly constant. While the post experienced a loss in DA civilian and military personnel, this was offset by an increase in contractor personnel.

This impact statement provides a profile of Fort Huachuca for FY 98 (October 1, 1997 through September 30, 1998) and shows the dynamic relationship between the post and the communities of Cochise County. In 1971, Fort Huachuca was annexed by the city of Sierra Vista. The annexation provides additional tax revenues for both Sierra Vista and Cochise County. The post's contributions in sales, usage and gasoline taxes further enhance Fort Huachuca's impact on the economy. Through the years, the relationship has changed from one of dependence by the community to one of interdependence between the post and community. The city of Sierra Vista has continued to grow moderately, from a population of 38,868 to 39,405 during FY 98.

As Fort Huachuca's missions have changed from protecting border settlers during the Indian wars of the 1870's to playing a critical national defense role in the military intelligence and the information mission areas, so have the requirements for goods and services for their support. Today, Fort Huachuca and its associated personnel are a major consumer in the local economy because military personnel who live on post, many with families, require the same services as other Arizona residents. Fort Huachuca's stabilizing influence on the communities in Cochise County can be seen in this impact statement under the sections on **Population**, **Environment**, and **Consumer Data**. In like manner, the post's missions have changed from regional influence to ones that are global and have a lasting and significant impact on national defense.

Note: Due to the number and type of data bases used to provide information in the various categories, some individuals may be counted, more than once, because of the multiple data sources. These data bases do not cross reference to reduce the double and triple counting of individuals. For example, a military retiree who works as a contractor on the Fort, will be double counted. A military family member who works on the Fort will also be double counted.

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POPULATION

From a high of over 13,000 in FY 94, Fort Huachuca's employee population leveled out this year to 10,362 military, civilian, and contractor personnel. Many of the military assigned to Fort Huachuca live on post in bachelor quarters, in barracks, or in family housing. Other military personnel and civilian employees live in neighboring Sierra Vista and Huachuca City or in other communities in Cochise County. Although their number is small, some members of the Fort Huachuca population also live beyond Cochise County, mostly in Tucson (Pima County).

The following charts show different approaches to expressing the number of military personnel, their family members, and the DOD and other civilians associated with the military who work at Fort Huachuca and live in the area.

In regard to population data, information is drawn from several data bases which do not cross reference. Please that some military dependents and some military retirees are currently employed as DOD civilian employees or as contractor employees. Also, some DOD civilian retirees are employed as contractor employees. At the present time, there are no means of identifying or tabulating the numbers of people counted twice as dependents, retirees, and/or current employees. However, a survey is being conducted that will help to determine where and in what numbers the counts are being duplicated.

MILITARY POPULATION

Military Assigned	**Sep 96**	**Sep 97**	**Sep 98**
Living on post	3,629	3,026	3,172
Living off post	2,041	2,677	2,249
TOTAL	**5,670**	**5,703**	**5,421**
% Change		**(+)0.1**	**(-)4.9**
Military Family Members			
Living on post	5,027	4,734	4,431
Living off post	6,231	5,956	3,698
TOTAL	**11,258**	**10,690**	**8,129**
% Change		**(-)5.0**	**(-)24.0**
Military and Family Members			
Living on post	8,656	7,760	7,603
Living off post	8,272	8,633	5,947
TOTAL	**16,928**	**16,393**	**13,550**
% Change		**(-)3.2**	**(-)17.34**

NOONDAY POPULATION

	Sep 96	**Sep 97**	**Sep 98**
Military Assigned	4,513	4,455	4,310
Students	1,157	1,248	1,111
Military Family Members			
Living on Post	5,027	4,734	4,431
DOD Civilians	2,675	2,466	2,442
*Other Civilians	1,938	1,947	2,499
TOTAL	**15,310**	**14,850**	**14,793**
% Change		**(-)2.9**	**(-).38**

*This figure represents non-DOD civilian workers on Fort Huachuca, to include post office employees, teachers, contractors, and concessionaires.

The noonday population represents an anticipated average maximum number of people at Fort Huachuca.

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HOUSING

There are 1,953 family housing units on post. No family housing units are currently being leased . In addition to these quarters, there are 343 transient bachelor/guest quarters and 3,197 troop billeting spaces. Some troop billeting and transient billeting spaces are being reduced as World War II wooden buildings are being demolished.

Because on-post housing is not sufficient to house all military personnel, they and their families may live off-post, either making real estate purchases or renting property. The information in the following chart is based on data maintained by the Fort Huachuca Housing Division. It reflects the number of military who either rent or own off-post property.

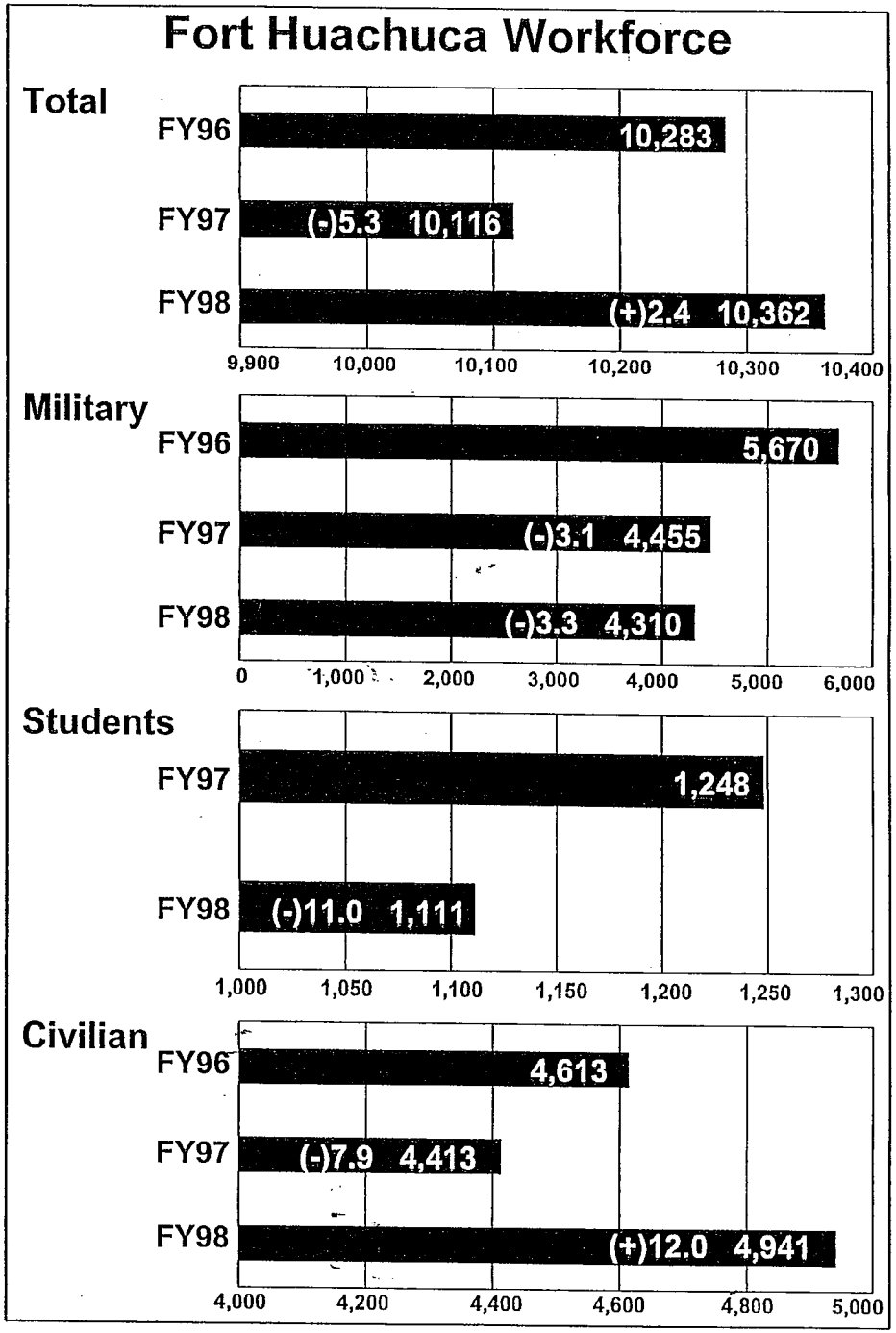
MILITARY OFF-POST RESIDENCY

	Sep 96	Sep 97	Sep 98
Own Home	439	383	302
Rent Home	471	818	707
Own Mobile Home	19	17	12
Rent Mobile Home	92	83	60
Rent Apartment	1,020	1,376	1,168
TOTAL	**2,041**	**2,677**	**2,249**
% Change From Prior Year		**(+)31.1**	**(-)16.0**

WORKFORCE

The Fort Huachuca workforce figures below reflect the general trend of DOD downsizing.

When the CERL economic multiplier of 3.71 in Arizona and 1.684 in Cochise County is applied to the post's 10,362 workforce, Fort Huachuca supports more than 38,443 job equivalents in Arizona. In Cochise County, Fort Huachuca supports 17,450, or 47.2 percent, of the job equivalents.



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DEPENDENT EDUCATION

There are 1,736 children who live on Fort Huachuca and attend schools on the installation or in neighboring communities. Kindergarten through eighth-grade children attend Fort Huachuca Accommodation Schools, which are jointly operated by the state of Arizona and the U.S. Department of Education. Most of the 280 children who live on post and attend public schools in Sierra Vista attend the high school.

In addition to the 280 children living on post and attending Sierra Vista schools, there are 847 students whose parents are military personnel living off post, and there are 1,489 students whose parents are DOD civilian employees.

Federal impact funds in the amount of $4.6 million supplemented state and county funds to operate schools attended by family members of Fort Huachuca's military and DOD civilian personnel during school year 1997-98.

DISTRIBUTION OF FEDERAL IMPACT FUNDS
(Funds Received in School Year 1997-98)

	Students	Allocations
Fort Huachuca	1,456	$3,961,956
Sierra Vista	2,616	617,430
Palominas	423	33,046
TOTAL	**4,545**	**$4,612,432**

Impact funds for this school year reflect an increase from the $3.27 million reported for the 1996-97 school year. Not all school districts with eligible students submit applications for federal impact funds. Additionally, funds may not be received during the current fiscal year.

ARMY RETIREES

There are 3,440 Army retirees who choose to live in the Sierra Vista Subwatershed of the San Pedro River. Of these, 3,128 receive retirement pay from the government. There are also 336 survivors of Army retirees in the area. These retirees received $59.2 million in FY 98 retirement pay and allowances. Some of these retirees are also double counted in the DOD or the Other Civilian categories of the Noonday Population of Fort Huachuca (page 3).

Note: Fort Huachuca previously included retirement pay for all military retirees living in Zip Code areas beginning with 856 in this section. Because Fort Huachuca does not control or disburse these payments, they have been removed from this category.

DOD CIVILIAN RETIREES

Approximately 2,090 retirees and 485 survivors of DOD civilian choose to live in the Sierra Vista Subwatershed of the San Pedro River. These retirees and survivors received $49.4 million in FY 98 retirement pay and allowances. Some of these retirees are also double counted in the DOD or the Other Civilian categories of the Noonday Population of Fort Huachuca (page 3).

Note: Fort Huachuca previously included retirement pay for all civilian retirees living in Zip Code areas beginning with 856 in this section. Because Fort Huachuca does not control or disburse these payments, they have been removed from this category.

RESERVE COMPONENTS

Fort Huachuca plays a significant role in accomplishing the mission of the Reserve Component (RC) Forces which include the Army National Guard, Army Reserve, and Marine Corps Reserve. The RC's mission has continued to be accomplished over the years with the use of military schools and training areas at Fort Huachuca. During FY 98, 33 RC units trained at Fort Huachuca.

Down from 25,830 RC Mandays in FY 96, there were 6,950 RC Mandays (19.3 full-time equivalents) used in training at Fort Huachuca in FY 98. Some personnel train on the installation for 2 days a month while others are Assigned 3-year tours as advisors. Most reservists do not have their Familites with them during training.

There are 9 active Army (full time) and 2 DOD civilian (full time) Personnel supporting RC activities.

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ENVIRONMENT

Fort Huachuca is concerned with the environment and the conservation of natural resources. Thus, the impact of Fort Huachuca on the state extends beyond economic factors. As part of its concern, Fort Huachuca tries to restrict its consumption of utilities to a level required for optimum efficiency. With the cooperation of the workforce and residents and the continued efforts of the installation engineers, Fort Huachuca was 11.3 percent below the TRADOC energy goal in FY 98. Fort Huachuca also reduced its water consumption by 5.4 percent (40.9 million gallons) in FY 98 as compared to FY 97. In terms of actual dollar reductions, the FY 98 electric bill of $7.010M was $320K less than the FY 97 electric bill. The FY 98 natural gas bill of $1.591M was $84K less than the FY 97 natural gas bill. During FY 98 Fort Huachuca completed the first task order of the basewide Energy Savings Performance Contract ($254K total value) that allows the contractor to invest up to $10,000,000 in energy and water saving's technology and be paid over time (up 25 years) from the energy, water, operational, and maintenance savings. Early in FY 98 Fort Huachuca completed installation of 199 waterless urinals that are a saving of a total of 9 million gallons of water each year.

In FY 98, approximately $3.9M was spent by the installation Environmental and Natural Resources Division on environmental compliance, conservation, restoration and pollution prevention.

Other environmental efforts included hazardous waste management, underground storage tank upgrades, cultural resources projects, safe drinking water compliance, air quality projects, and natural resources management. In addition to these efforts, availability of the Fort Huachuca Installation Real Property Master Plan draft Environmental Impact Statement was announced in the Federal Register. Full public participation was accomplished with a public meeting in June 1998.

A primary objective in natural resources management was achieved when Fort Huachuca transmitted a Biological Assessment (BA) to U.S. Fish and Wildlife Service. The BA was required as a result of several new listings of endangered species in the area, and the designation of critical habitat near installation. As a result, formal consultation was initiated concerning the impacts of Fort Huachuca operations on endangered species.

Conservation efforts included rehabilitation of historic adobe Structures to meet Secretary of the Interior and Arizona State Historic Preservation Office standards and upgrading of the curation facility. In the natural resources area, a contract was awarded for the Integrated Natural Resources Management Plan, which will provide the framework for managing grassland, forest, and other habitat on the installation. An effort in conjunction with state and federal partners was over wintering Ramsey Canyon leopard frogs on the installation.

Another outstanding partnership was when Fort Huachuca hosted National Public Lands Day. This was an outstanding demonstration of of Arizona, Bureau of Land Management, Forest Service, and the National Parks Service. Approximately 700 volunteers accomplished a variety of projects on public lands managed by the partners. In additional to hosting the event, transportation to all sites was provided by the installation.

In FY98, Fort Huachuca jointed the Upper San Pedro Partnership, consisting of state, local and federal land management agencies focused on sustainable water resources management projects suggested by the Commission on Environmental Cooperation and other task forces and agencies. For those projects which are determined to be feasible and have potential benefit to water resources management in the region, funding and implementation will be managed through the partnership.

DISBURSEMENTS

Fort Huachuca, just like civilian communities, is a consumer of goods and services in support of its day-to-day operations. In addition to those goods and services that are common to civilian communities, Fort Huachuca is a consumer of high technology industrial goods because of the intelligence-related and information systems missions of activities located here.

Fort Huachuca expended $915.8 million in FY 98 when pay and other categories of expenditures are added to goods and services; 53.9 percent ($464.3 million) was expended in Arizona. Overall expenditures by the post show a decrease of $57.8 million from the previous fiscal year while expenditures in Arizona reflect a $60.5 million decrease from FY 97.

PURCHASES

Fort Huachuca expended $186.6 million for the purchase of goods and services in the state during FY 98. Fort Huachuca's purchases outside Arizona amounted to $451.5 million, a 0.7 percent increase from the $448.3 million of FY 97.

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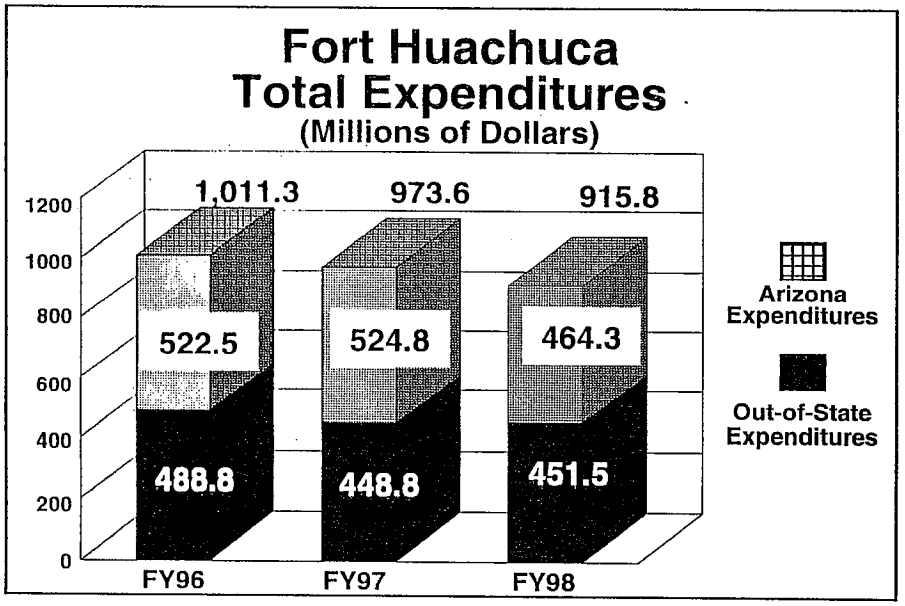
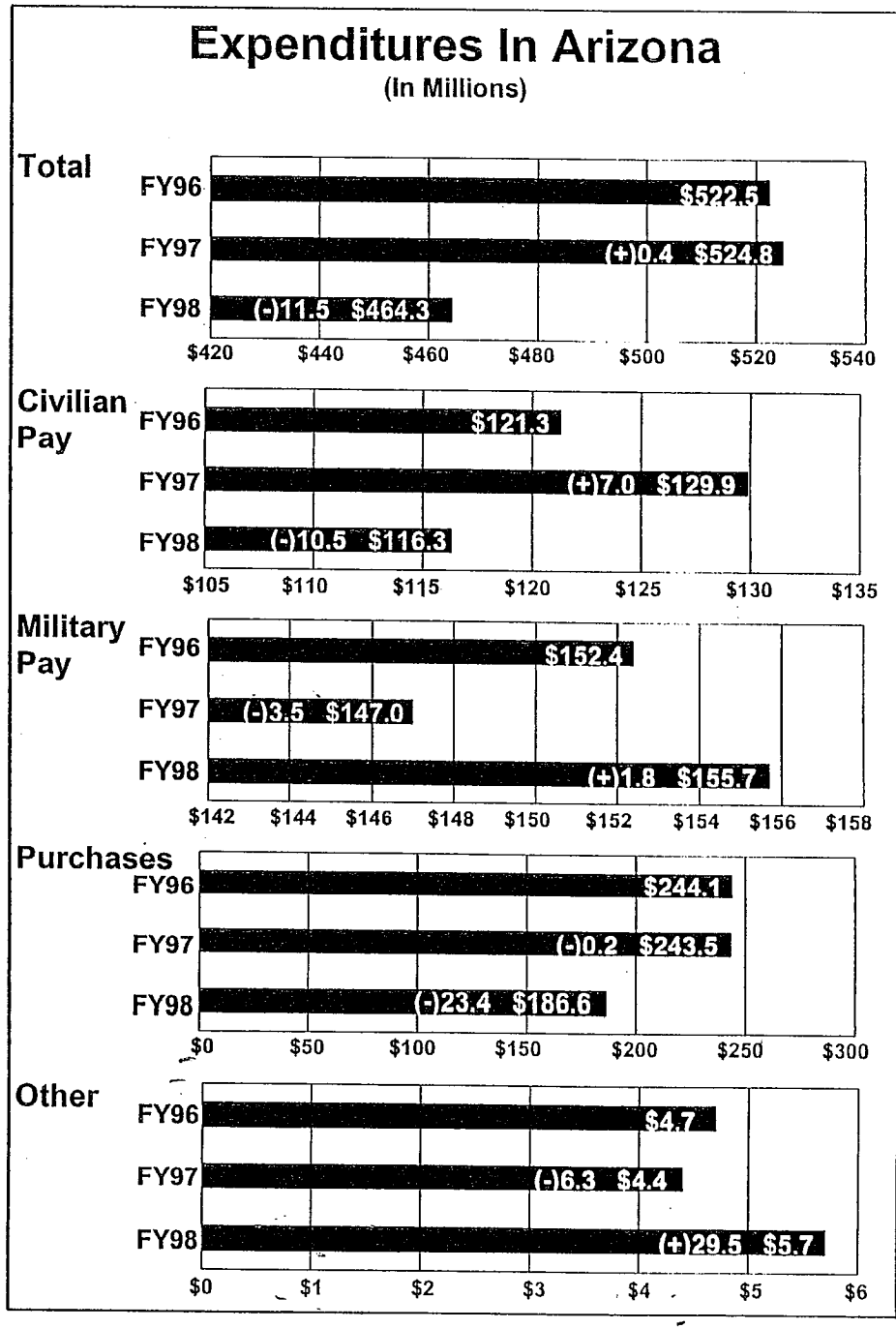
EXPENDITURES



On the following charts, the MILITARY PAY category includes the $2.5 million payroll for Yuma Proving Ground, which is serviced by the Fort Huachuca Defense Accounting Office. The PURCHASES category is the purchase of goods and services. The OTHER category includes $4.61 million in impact funds to Arizona school districts for military and DOD civilian children attending schools in the area; $.69 million for damage claims processed through the Office of the Staff Judge Advocate; and $.4 million for Army Emergency Relief grants and loans.

Note: Prior year data has not been adjusted for intration.



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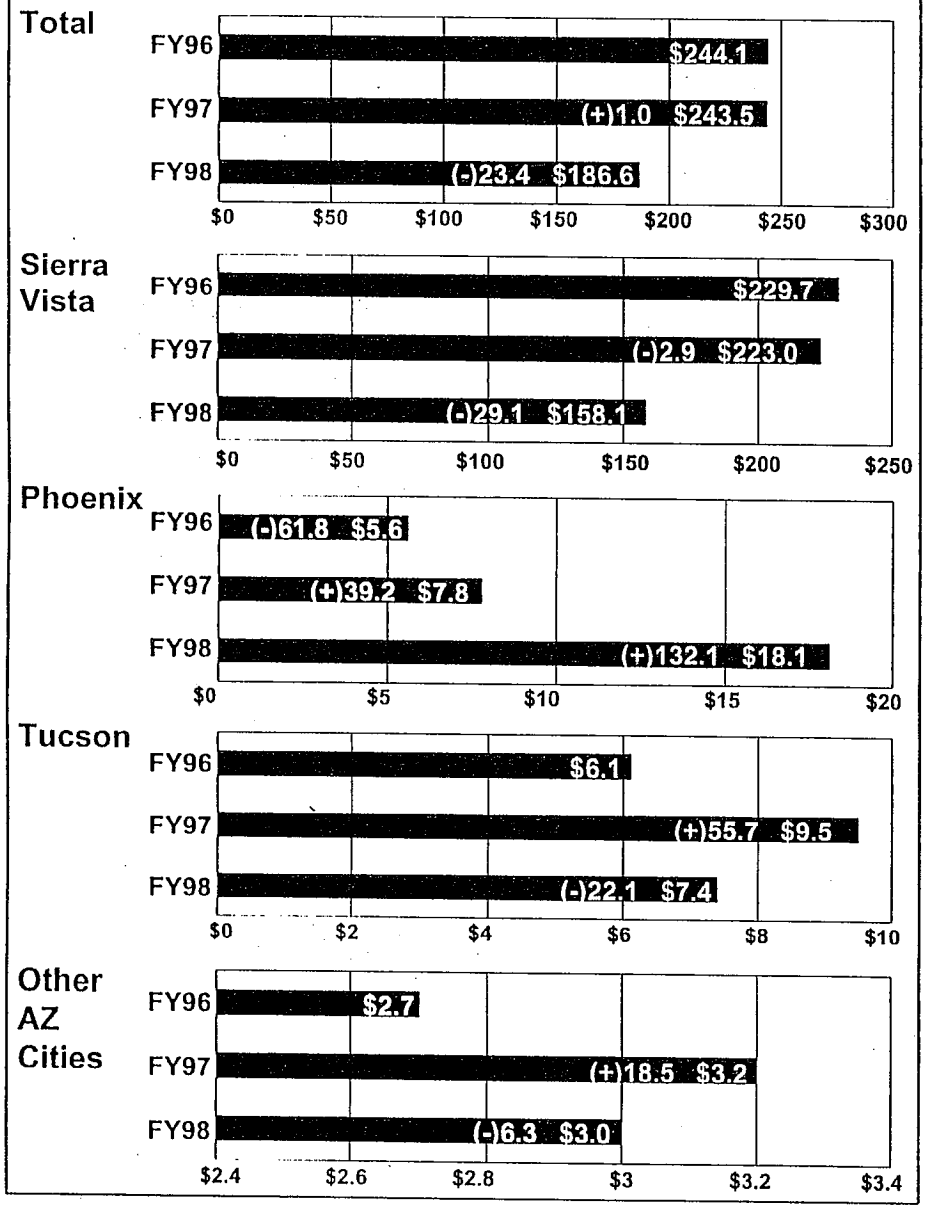
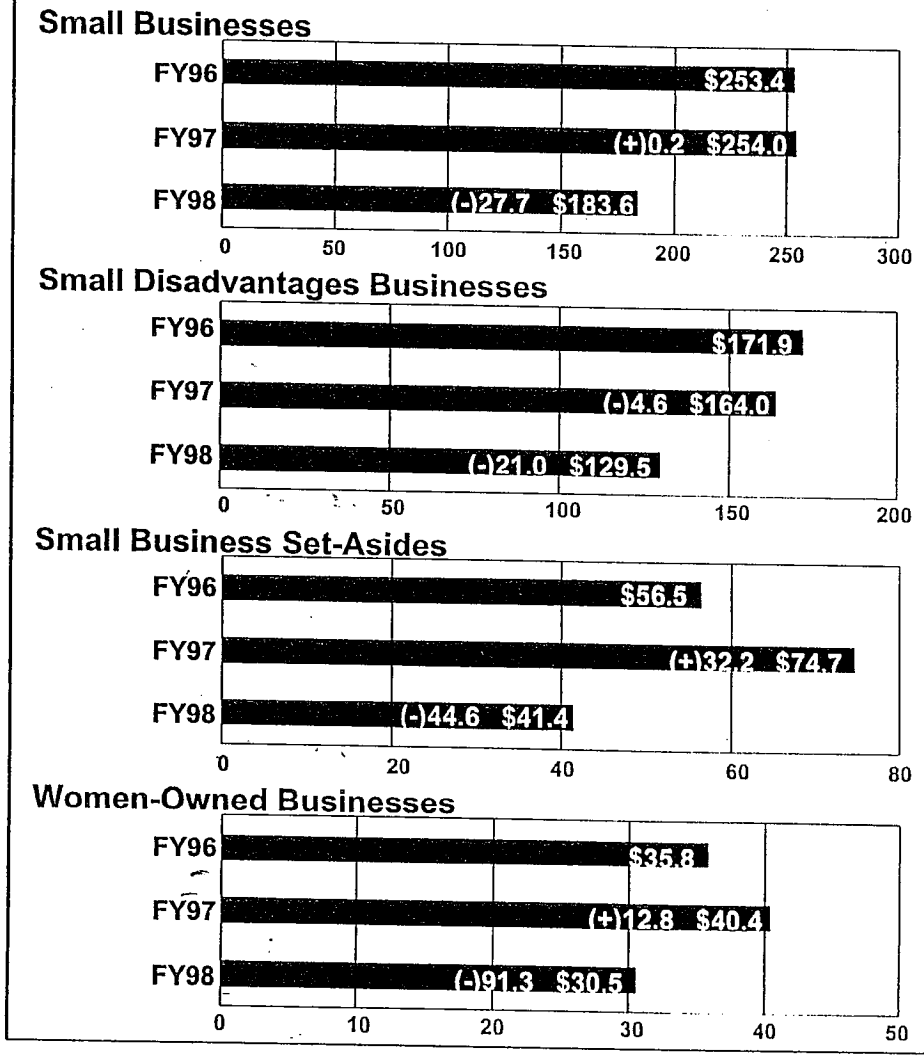
Arizona Purchases
(In Millions)



Small Business Breakdown
(In Millions)

Small business, small disadvantaged businesses, small business set-asides, and women-owned businesses throughout the United States share in the purchases of goods and services by Ft. Huachuca.



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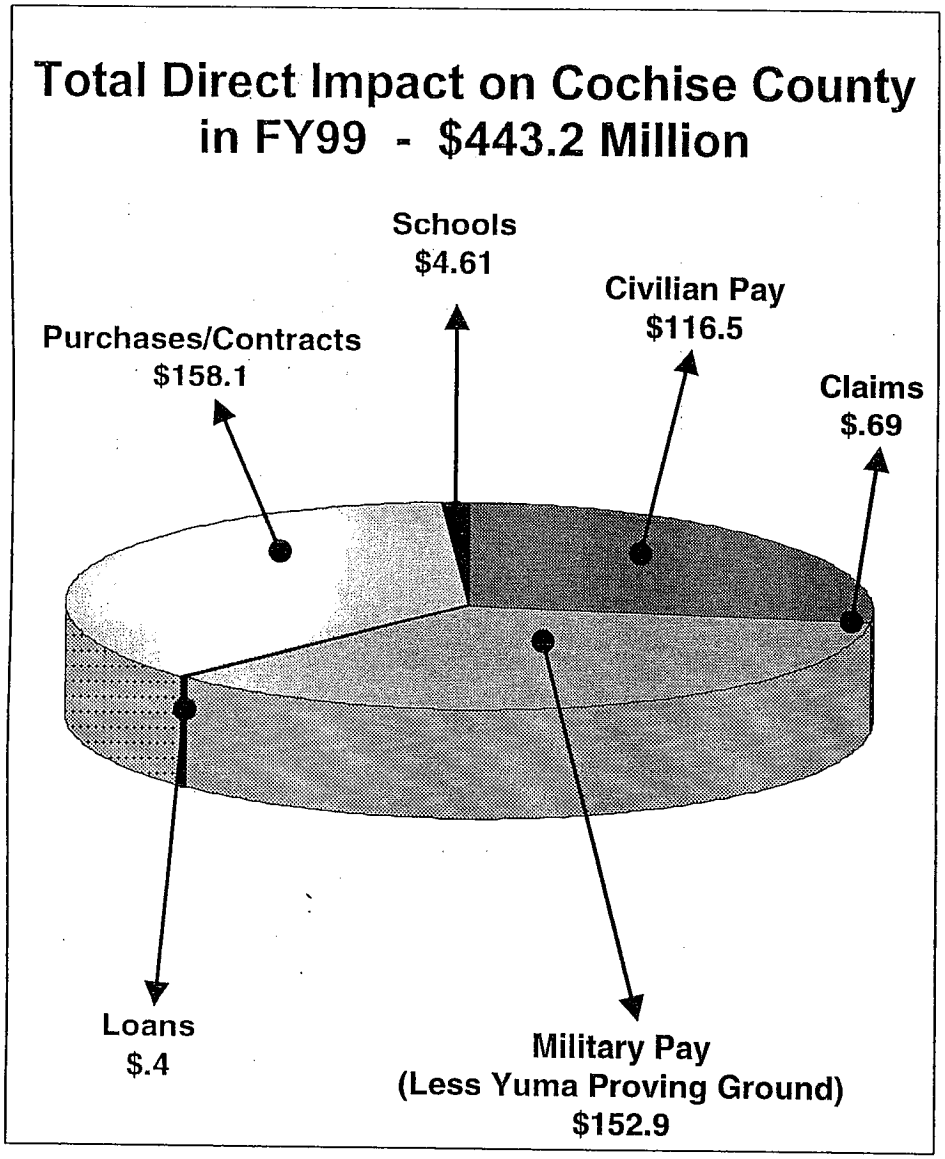

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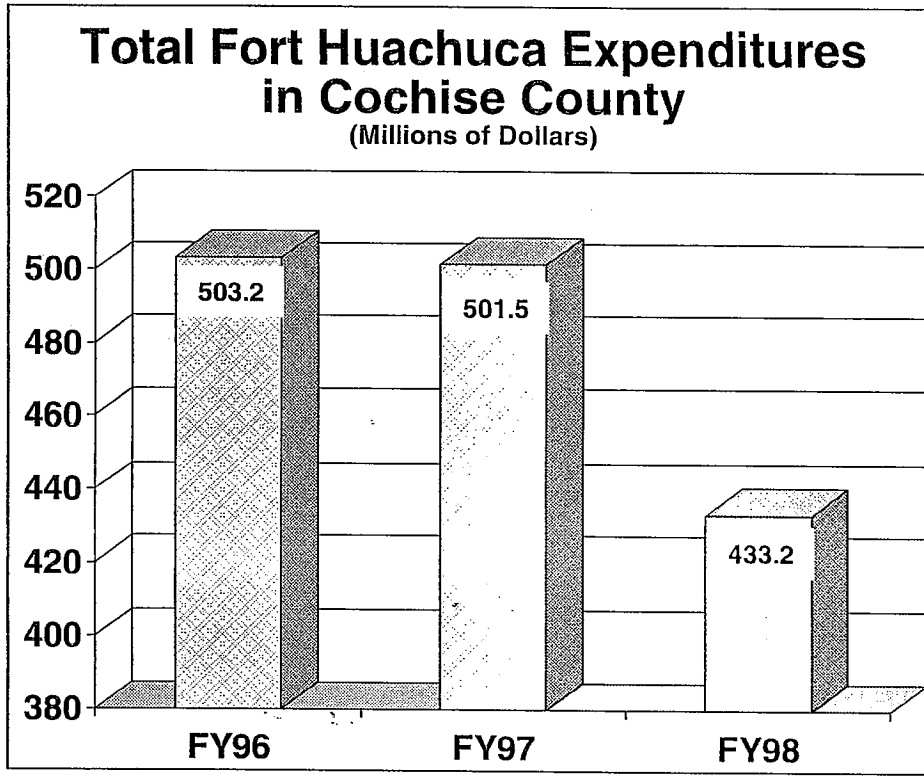

Fort Huachuca's contribution to the Cochise County economy is reflected in the above graph. In FY 98, Fort Huachuca spent $433.2 million in Cochise County, which is a decrease of 13.6 percent, or $68.3 million, from the previous year's expenditures.

The value of the Fort Huachuca's expenditures is more dramatically demonstrated when the CERL economic impact multipliers of 1.684 for Cochise County and 3.71 for the state of Arizona are applied to the $433.2 million expended in Cochise County alone. The extended impact of those Fort Huachuca expenditures totals $729.5 million for Cochise County and $1,607.2 million for the State of Arizona.

Fort Huachuca is a part of TRADOC, headquartered at Fort Monroe, Virginia. Besides the U.S. Army Intelligence Center and Fort Huachuca, the following organizations are major tenants located on Fort Huachuca: Headquarters, U.S. Army Signal Command; U.S. Army Electronic

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Proving Ground; Department of Defense Joint interoperability Test Center; and U.S. Army Communications Security Logistic Activity.

More than 40 commands, agencies, and activities are located here representing the U.S. Army, U.S. Air Force, U.S. Navy, U.S. Marine Corps, and the Army and Air National Guard, plus several other Federal agencies.

Note: Fort Huachuca previously included retirement pay for all military and civilian retirees living in Zip Code areas beginning with 856 in this section. Because Fort Huachuca does not control or disburse these payments, they have been removed from this category and were removed from the FY 96 and FY 97 blocks in the graph above to allow for comparison. Retiree pay is discussed in the retiree section of this report.

FY 99 OUTLOOK

Fort Huachuca will continue to exert a positive economic influence on the local, regional, and state economy of Arizona. However, DOD is expected to continue the downsizing process, with the probability that Fort Huachuca's budgets will be reduced, while staffing numbers may be leveling off. The net effect of this trend is projected to continue throughout FY 99 and FY 00.

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