

Fiscal Year 2013 Fort Drum Economic Impact Statement



October 1, 2012—September 30, 2013



Fort Drum Fiscal Year 2013 Economic Impact



Plans, Analysis, and Integration Office
Building P-10,000
10th Mountain Division (LI) Drive
Fort Drum, NY13602

Executive Summary	3-4
Fort Drum Leadership	5
Economic Impact Statement Welcome	6
Employment and Payrolls	7
Retirees and Survivors	7
Fort Drum Mountain Community Homes	8
Domestic Leases	9
Non Appropriated Funded Contracts	9
U.S. Army Corp of Engineers	9
Contracting	10
Centrally Funded Contracts	10
Fort Drum Medical	11
Fort Drum Dental	12
Fort Drum Education	13
Federal Impact Aid	13-14
Army Compatible Use Buffer Program (ACUB)	14
Economic Impact by Category	15
Cumulative Economic Impact	16
Fort Drum Population Key Tenant Organizations	17
Fort Drum Trends and Capital Assets	18
Fort Drum Real Property	19
Fort Drum Economic Forecast	20

Fort Drum ~ Home of America's Light Infantry Division

Fort Drum's positive direct economic impact upon its surrounding community exceeded \$1.4 billion for Fiscal Year (FY) 13. A slight decrease from FY12. Fort Drum has over 37,000 Soldiers and Family members. In addition, there are 3,895 Civilians working on the installation in support of 10th Mountain Division (LI) Soldiers and Families. Finally, there are over 39,000 military retirees living within New York State; 2,615 within the North Country.

Fort Drum reports 15 categories of spending each year.

This report provides brief explanations of each category and the total economic impact amount to Fort Drum's surrounding community. Fort Drum has collected and reported economic impact data since FY88. The total cumulative investment to date is over \$19 billion.

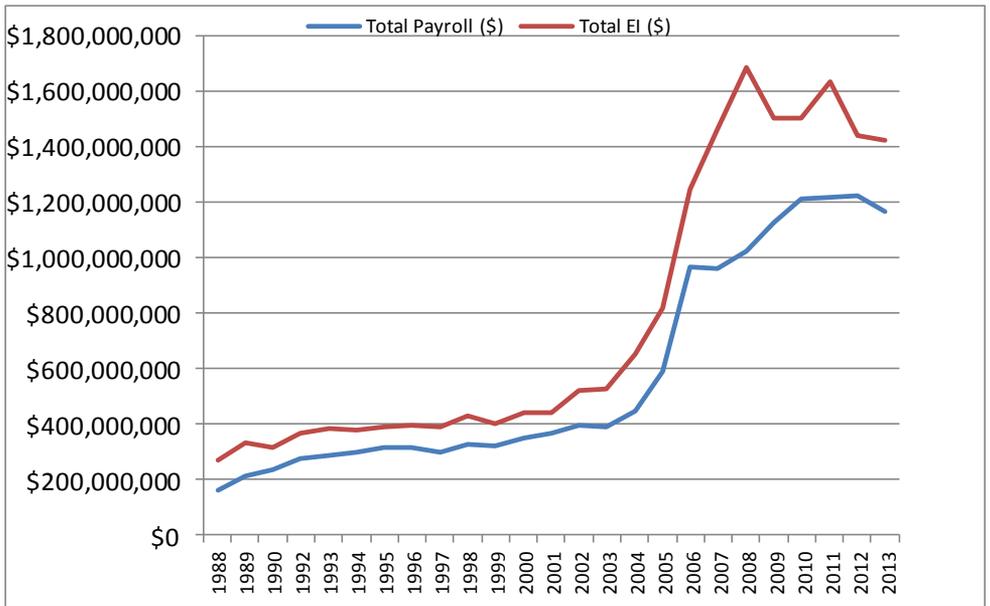


Table 1.0 Total Economic Impact and Payroll

Fort Drum ~ Home of America's Light Infantry Division

Fort Drum's total military (Soldier) and civilian workforce population has increased 50% since 2003; the economic impact on the surrounding community has increased by over 172% during the same time frame going from \$529 million to over \$1.4 billion based on data collected. Fort Drum's growth has positively contributed to the development of new businesses, industries and markets. Indirect or induced impacts are not calculated in this model. Additionally, this growth has stimulated the local economy and enriched the lives of many in the local area.

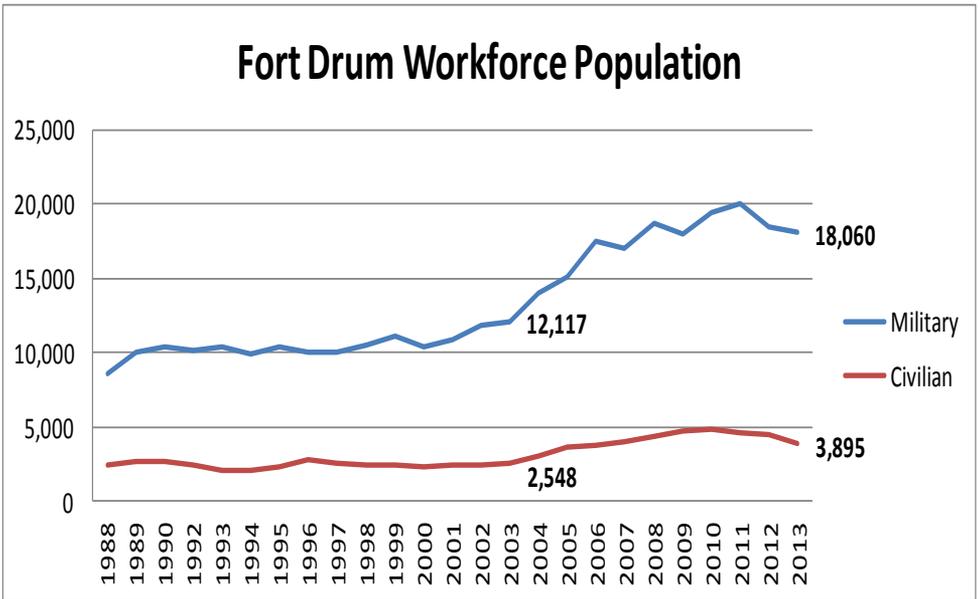


Figure 1.2 Fort Drum Population Growth

10th Mountain and Fort Drum Leadership



MG Stephen J. Townsend
Commander
10th Mountain Division (LI) and
Fort Drum



CSM Rodney "Ray" Lewis
Command Sergeant Major
10th Mountain Division (LI)



COL Gary A. Rosenberg
Fort Drum Garrison
Commander



CSM Thomas W. Geddings
Fort Drum Garrison
Command Sergeant Major



Fort Drum's

Economic Impact Statement

*Pursuing perfection and attaining
excellence everyday.*

Welcome to the FY13 Fort Drum Economic Impact Statement. FY13 proved to be a demanding year with fiscal constraints, budget cuts, restructuring, and furloughs. Despite this fact, the garrison continued to excel at providing installation management performance excellence in building a quality environment with outstanding facilities and superior services. The installation workforce is proud to serve the most deployed division in the United States Army—the 10th Mountain Division (LI)—and it shows through our history of excellence in individual innovation, dedication to efficiency, effectiveness, and customer care.

Fort Drum is proud to be a part of what makes the North Country a great place to live and work and is fortunate to receive phenomenal support from its North Country neighbors. Our local state, county, town, and other civic leaders provide outstanding support to the installation. Our state, county, town and local civic leaders and organizations provide exceptional community support to the installation, Soldiers and their Families.

Enjoy this year's Economic Impact Statement.



Payrolls
(Military, Civilian, and
Retiree)
\$1.16 Billion

Fort Drum is the largest employer in Northern New York with 18,060 Soldiers and 3,895 Civilians (including contractors) working on or near the installation. Military and Civilian payrolls (including tenants and contractors) totaled \$937,524,595.10 and \$176,409,279.84 respectively.

Military pay includes basic pay and allowances, special pay, incentive pay, and bonus pay for all Soldiers assigned to the Fort Drum area. Basic pay and allowances may include items such as Basic Allowance for Housing (BAH), Basic Allowance for Subsistence (BAS), Cost of Living Allowance (COLA), Clothing Monetary Allowances, Family Separation Allowance (FSA), Temporary Lodging Allowance (TLA) and Temporary Lodging Expense (TLE). Special pay may include items such as Medical, Dental, or Veterinary Pay, Special Duty Assignment Pay, Hardship Duty Pay, Hostile Fire and Imminent Danger Pay. Incentive pay may include items such as Aviation Career Incentive Pay, Flight Crew Pay and Non-Crew member, Parachute Pay and Demolition Duty. Bonus pay may include items such as Enlistment and Reenlistment Bonuses.

According to the DoD Office of the Actuary, May 2013 Statistical Report on the Military Retirement System, there are 2,615 retirees from all branches of service living within the 136XX zip code that receive a total of \$4,355,000 a month, or \$52,260,000 per year, that flows directly into our local economy.



In addition to military retirees, there are 260 retiree survivors in the 136xx zip code that receive a total of \$171,000 per month or \$2,052,000 per year.

Total military, Civilian, contractor, and retiree payroll for FY13 was \$1,168,245,874.94.

Fort Drum Mountain
Community
Homes (FDMCH)
\$34.09 Million

Fort Drum Mountain Community Homes (FDMCH), LLC is the Residential Communities Initiative (RCI) project on Fort Drum. FDMCH is a partnership

between Lend Lease and the Army and was created to improve Soldier retention and readiness through the development of world-class, high-quality residential communities for military Families. The fifty-year partnership commenced in 2005 and included the renovation of 2,270 legacy homes and the construction of 1,565 new EnergyStar® certified three, four, and five bedroom homes. Additionally, the master-planned development included construction of four state-of-the-art community centers featuring fitness centers, meeting spaces, indoor playgrounds, and outside amenities such as splash parks, skate parks, pitch-n-putt greens, playgrounds, and two canine-friendly, leash-free "Bark Parks." Destination playgrounds are located throughout each community and an expansive trail network connects the neighborhoods with other Fort Drum amenities.

In addition to Family housing, FDMCH operates The Timbers, a state-of-the-art, 192 unit EnergyStar® certified apartment complex for single and unaccompanied Soldiers (Staff Sergeant and above ranks) that truly represents a sense of community that FDMCH and Lend Lease intended to create. The Timbers Lodge, an impressive Leadership in Energy and Environmental Design (LEED®) certified facility, is the community center for The Timbers and includes a billiards room, high-tech audio/visual equipment, theater room equipped with cable and satellite, a full-size kitchen and a great room where Soldiers can relax. Along with the leasing offices for The Timbers, the Timbers Lodge has meeting rooms available both to staff and residents.



Fort Drum Domestic Lease
Program
\$415.94 Thousand

The Army approved Domestic Lease housing (DLs) for Fort Drum in 2005 as a bridging strategy in order to provide additional Family housing for Soldiers until the housing market responded and

built more rental units. The leasing program, authorized by Title 10 United States Code 2828, provides for the payment of rent, operating, and maintenance costs of privately owned houses, not normally available to military Families, as government quarters. DLs also include services such as utilities, refuse collection, and maintenance when these services are not part of the lease contract. By law, DLs must be terminated when enough affordable, adequate rental product is available in the housing market. As more new rental housing is available on and off post, the demand for this program has reduced from a high of over 200 leases to the current level of 2 leases. With more than 1,100 new market rental units in production or delivered in 2012, 2013 and 2014, the remaining leases will expire through attrition as Families move out. This program will be terminated at Fort Drum by the end of 2014.

Non-Appropriated Fund
(NAF) Contacts
\$1.01 Million

Non-appropriated Fund (NAF) activities spent \$1,012,799.81 locally in FY13. The NAF activities include, but are not limited to: self-help construction supplies and equipment, decorations, furniture, small renovation projects, bedding, linens,

washers, dryers, propane, gas, oil, tools, lawn maintenance equipment and supplies, uniform contracts, office supplies and equipment, advertising, package delivery services and sports officials.

U.S. Army Corps of
Engineers (USACE)
\$86.99 Million

The U.S. Army Corps of Engineers (USACE) awarded construction contracts totaling \$86,994,968 for work at Fort Drum. The USACE mission is to provide vital public engineering services in peace and war to strengthen our nation's security,

energize the economy, and reduce risks from disasters. The Corps has many guidelines when awarding construction contracts to include maximizing small business participation. All projects this year were awarded to local certified small businesses via the New York District Small Business Multiple Award Task Order Contract or through the federal acquisition process. The program helps foster the long-term growth of small businesses, helping to empower communities, create jobs, and attract private investment.

Fort Drum Contracting
\$16.76 Million

Fort Drum is a major customer for construction companies and suppliers of goods and services in Northern New York.

Mission and Installation Contracting Command (MICC) Fort Drum awarded 269 construction contracts worth

\$32,411,871. Companies located in the tri-county area received 62 of those contracts worth \$2,614,974.44. The MICC at Fort Drum also awarded a total of 921 supply and service contracts worth \$30,834,578. Of those, businesses in the tri-county area received 289 supply and service contracts worth \$10,191,096. Purchases of supplies using government credit cards are limited to transactions under \$3,000 each, yet government purchase card holders made 6,102 transactions, totaling \$3,957,089.59. Contracts not processed through Corps of Engineers or MICC are centrally funded by other organizations and totaled \$22,658,014 during the FY.

Top Ten Tri-County Contractors	
Jefferson County Rehabilitation Center Inc	\$6,956,231
Vetco Contracting Services LLC	\$1,734,142
Marzeg of Jefferson County Inc	\$1,549,525
North Operations and Maintenance Inc	\$957,487
Alutiiq Diversified Services Inc	\$910,621
Guilfoyle Ambulance Service Inc	\$639,976
Ferrell Gas LP	\$341,590
Liberty Quality Cleaning Services	\$284,294
Victim's Assistance Center of Jefferson County	\$179,956
Frank Cota	\$51,045

Fort Drum Medical Services
\$29.22 Million

The United States Army Medical Department Activity (MEDDAC) provides a comprehensive managed care program to Soldiers and their Families.

The MEDDAC is comprised of many different sections located in various buildings throughout Fort Drum. Connor Troop Medical Clinic provides primary medical care for active duty Soldiers. Primary care and specialty care are available at the Guthrie Ambulatory Health Care Clinic for Family members, retirees, and a small number of active duty beneficiaries. In-house specialties include Family Medicine and Pediatrics, Dermatology, Podiatry, Orthopedics, Physical Therapy, Chiropractic Care, Occupational Therapy, and Immunizations. The off-post MEDDAC clinic in Watertown offers Obstetrics and Gynecology care to Soldiers and their Families. The Behavioral Health Department on South Post includes the Behavioral Health Clinic, Social Work Services and Family Advocacy, and the Traumatic Brain Injury Rehabilitation Program.

On a daily basis, the MEDDAC typically fills 1,300 prescriptions, takes 130 x-rays, processes 650 lab specimens, and has 1,400 clinic visits. The MEDDAC's staff of approximately 840 military, Civilian, and contract personnel work together to support the organization's mission. Health care delivery at Fort Drum is unique in that, although it is a MEDDAC supporting a light infantry division, it has no inpatient capabilities. However, a collaborative effort between local hospitals with the DoD and the Fort Drum MEDDAC support Soldier and Family inpatient care needs, ensure enhanced health care response and support services availability, and result in a strong North Country health care system.

TRICARE is the DoD managed health care program for active duty military and their Families, retirees and their Families, and other beneficiaries. As part of the regional TRICARE contract, the Managed Care Support Contractor is responsible for coordinating health care services off post, as well as maintaining the Civilian provider network within the community by establishing contracts with local health care providers and facilities. Through the dedication of Civilian and military personnel, and coordinated care facilitated by TRICARE partners, the MEDDAC stands ready to provide quality health care to active and retired Soldiers, their Families, and the military community.

The total dollar amount expended in FY13 by the MEDDAC to include supplies, equipment and contracts was \$29,217,771.26. The MEDDAC's Civilian payroll for FY13 was \$38,132,616.58 and is included in the Civilian payroll total for Fort Drum.

Fort Drum Dental Services
\$5.42 Million

The United States Army Dental Activity (DENTAC) is comprised of three dental clinics and is staffed with 114 dedicated officers, enlisted Soldiers, DoD civilians, contract personnel, and

volunteers who provide comprehensive dental care to authorized beneficiaries. Marshall Dental Clinic, a 38-chair facility, underwent a \$2.1 Million infrastructure revitalization in FY11. Stone Dental Clinic, a 24-chair facility, opened its doors October 2009 and was officially memorialized in February 2010. Stone Clinic is currently undergoing a 12-chair addition/alteration project estimated at \$5 Million in response to the ever-increasing dental treatment needs for Soldiers. Projected completion date is March 2015.

Dental care for military beneficiaries is provided at Marshall Dental Clinic, Stone Dental Clinic, and Clark Hall Dental Clinic. The DENTAC seats over 3,794 patients and performs over 15,266 dental procedures on an average monthly basis. A slight decrease from FY12.

Dental care for 3,286 active duty Soldiers was out-sourced to the local Civilian provider network in 2013 utilizing the Oral Health Initiative.

Family members utilize MetLife Dental Insurance, which is the TRICARE Dental Insurance contractor. MetLife has an extensive provider network in the North Country. Retired military beneficiaries can enroll in the Delta Dental Plan for Retirees, which also has a provider network in the surrounding communities. Although not tracked by the DENTAC, the local economy receives a significant amount of pay for services provided to Family members and retirees who utilize MetLife and Delta Dental network providers.

In 2013, the DENTAC spent \$711,214.55 for dental supplies, equipment, and contractors' salaries. An additional \$4,704,536.00 was paid to local Civilian dental practices for services provided for our Soldiers. The DENTAC's Civilian payroll for FY13 was \$2,698,177.49 and is included in the Civilian payroll total for Fort Drum.

Fort Drum Tuition
Assistance & Centralized
Education
\$1.52 Million

In FY13, over 3,000 Fort Drum Soldiers, whether deployed or at home station, enrolled in some 9,400 courses with a 77% success rate; of \$5.7M in tuition assistance spent, \$1,515,261.00 went to local colleges and to support educational

contracts. **GoArmyEd**, the Army's virtual education system, continues to allow Soldiers to obtain tuition assistance for both traditional residential and online courses and allows college partners to create and update dynamic degree plans. **GoArmyEd** supports over 400 partner schools with up-front tuition assistance, program counseling, enrollment, and payment functions.

Fort Drum
Federal Impact Aid
\$48.61 Million

Many local school districts across the United States include within their boundaries parcels of land that are owned by the federal government or that have been removed from the local tax rolls by the federal government.

These school districts face the distinct challenge of providing a quality education with a reduced property-tax revenue base due to federal exemptions.

In response, Congress has provided financial assistance to these local school districts through the Impact Aid Program since 1950. Impact Aid assists local school districts that have lost property tax revenue due to the presence of tax-exempt federal property or that have experienced increased expenditures due to the enrollment of federally connected children. The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965 [ESEA]) provides assistance to local school districts with concentrations of children residing on or off of military bases such as Fort Drum.

HOW DO SCHOOL DISTRICTS USE IMPACT AID?

Most Impact Aid funds, except for the additional payments for children with disabilities and construction payments, are considered general aid to the recipient school districts. School districts may use the funds in whatever manner they choose in accordance with their local and state requirements. Most recipients use these funds for current expenditures but may also use the funds for other purposes such as capital expenditures. School districts use Impact Aid for a wide variety of expenses including: teacher and teacher-aid salaries, textbooks, computers, after-school programs and remedial tutoring, advanced placement classes, and special enrichment programs. Payments for children with disabilities must be used for the extra costs of educating children with disabilities.

Army Compatible Use
Buffer (ACUB) Program
\$1.75 Million

The Army Compatible Use Buffer (ACUB) program is an integral component of the Army's sustainability triple bottom line: mission, environment, and community. The program is an innovative tool used to proactively address

encroachment issues and/or support conservation objectives; the program helps to avoid costly workarounds and prevent negative impacts to training. Title 10, Section 2684a of the United States Code authorizes the DoD to partner with non-federal governments or private organizations to establish buffers around installations. The Army implements this authority through the ACUB program, which is managed jointly at Army Headquarters level by the offices of the Assistant Chief of Staff for Installation Management and the Director of Training.

Fort Drum and its local partners secured five parcels under conservation easement during FY13. The five parcels added 1,529 acres to the existing land-buffer bordering Fort Drum. This buffer helps sustain natural habitats and protects the installation's accessibility, training, and testing capabilities while also supporting the Army's triple bottom line of mission, community, and environment. The total FY13 ACUB economic impact for the community is \$1,755,608.



FY13 Total Economic Impact \$1,416,969,520.64

Total economic impact of a military installation on a geographic area is difficult to calculate. This Economic Impact Statement only reports direct funding that flows into the local economy. Revenues generated by secondary or outflow of military expenditures from the tri-county area have not been estimated, nor have expenditures by the National Guard and Reserve Soldiers who train at Fort Drum. Analysis of the direct expenditures from Fort Drum emphasizes the post's importance to northern New York's economic well-being. Fort Drum's positive financial impact on the community is substantial, totaling \$1,416,969,520.64 for FY13.

FY13 Impact by Category	
Payrolls (military, Civilian, contractor, and retiree)	\$1,168,245,874.94
Contracts Awarded by COE	\$86,994,968.00
Federal Impact Aid	\$48,606,183.32
FDMCH Local Dollars Expended	\$34,086,316.44
Medical Supplies and Services	\$29,217,771.26
Contracts Centrally Funded By Others*	\$22,658,014.29
Contracts Awarded by MICC, Fort Drum	\$16,763,160.03
Dental Supplies and Services	\$5,415,750.55
ACUB Dollars	\$1,766,686.00
Education (Tuition Assistance/Contracts)	\$1,515,261.00
NAF Local Purchases	\$1,012,799.81
Domestic Lease	\$415,936.00
Army & Air Force Exchange Services (AAFES)/Defense Commissary Agency (DECA) Equipment Service & Maintenance *	\$270,799.00
Combined Federal Campaign (CFC) Local Contributions*	0
Veterinary Supplies and Services *	0
Total	1,416,969,520.64

* Category is not covered by a written overview section in the document

Cumulative Financial Impact \$19,762,504,537

Total cumulative financial impact since FY88 is calculated at **\$19,762,505,537**.

Cumulative Financial Impact	
1988	\$271,715,512
1989	\$332,094,861
1990	\$317,301,075
1991	\$371,844,455
1992	\$365,671,927
1993	\$383,470,275
1994	\$377,435,633
1995	\$389,289,789
1996	\$397,281,856
1997	\$392,901,745
1998	\$432,415,785
1999	\$404,863,008
2000	\$441,510,994
2001	\$465,413,254
2002	\$519,853,426
2003	\$529,736,252
2004	\$652,902,907
2005	\$821,377,368
2006	\$1,247,658,930
2007	\$1,463,781,777
2008	\$1,682,987,413
2009	\$1,502,834,542
2010	\$1,505,857,420
2011	\$1,633,341,987
2012	\$1,441,992,825
2013	\$1,416,969,521
Total	\$19,762,504,537

Fort Drum Tenant Organizations

Tactical	Support	Civilian
10 th Mountain Division	Army & Air Force Exchange Service (AAFES)	American Red Cross
102 nd Maintenance CO-NYANG	Defense Commissary Agency (DECA)	AmeriCu Credit Union
62 nd MP Detachment (CID)	US Army Corps of Engineers (USACE)	Fort Drum Thrift Shop
63 rd EOD Battalion	US Army Civilian Human Resource Agency (CHRA)	New York State Department of Motor Vehicles (NYS DMV)
902 nd Military Intelligence Group	US Army Dental Activity (DENTAC)	Key Bank
91 st Military Police Battalion	US Army Legal Service, Trail Defense Service (TDS)	New York State Department of Labor (NYS DOL)
7 th Engineer Battalion	US Army Medical Department Activity (MEDDAC)	NYS Department of Veteran Affairs (VA)
99 th Regional Support Command (ECS-1)	US Army Veterinary Command (VETCOM)	United States Postal Service (USPS)
174 th Attack Wing (NYANG/MQ-9)	Mission & Installation Contracting Command (MICC)	United Services Organization (USO)
US Air Force 20 th Air Support Operation (ASOS)	US Army Network Enterprise Center (NEC)	Fort Drum Mountain Community Homes (FDMCH)
Army Field Support Battalion (AFSBN)	Defense & Accounting Service (DFAS)	
NY MATES-NYARNG	Federal Investigative Services (FIS)	
18 TH Weather Squadron Detachment 1	NCO Academy	
	Missile Defense Agency (MDA)	
	Army Material Command Logistics Readiness Center (AMC-LRC)	



Fort Drum Population Trends

Category	31 December 2003 Population	30 September 2011 Population	30 September 2012 Population	30 September 2013 Population
Soldiers	10,729	19,978	18,416	18,060
Family members	10,590	19,980	20,000	19,151
Total Population	21,319	39,958	38,416	37,211

Source: Fort Drum Post Population (Soldiers) and TRICARE Enrollment (Family members)

Fort Drum Capital Assets

Capital Asset	Quantity	Unit of Measure
Roads	186	Miles
Training Area Roads	246	Miles
Runways/Taxiways/Aprons	1,852,964	Sq Yds
Parking	4,081,794	Sq Yds
Sidewalks	589,987	Sq Yds
Electric Lines	460	Miles
Water Lines	219	Miles
Gas Lines	77	Miles
Sanitary Sewer Lines	116	Miles
Storm Sewer	77	Miles
Fencing	124	Miles
Railroad Lines	13	Miles
Communication Lines	475	Miles
Airfield Lighting	37	Miles
POL Pipelines	1	Miles

Fort Drum Real Property

Real property consists of lands and improvements to land, buildings, and structures, including improvements and additions, and utilities. Real property includes equipment affixed and built into the facility as an integral part of the facility (such as heating systems), but not movable equipment (such as plant equipment).

Building Type	Square Feet
On-Post Family Housing	5,994,128
Troop Bilets	2,940,924
HQ & Unit Supply	2,035,372
Maintenance	2,023,016
Warehouse	1,447,744
Training	857,573
Morale, Welfare and Recreation	573,940
Administrative	438,848
Miscellaneous	408,786
AAFES	283,690
Medical Facilities	249,238
Transient Quarters	222,268
Dining Facilities	161,535
Commissary	90,962
Chapels/Religious	43,457

Economic Forecast

Federal budget constraints will continue to affect the Fort Drum direct economic impact upon the local community.

Recent Army reshape/restructure decisions result in an approximate net loss of 1,500 Soldiers at Drum between now and end of year FY15 and will result in a corresponding and proportionate loss of direct impact. Additional civilian personnel reductions (federal and contract) will likely occur as a result of the Army's reshape/restructure efforts, to what extent is currently unknown.

Currently, there are four Military Construction Army (MCA) projects scheduled to occur from FY14 to FY19 amounting to approximately \$55 million. The Army's focus is shifting to sustaining and/or repurposing existing facilities to meet mission requirements.

Fort Drum will continue to positively and significantly impact the North Country's economy throughout the foreseeable future; Fort Drum Soldiers, Families, and Civilians will remain an integral and vital part of the North Country's economic growth and stability.

