

Annual Economic Impact Statement



**October 1, 2001-September 30 2002
Fort Huachuca, Arizona**

Table of Content

INTRODUCTION.....	1
POPULATION	2
Military Population	3
Noonday Population	3
HOUSING	4
Military Off-Post Residency	4
WORKFORCE	4
Fort Huachuca Workforce	5
DEPENDENT EDUCATION.....	6
Distribution of Federal Impact Funds..	6
ARMY RETIREES	7
DOD CIVILIAN RETIREES.....	7
RESERVE COMPONENTS	7
ENVIRONMENT	8
DISBURSEMENTS.....	9
PURCHASES	9
EXPENDITURES	10
Fort Huachuca Total Expenditures.....	10
Expenditures in Arizona.....	11
Arizona Purchases.....	12
Small Business Breakdown	13
Total Direct Impact on Cochise County	14
Total Ft. Huachuca Expenditures in Cochise County	15
FY 03 OUTLOOK	16

NOTE: Multipliers used in this Fiscal Year (FY) 2002 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 (a 0.5 increase over the basic staffing/budget levels).

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

October 1, 2001 - September 30, 2002

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 11,786 military, civilian, and contractor employees and military students. An additional 236 contractors work in support of Fort Huachuca off post. In Cochise County, 34.8 percent of the employment is directly related to the presence of Fort Huachuca.

During FY 02, Fort Huachuca's budget remained relatively stable. However, during FY 02 the overall employee population decreased slightly. While the post experienced a loss in assigned military personnel, this was offset by an increase in contractor personnel.

This impact statement provides a profile of Fort Huachuca for FY 02 (October 1, 2001 through September 30, 2002) 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's population area grew slightly from 38,740 to 40,415 during FY 02.

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.

POPULATION

From a high of over 13,000 in FY 94, Fort Huachuca's employee population is now 11,786 assigned military, military students, 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. Just under 5% of Fort Huachuca's employees live outside the Sierra Vista subwatershed area.

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 2000 census average household size of 2.48. The individual would then account for 3.48 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

	Sep 00	Sep 01	Sep 02
Military Assigned			
Living on post	5,585	4,840	3,573
Living off post	1,498	1,884	1,488
TOTAL	7,083	6,724	5,061
Military Family Members			
Living on post	4,143	4,151	3,598
Living off post	1,896	1,895	2,183
TOTAL	6,039	6,046	5,781
Military and Family Members			
Living on post	9,728	8,991	7,171
Living off post	3,394	2,779	3,671
TOTAL	13,122	11,770	10,842

NOONDAY POPULATION

	Sep 00	Sep 01	Sep 02
Military Assigned	4,219	4,066	3,673
Avg. Student Load	1,897	2,214	2,062
Military Family Members (living on post)	4,143	4,151	3,598
DoD Civilians	2,367	2,432	2,614
Other Civilians*	1,925	3,149	3,473
TOTAL	14,551	16,012	15,420

*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.

HOUSING

There are 1,553 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 3,151 troop billeting spaces. Some former troop billeting and transient billeting spaces were reduced when Fort Huachuca finished demolishing World War II wooden buildings in FY 2000.

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

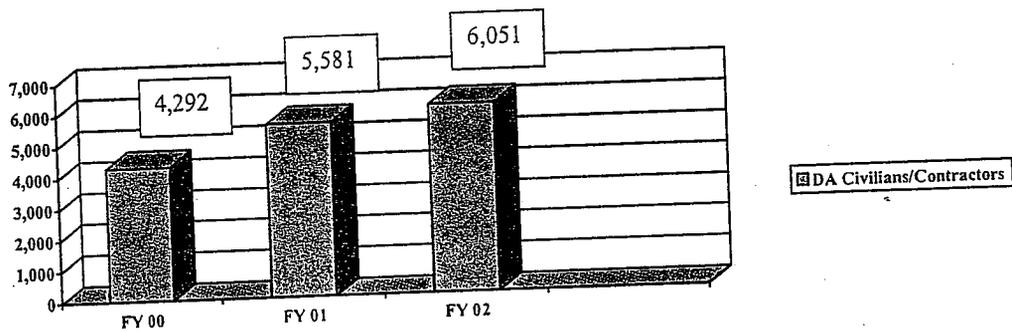
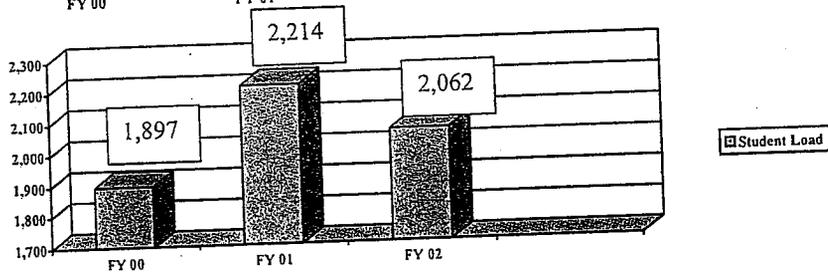
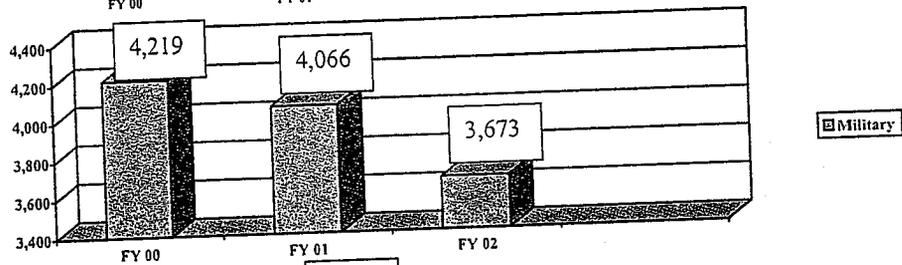
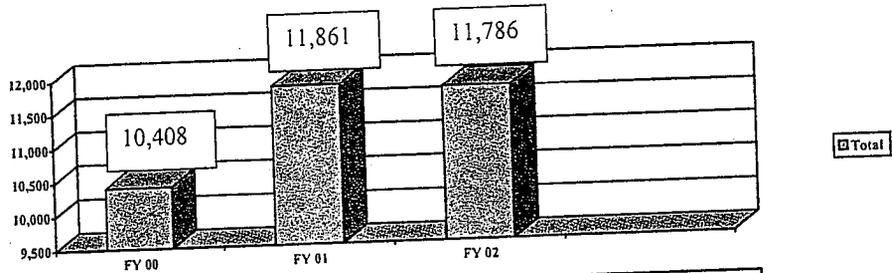
	Sep 00	Sep 01	Sep 02
Own Home	158	39	230
Rent Home	613	308	685
Own Manufactured Home	1	0	30
Rent Manufactured Home	10	6	6
Rent Apartment	716	1,239	895
TOTAL	1,498	1,592	1,846

WORKFORCE

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

Fort Huachuca provides 12,022 jobs in Cochise County. This consists of 11,786 directly employed and 236 contractors employed off post.

**Fort Huachuca
Workforce**



DEPENDENT EDUCATION

There are 1,350 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 208 children who live on post and attend public schools in Sierra Vista attend the high school.

In addition to the 208 children living on post and attending Sierra Vista schools, there are 616 students whose parents are military personnel living off post, and there are 1,332 students whose parents are DOD civilian employees.

Federal impact funds in the amount of \$7.4 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 2001-2002.

Distribution of Federal Impact Funds (Funds received in School Year 2001-02)

	Students	Allocations
Fort Huachuca	1,142	\$6,557,290
Sierra Vista	2,156	794,841
Palominas	254	22,552
TOTAL	3,552	\$7,374,683

Impact funds for this school year reflect an increase from the \$7.1 million reported for the 2000-01 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 years.

ARMY RETIREES

There are 4,393 Army retirees who choose to live in the Sierra Vista Subwatershed of the San Pedro River. Of these 3,204 receive retirement pay from the government. There are also 472 survivors of Army retirees in the area. The retirees received \$80.7 million in FY 02 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 2,107 retirees and 527 survivors of DOD civilians choose to live in the Sierra Vista Subwatershed of the San Pedro River. These retirees and survivors received \$53.9 million in FY 02 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 02, 16 RC units trained at Fort Huachuca.

Down from 50,403 RC Mandays in FY 01, there were 46,315 RC Mandays (184 full-time equivalents) used in training at Fort Huachuca in FY 02. 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 20 active Army (full time) and 15 DOD civilian (full time) personnel supporting RC activities.

ENVIRONMENT

While Fort Huachuca has a large economic impact in the region, it continues to offset these impacts in an environmentally responsible manner. Fort Huachuca ended FY 02 by being 8.3 percent below the TRADOC energy goal and 9 percent below the Army and Federal Energy goals. Fort Huachuca also reduced its water consumption by 7.5 percent (42 million gallons) in FY02 from FY 01 levels. The electrical consumption levels of 101,406,400 kilowatt-hours were 0.3 percent higher than FY 01 levels. The electrical cost of \$6.723 million was 0.6 percent higher than FY 01 levels. The natural gas use of 341,932 Million British Thermal Units (MBTU) was 17.7 percent lower than FY01 and the cost of \$2.805 million was 24.5 percent lower than in FY 01. The primary driver for the lower use was a warm winter compared to an average winter the prior year, while market conditions and lower use caused the lower price.

During FY 02, the majority of work was completed on the third task order of the Energy Savings Performance Contract. Work completed in FY 02 included high efficiency lighting retrofits in 33 buildings, daylighting in 21 buildings, two Solarwalls on the main hangars and replacement of the HVAC system and controls at the Post Exchange. Fort Huachuca also restrung the panels at the Holman House Guest House on the five Kilowatt grid connected Photo Voltaic system. The working fluid of the Dish-Sterling solar thermal electric generator was upgraded from helium to hydrogen. A 10 Kilowatt wind turbine was installed on the West Range of the fort.

In FY 02, the Installation Environmental and Natural Resources Division spent approximately \$4.7M on environmental compliance, conservation, restoration and pollution prevention. Fort Huachuca was selected for the 2002 Secretary of the Army's Natural Resources Conservation Award for a large installation. In addition, formal consultation with the U.S. Fish and Wildlife Service was completed when a biological opinion was issued on 23 August 2002. This included a plan to zero-balance the fort's water pumping over the next 10 years, along with other details concerning compliance efforts associated with endangered and threatened species.

Water and other conservation efforts continued during the year. Projects included construction of an effluent aquifer recharge project, installation of additional water conservation technology and continuation of the Water Wise Energy Smart conservation education program. Fort Huachuca FY 02 water pumping was about 130 acre feet less than in FY 01, due to conservation efforts throughout the fort. Other conservation efforts included historic adobe rehabilitation, big game hunts, endangered species management plans and fire management planning.

Two consultation conferences were held with the fort-affiliated Native Peoples tribal representatives. Several concerns were resolved and Fort Huachuca continues to establish a spirit of cooperation. Native People once again gathered acorns for traditional ceremonial uses from the oak grove near the Old Post. Five archeological surveys were performed. Two surveys complemented the East Range Watershed Improvement Plan, one documented sites exposed as a result of the Ryan Fire and two sites were cleared for training mission requirements.

Consultation with the Arizona State Historic Preservation Officer included completion of the Army Family Housing Project and implementation of these related tasks: (1) a watershed study of the National Historic Landmark District (NHL) and (2) a landscaping plan to screen the NHL from new housing. The Salvador Sepulveda Historic Interpretation Facility was repaired and a concept plan for the interpretive center was drafted.

In FY 02, Fort Huachuca continued to work closely with the Upper San Pedro Partnership, consisting of 20 state, local and federal organizations and land management agencies focused on sustainable water resources management. Several projects were awarded by the Partnership during the year. A list of Partnership member conservation projects was compiled. Over 80 water conservation or management projects are either on-going or have been completed by the Partnership member agencies.

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.

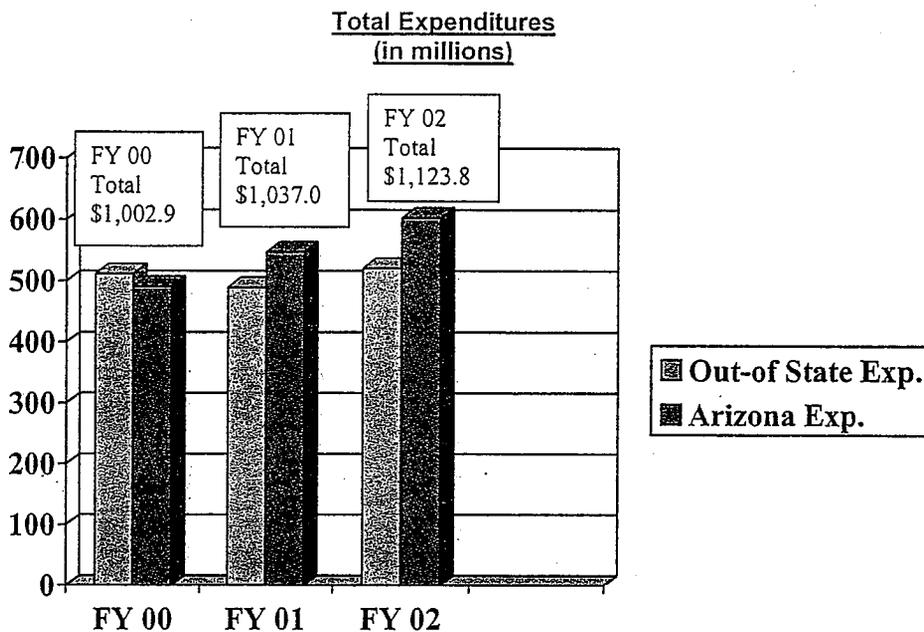
Fort Huachuca expended \$1,123.8 million in FY02 when pay and other categories of expenditures are added to goods and services; 53.7 percent (\$603.0 million) was expended in Arizona. Overall expenditures by the post show a increase of \$86.8 million from the previous fiscal year while expenditures in Arizona reflect a \$55.5 million increase from FY01.

PURCHASES

Fort Huachuca expended \$274.1 million for the purchase of goods and services in the state during FY02. Fort Huachuca's purchases outside Arizona amounted to \$520.8 million, a 6.4 percent increase from the \$489.5 million in FY 01.

Expenditures

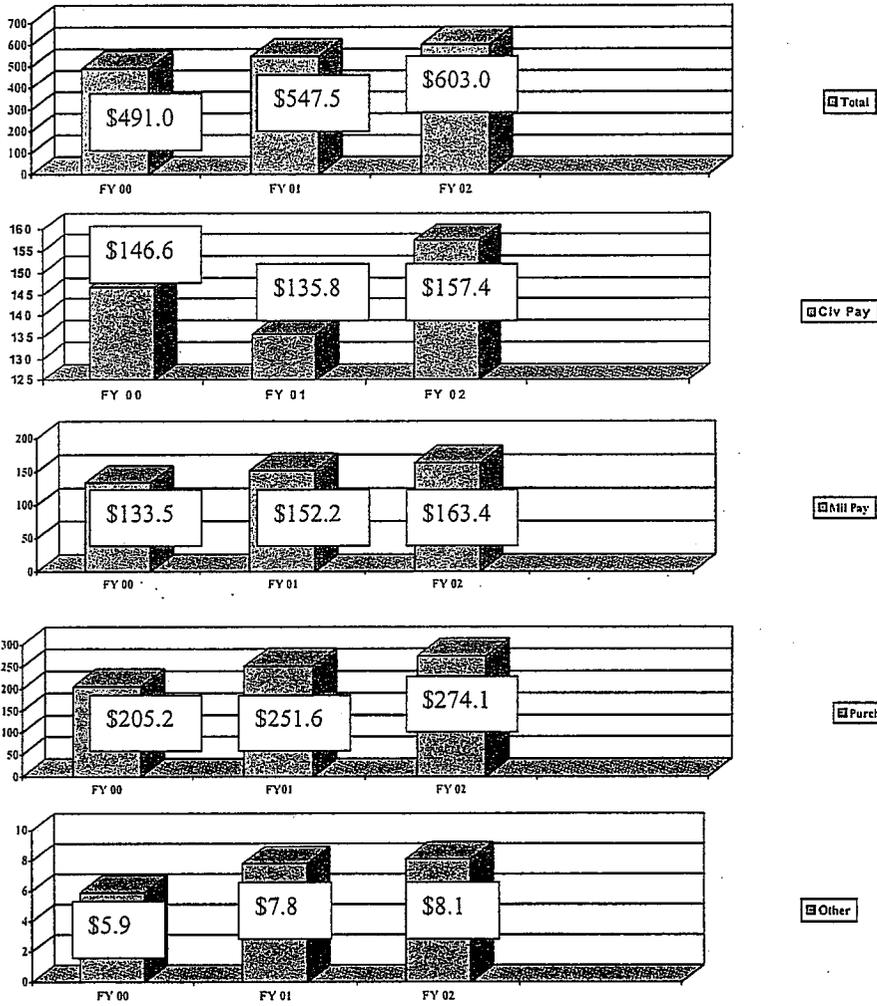
There has been a steady increase in Fort Huachuca's total expenditures over the past few years, which has continued in FY 02, for a total of \$1,123.8 million.



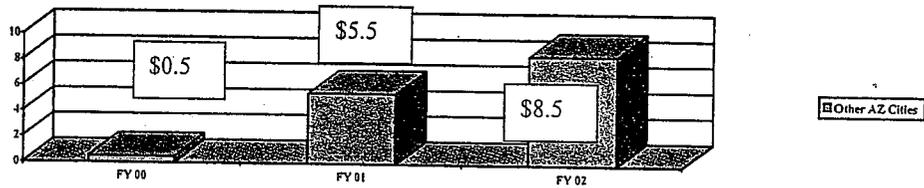
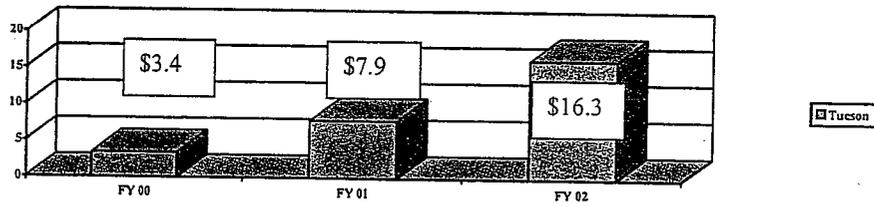
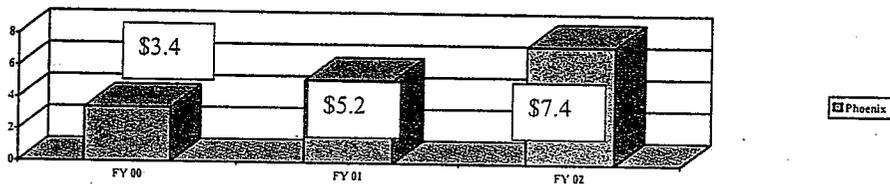
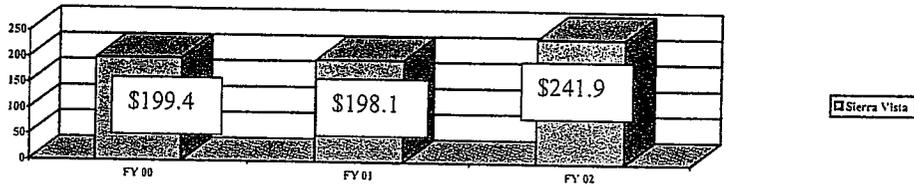
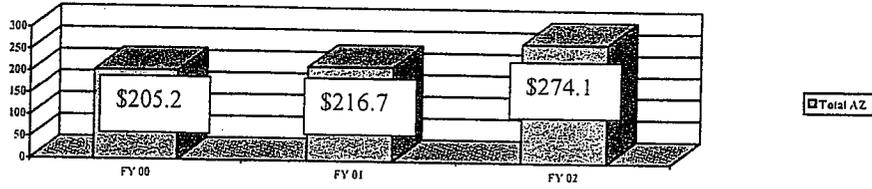
On the following charts, the MILITARY PAY category includes the \$1.1 million payroll for Yuma Proving Ground, which is serviced by the Fort Huachuca Defense Accounting Office. The PURCHASES category is the purchase of goods and services. The OTHER category includes \$7.4 million in impact funds to Arizona school districts for the military and DoD civilian children attending schools in the area; \$.42 million for damage claims processed through the Office of the Staff Judge Advocate; and \$.30 million for Army Emergency Relief grants and loans.

Note: Prior year data on pages 9-15 has not been adjusted for inflation.

Expenditures in Arizona
(in Millions)

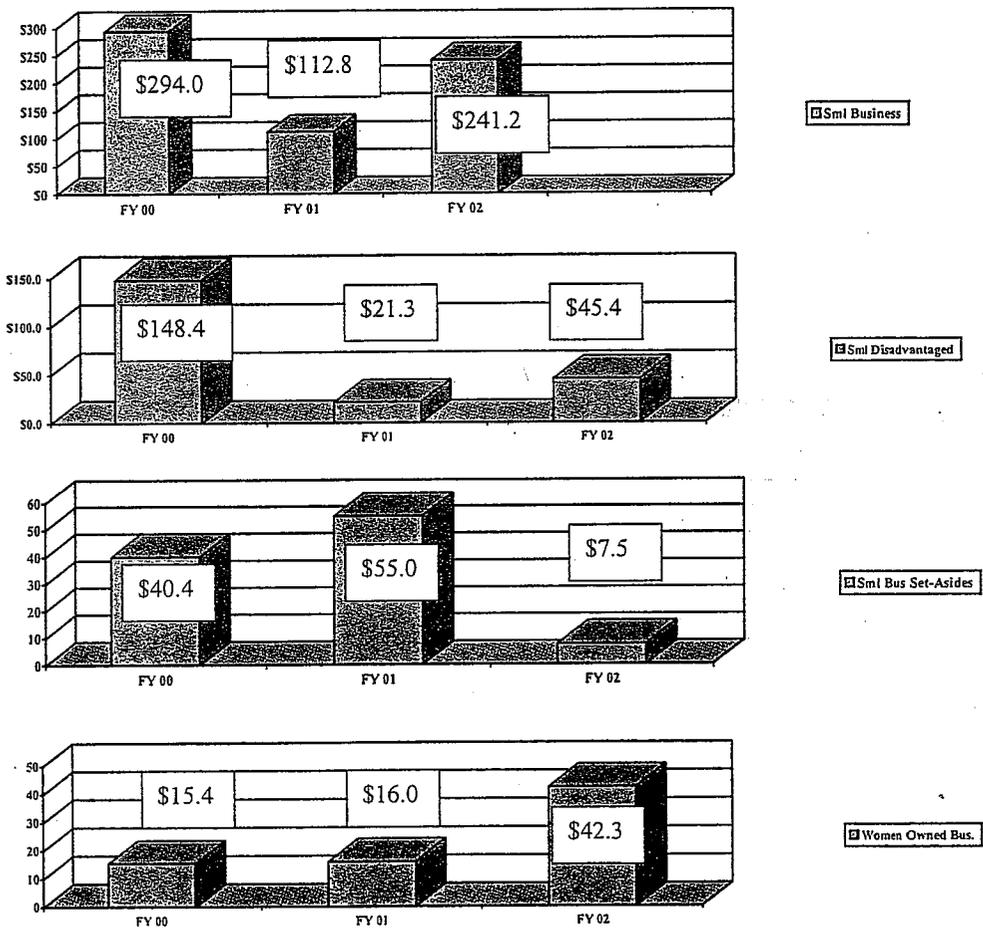


Arizona Purchases
(in Millions)

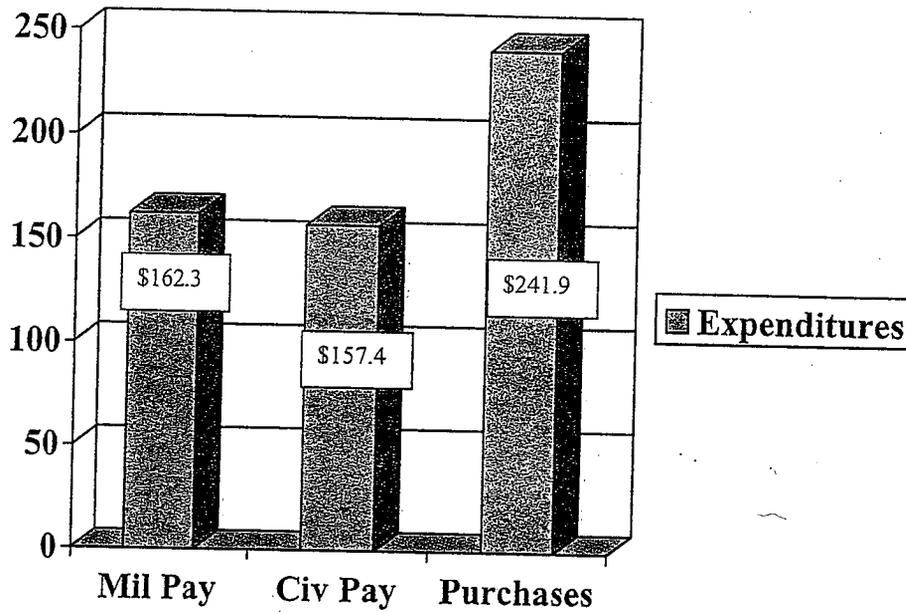


Small Business Breakdown
(in Millions)

Small Business throughout the United States shares in the purchases of goods and services by Fort Huachuca.



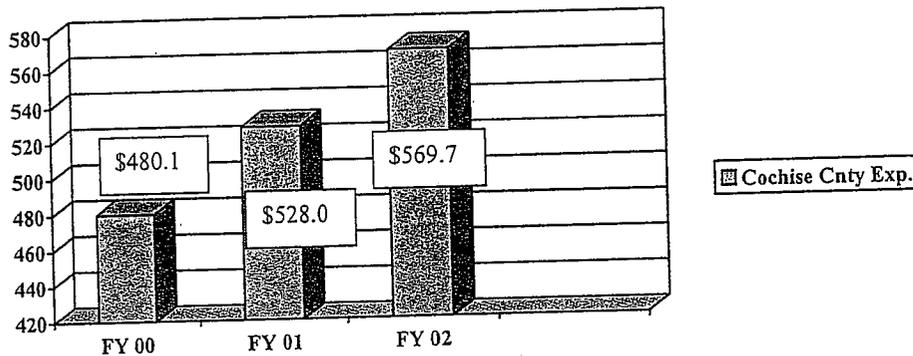
**Total Direct Impact on Cochise County
In FY 02
\$569.7 Million**



*Note: The Military Pay totals for Cochise County do not include Yuma Proving Ground Payrolls.

*Note: The above chart does not include the \$8.13 million expended for School Impact funds, Personal Property Claims and Army Emergency Relief loans and grants.

**Total Fort Huachuca Expenditures
In Cochise County
(in Millions)**



Fort Huachuca's contribution to the Cochise County economy is reflected in the above graph. In FY02, Fort Huachuca spent \$569.7 million in Cochise County, which is an increase of 7.9 percent, or \$41.7 million, from the previous year's expenditures.

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.

FY 03 OUTLOOK

Fort Huachuca will continue to exert a positive economic influence on the local, regional, and state economy of Arizona. While Fort Huachuca's Budget and Permanent staffing levels are projected to be fairly stable, the number of TDY Military Students is expected to increase in the future. The net effect of this trend is projected to continue throughout FY03 and FY04.