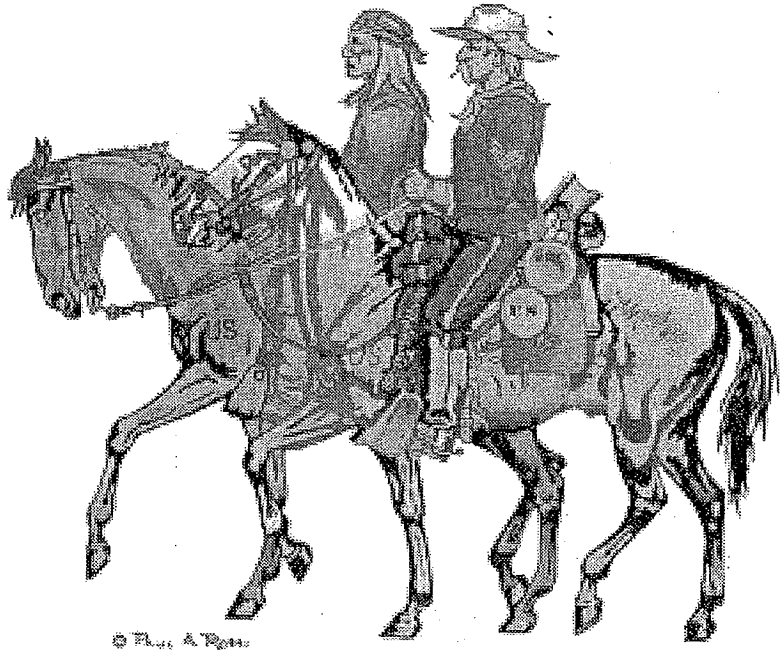
Annual Economic
IMPACT STATEMENT
Fiscal Year 1999



October 1, 1998 - September 30, 1999
Fort Huachuca, Arizona

USF200011341

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NOTE: Multipliers used in this Fiscal Year (FY) 1999 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 related 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 (a 0.5 increase over the basic staffing/budget levels).

Prepared by Directorate of Resource Management
USAIC&FH, Fort Huachuca, AZ

October 1, 1998 - September 30, 1999

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 11,140 military, civilian, and contractor employees. In Cochise County, 30.1 percent of the employment is directly related to the presence of Fort Huachuca.

During FY 99, Fort Huachuca's budget remained relatively stable. However during FY 99 the overall employee population increased slightly. While the post experienced a loss in DA civilian and assigned military personnel, this was offset by an increase in military students and contractor personnel.

This impact statement provides a profile of Fort Huachuca for FY 99 (October 1, 1998 through September 30, 1999) 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 39,405 to 39,995 during FY 99.

As Fort Huachuca's mission 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.

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POPULATION

From a high of over 13,000 in FY 94, Fort Huachuca's employee population is now 11,140 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.

Population data published by Fort Huachuca comes from a number of separate databases. These databases, to include federal government systems and government contractor operated systems, do not cross-reference their data. Several years ago, Fort Huachuca became aware that the existing method of population reporting, from these various data bases, led to the double counting of some individuals who may be counted under several reportable categories. An example of this duplication would be a military family member who lives on Fort Huachuca, who is also a government civilian or contract worker on the Fort. This person would be counted twice, as a military family member and as a government civilian/contractor employee. At this point, an additional 1.3 family members would be attributed to them in the off-post population, based on the assumption that all government civilians and contractor employees live off of the installation in Sierra Vista, with a 1990 census average household size of 2.3. The individual would then account for 3.3 people in the local community using these traditional methods and assumptions.

In an effort to more accurately estimate the post population and the number of family members related to on-post employees, Fort Huachuca hired a contractor to conduct a survey to gather appropriate population data. Care was taken to eliminate duplicate surveying of the same household.

The survey findings revealed various examples of double counting:

*21.7% of the military personnel are also household members of other employees working at the Fort. This double count alone accounts for an approximate 8% over count of the noonday population, as reported.

*18.8% of current government civilian employees are also counted as retired military living in the Sierra Vista area.

*40.7% of government contractor employees working at Fort Huachuca are also counted as military retirees living in the Sierra Vista area.

*44.0% of government civilian personnel are also household members of other employees who work at the fort.

*34.0% of contractor employees are also household members of other employees who work at the fort.

MILITARY POPULATION

Military Assigned	**Sep 97**	**Sep 98**	**Sep 99**
Living on post	3,026	3,172	4,258
Living off post	2,677	2,249	1,620
TOTAL	**5,703**	**5,421**	**5,878**
% Change		**(-)4.9**	**(+)8.4**
Military Family Members			
Living on post	4,734	4,431	4,326
Living off post	5,956	3,698	1,990
TOTAL	**10,690**	**8,129**	**6,316**
% Change		**(-)24.0**	**(-)22.3**
Military and Family Members			
Living on post	7,760	7,603	8,584
Living off post	8,633	5,947	3,610
TOTAL	**16,393**	**13,550**	**12,194**
% Change		**(-)17.34**	**(-)10.0**

NOONDAY POPULATION

	Sep 97	**Sep 98**	**Sep 99**
Military Assigned	4,455	4,310	4,272
Students	1,248	1,111	1,606
Military Family Members			
Living on Post	4,734	4,431	4,326
DoD Civilians	2,466	2,442	2,426
Other Civilians*	1,947	2,499	2,836
TOTAL	**14,850**	**14,793**	**15,466**
% Change		**(-).38**	**(+)4.5**

**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 1,934 family housing units on post. No off-post family housing units are currently being leased. In addition to these quarters, there are 208 transient bachelor/guest quarters and 3,330 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.

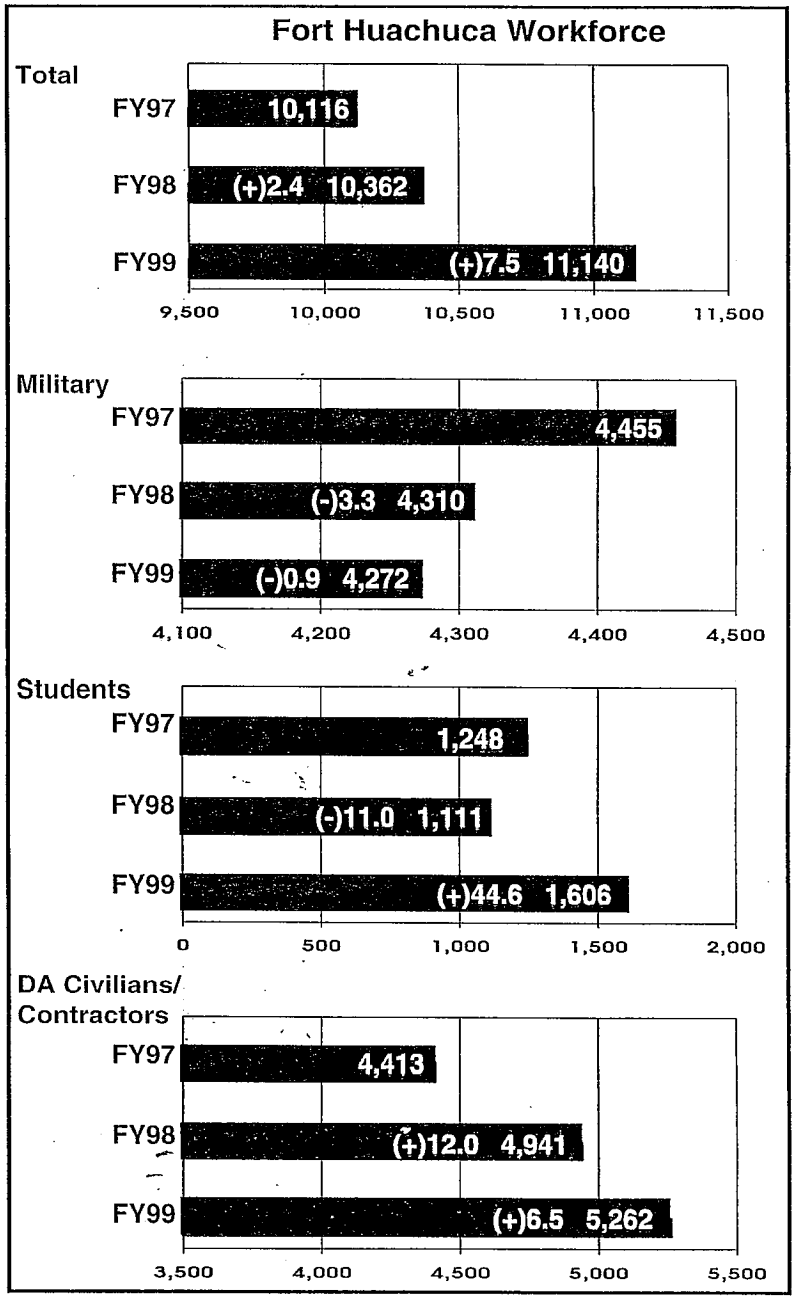
MILITARY OFF-POST RESIDENCY

	Sep 97	Sep 98	Sep 99
Own Home	383	302	140
Rent Home	818	707	679
Own Mobil Home	17	12	1
Rent Mobil Home	83	60	30
Rent Apartment	1,376	1,168	786
TOTAL	**2,677**	**2,249**	**1,530**
% Change from Prior Year		**(-)16.0**	**(-)31.9**

WORKFORCE

The Fort Huachuca workforce figures below reflect the general impact of Fort Huachuca employment.

When the CERL economic multiplier of 3.71 in Arizona and 1.684 in Cochise County is applied to the post's 11,140 workforce, Fort Huachuca supports more than 41,329 job equivalents in Arizona. In Cochise County, Fort Huachuca supports 18,760 jobs (to include the 11,140 personnel employed on post), or 50.6 percent, of the job equivalents.



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DEPENDENT EDUCATION

There are 1,407 children who live on Fort Huachuca and attend schools on the installation or in neighboring communities. Kindergartens th eighth-grade children attend Fort Huachuca Accommodation Schools, whic jointly operated by the state of Arizona and the U.S. Department of Educati Most of the 112 children who live on post
and attend public schools in Sierra Vista attend the high school.

In addition to the 112 children living on post and attending Sierra Vista schools, there are 885 students whose parents are military personnel living off post, and there are 1,358 students whose parents are DOD civilian employees.

Federal impact funds in the amount of $4.47 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 1998-99.

DISTRIBUTION OF FEDERAL IMPACT FUNDS
(Funds received in School Year 1998-99)

	Students	Allocations
Fort Huachuca	1,323	$3,768,095
Sierra Vista	2,355	$669,455
Palominas	293	36,103
Total	**3,971**	**$4,473,653**

Impact funds for this school year reflect a decrease from the $4.6 million reported for the 1997-98 school year. No 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 3,354 Army retirees who choose to live in the Sierra Vista Subwatershed of the San Pedro River. Of these 3,069 receive retirement pay from the government. There are also 336 survivors of Army retirees in the area. Their retirees received $58.9 million in FY 99 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).

DOD CIVILIAN RETIREES

Approximately 1,491 retirees and 359 survivors of DOD civilian choose to live in the Sierra Vista Subwatershed of the San Pedro River. These retirees and survivors received $36.3 million in FY 99 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).

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 99, 11 RC units trained at Fort Huachuca.

Up from 6,950 RC Mandays in FY 98, there were 18,660 RC Mandays (51.8 full-time equivalents) used in training at Fort Huachuca in FY 99. 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 families with them during training.

There are 2 active Army (full time) and 2 DOD civilian (full time) personnel supporting RC actives.

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ENVIRONMENT

Fort Huachuca was 6.8 percent below the TRADOC energy goal of FY99. Fort Huachuca also reduced its water consumption by 12 percent (86 million gallons) in FY99 as compared to FY98. In terms of actual dollars reductions, the FY99 electric bill of $6.53M was $475K less than the FY98 electric bill. The FY99 natural gas bill of $1.339M was $252K less than the FY98 natural gas bill. During FY99 Fort Huachuca completed a basewide Energy Savings Performance Contract ($1.037M total value) that allows the contractor to invest up to $10M in energy and water saving's technology and be paid over time (up to 25 years) from the energy, water, operational and maintenance savings. This included completion of a T-8 lighting conversion in 21 buildings, conversion of red incandescent traffic lights to LED at one intersection, and replacement of two chillers at the Department of Defense test facility. During FY99 Fort Huachuca installed two grid connected Photo Voltaic (PV) systems and five passive solar hot water systems on family housing units. Two active solar hot water systems were repaired with one for a barracks and one on a Department of Defense test facility. The Dish-Stirling solar thermal electric generator was also repaired. In FY99 there were 76 waterless urinals installed bringing the total on Fort Huachuca to 275. Installations of 1.5 GPM showerheads were also started in FY99.

In FY99, approximately $5.5M 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 theses efforts, the Fort Huachuca Installation Real Property Master Plan Final Environmental Impact Statement was completed and forwarded to Training and Doctrine Command and Department of Army for approval.

A primary objective in natural resources management was achieved when Fort Huachuca neared completion of formal consultation with a draft biological opinion from the U.S. Fish and Wildlife Service. Significantly, this was a "non-jeopardy" biological opinion.

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 draft Integrated Natural Resources Management Plan

was completed which will provide the framework for managing grassland,forest, and other habitat on the installation.

Initial meeting of Native American Tribal representatives was held in June 1999 to meet requirements of an executive order and the Native American Grave Protection and Repatriation Act.

In FY99, Fort Huachuca continued to work closely with 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 $902.6 million in FY99 when pay and other categories of expenditures are added to goods and services; 56.4 percent ($509.0 million) was expended in Arizona. Overall expenditures by the post show a decrease of $13.2 million from the previous fiscal year while expenditures in Arizona reflect a $44.7 million increase from FY98.

PURCHASES

Fort Huachuca expended $229.7 million for the purchase of goods and services in the state during FY99. Fort Huachuca's purchases outside Arizona amounted to $393.6 million, a 12.8 percent decrease from the $451.5 million in FY 98.

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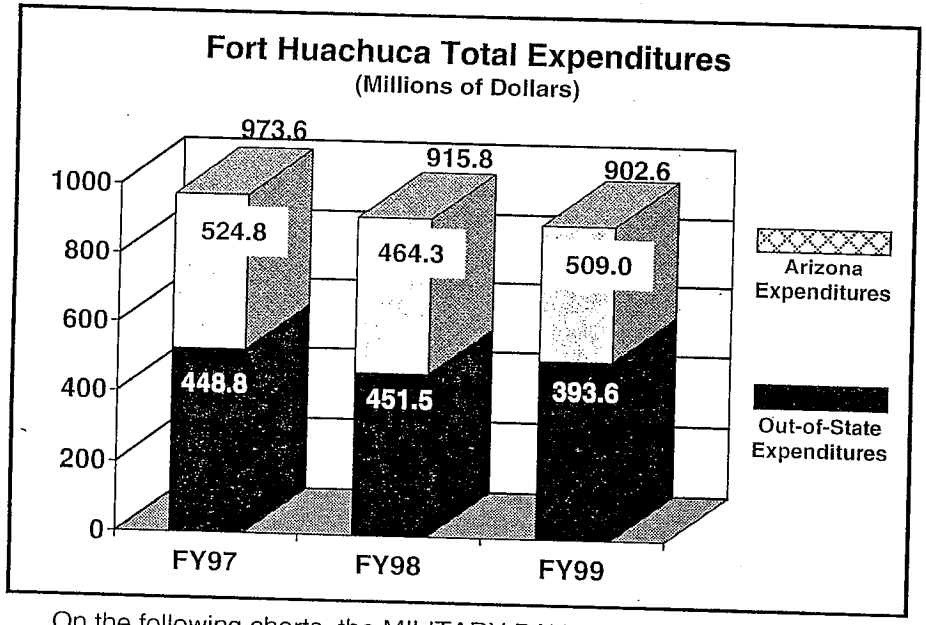
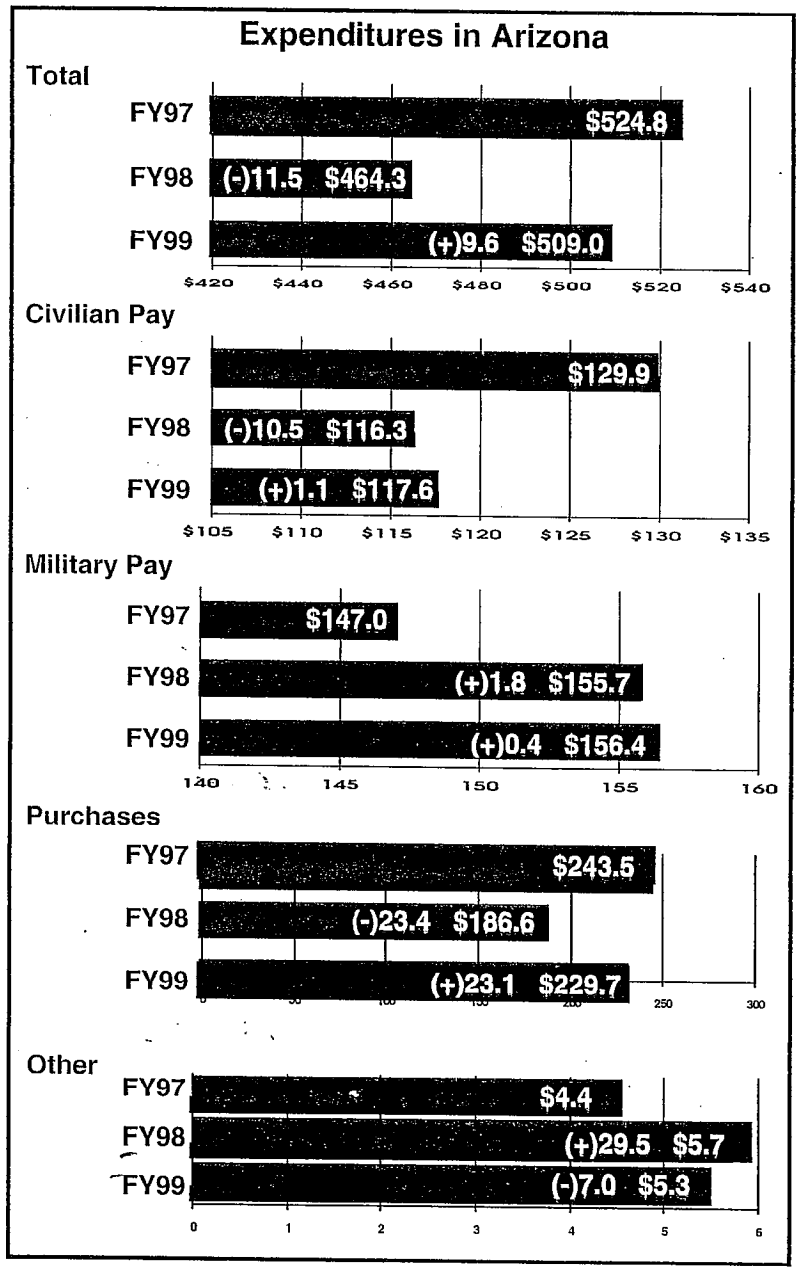
EXPENDITURES

There has been a steady decline in Fort Huachuca's total expenditures over the past few years



On the following charts, the MILITARY PAY category includes the $6.85 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 $4.47 million in impact funds to Arizona school districts for military and DOD civilian children attending schools in the area; $.54 million for damage claims processed through the Office of the Staff Judge Advocate; and $.29 million for Army Emergency Relief grants and loans.

Note: Prior year data on pages 10-15 has not been adjusted for inflation.



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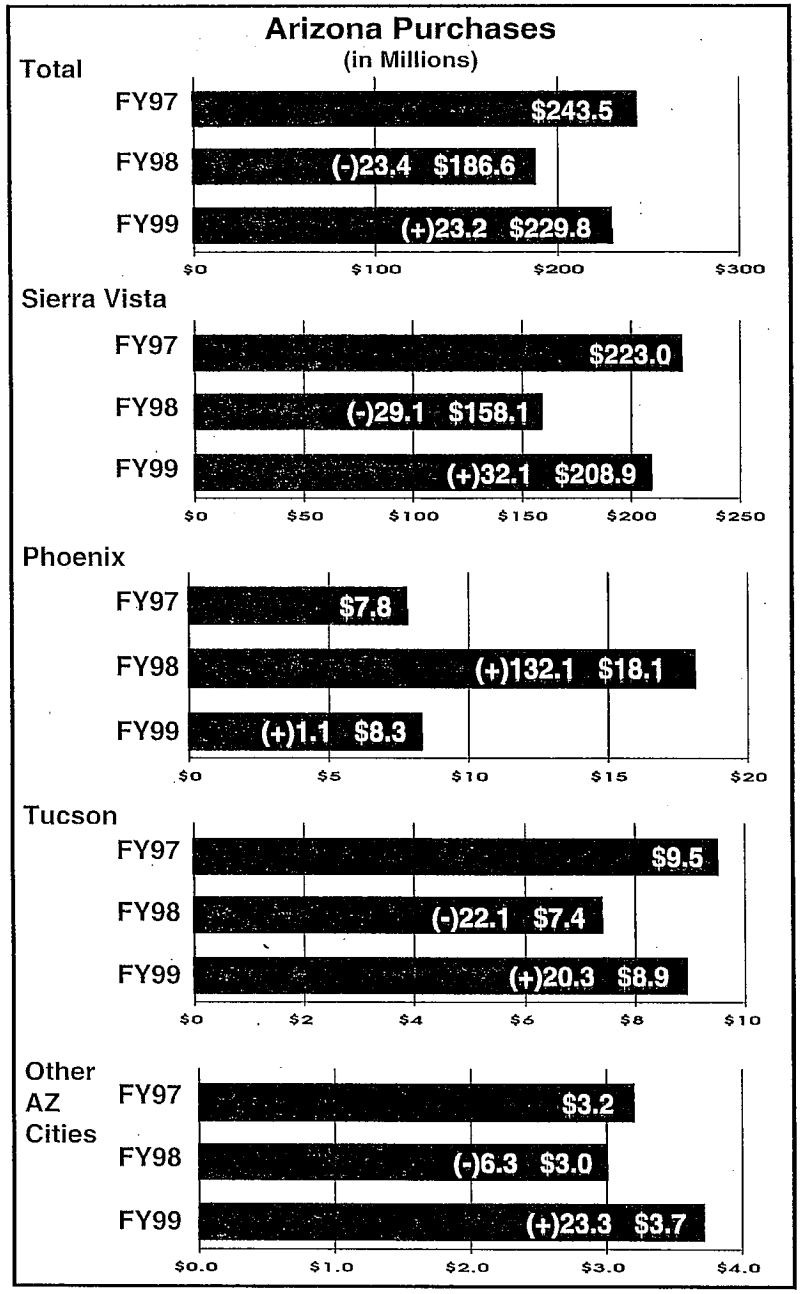

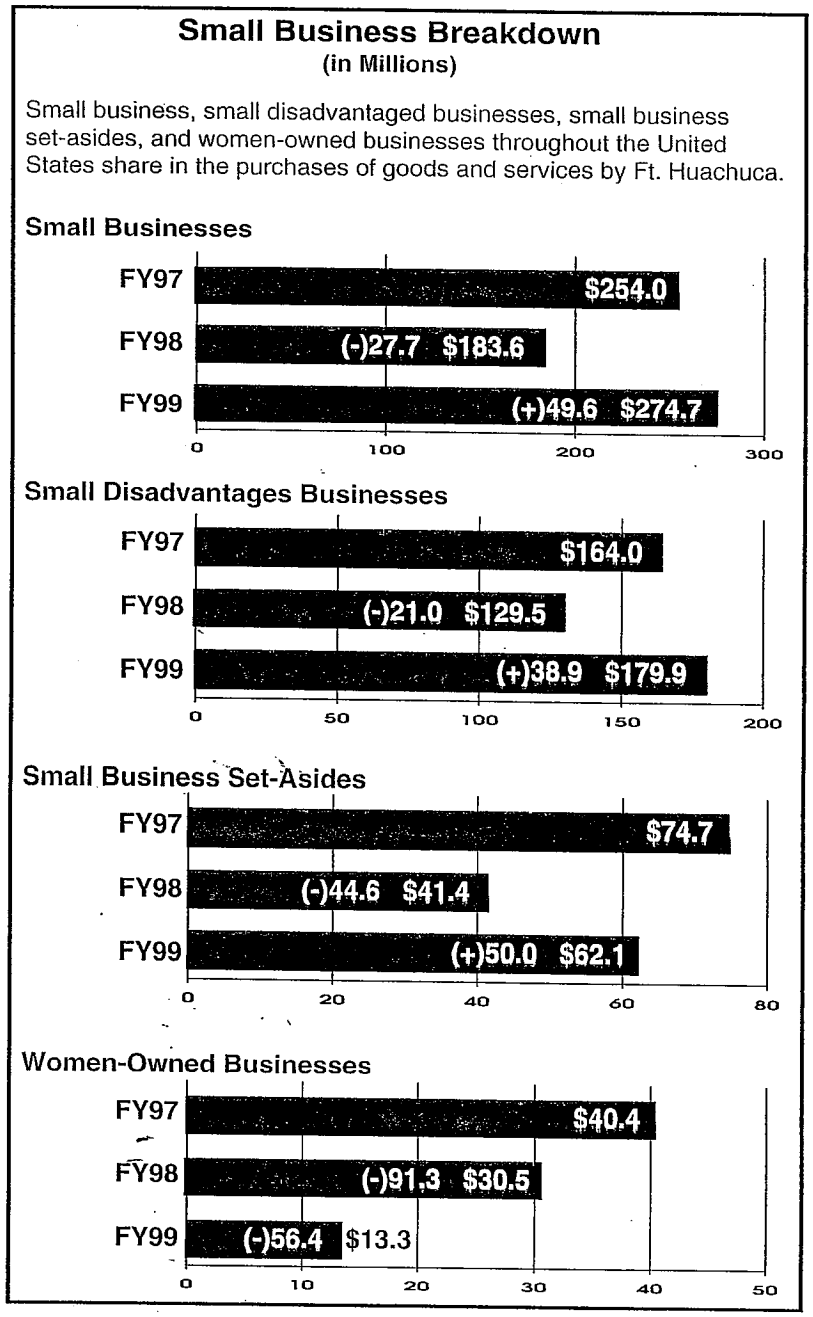

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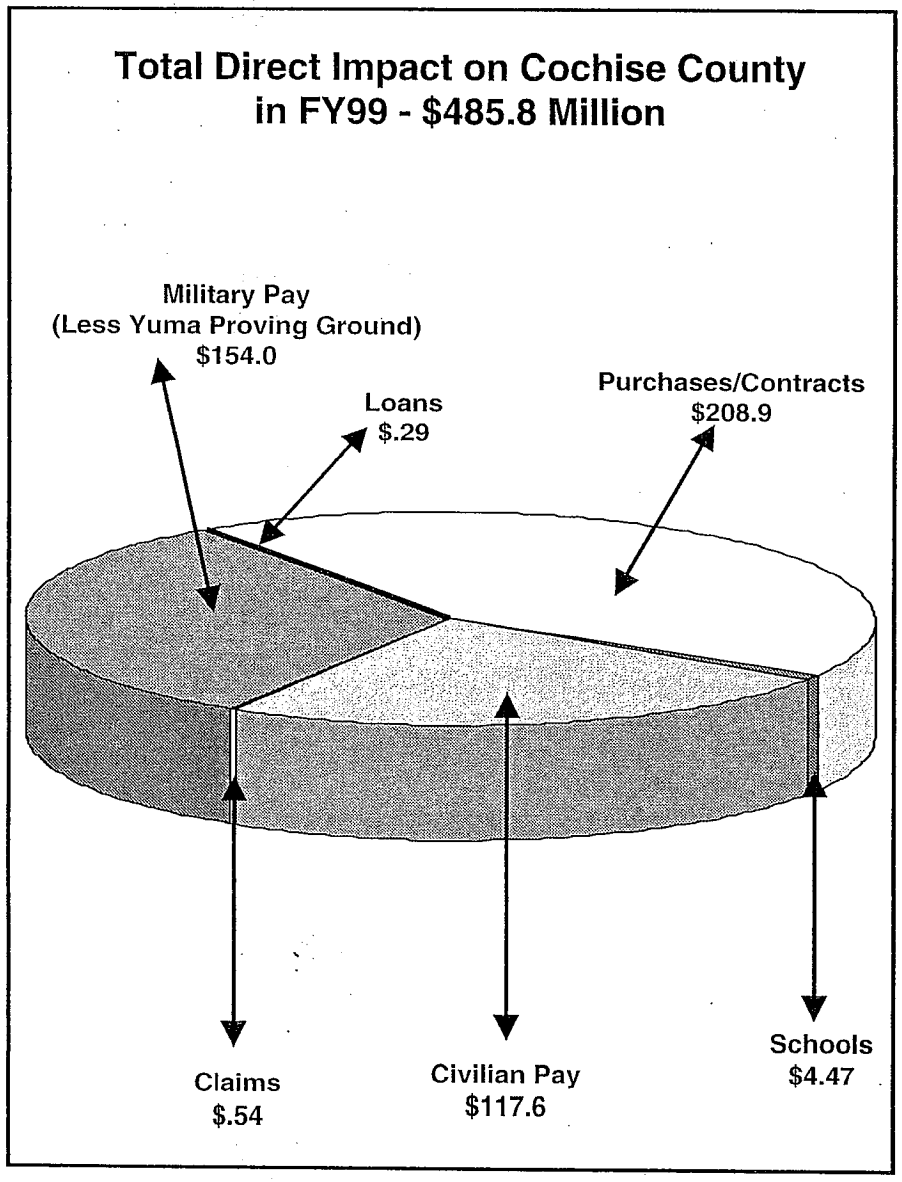

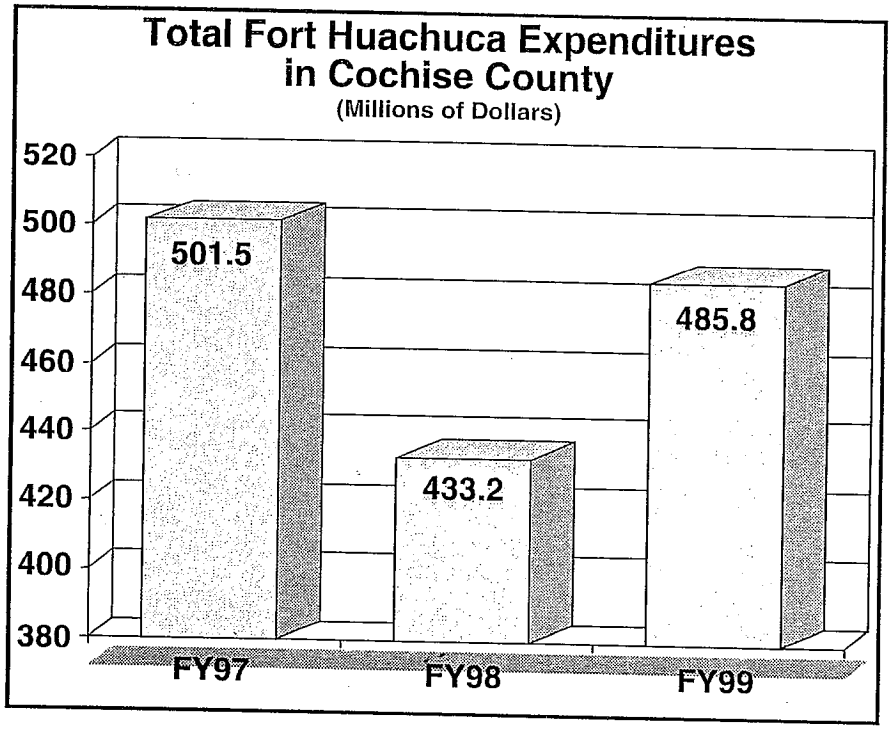

Fort Huachuca's contribution to the Cochise County economy is reflected in the above graph. In FY99, Fort Huachuca spent $485.8 million in Cochise County, which is an increase of 12.1 percent, or $52.6 million, from the previous year's expenditures.

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 $485.8 million expended in Cochise County alone. The extended impact of those Fort Huachuca expenditures totals $818.1 million for Cochise County and $1,802.3 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 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.

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FY 00 OUTLOOK

Fort Huachuca will continue to exert a positive economic influence on the local, regional, and state economy of Arizona. However, while DOD is expected to continue the downsizing process, Fort Huachuca's budget and staffing appear to be leveling off. The net effect of this trend is projected to continue throughout FY00 and FY01.

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