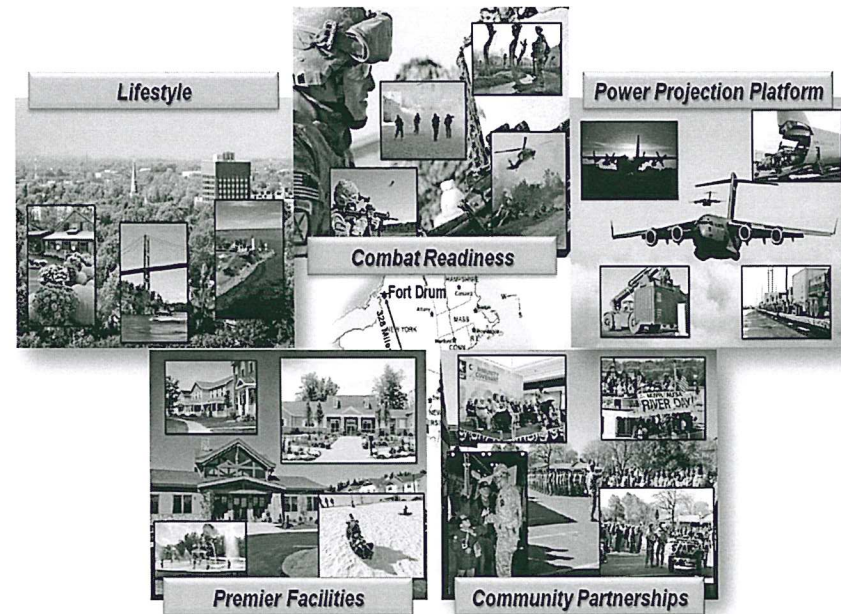


FY 2014

Fort Drum Economic Impact Statement



October 1, 2013—September 30, 2014



**Fort Drum
Fiscal Year 2014
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
Fort Drum Medical	10-11
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	18
Fort Drum Solid Waste and Recycling	19
Fort Drum Economic Forecast	20

Fort Drum ~ Home of America's Light Infantry Division

Executive Summary

Home of America's Light Infantry Division, the 10th Mountain Division (Light Infantry), Fort Drum supports a total population of over 42,000 Soldiers, Airmen, Family Members, and Civilians! In total, there are over 21,000 full time military and civilian jobs associated with Fort Drum spread across the active Army and Air Force components as well as our Reserve and National Guard components. Fort Drum is a Department of the Army (DA) designated Regional Collective Training Center that provides full-spectrum training and base operations support to 11 states and parts of Canada. Each year, Fort Drum provides training support to an additional 30,000 Reserve and National Guard members as well as personnel from other federal, state, and local agencies. Finally, there are over 39,000 military retirees living within New York State, 2,766 of which reside within a short distance to the installation.

Fort Drum's Fiscal Year (FY) 14 positive direct economic impact upon its surrounding community approached \$1.3 billion. This decrease of approximately \$119 million from the previous year is expected as major construction and troop levels driven by 13 years of wartime begin to contract.

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 \$21 billion.

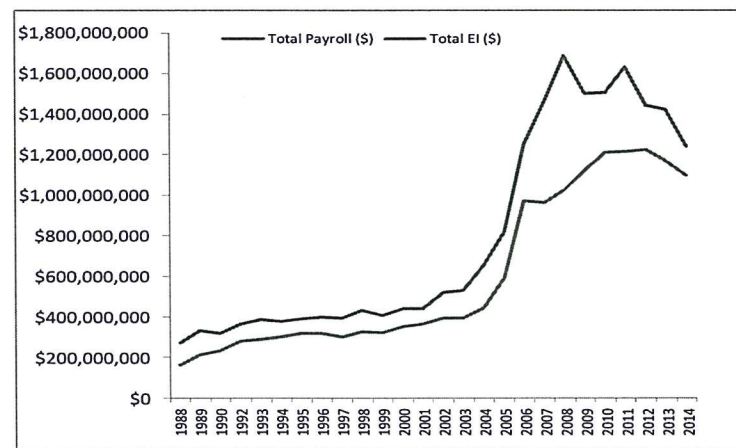


Table 1.0 Total Economic Impact and Payroll

Fort Drum ~ Home of America's Light Infantry Division

Fort Drum's total military (Soldier and Airmen) and civilian workforce population has increased 36% since 2003; the economic impact on the surrounding community has increased by over 80% during the same time frame going from \$529 million to over \$1.2 billion based on data collected. Fort Drum's growth has positively contributed to the development of new businesses, industries, and markets. Additionally, this growth has stimulated the local economy and enriched the lives of many in the local area. Indirect or induced impacts are not calculated in this model.

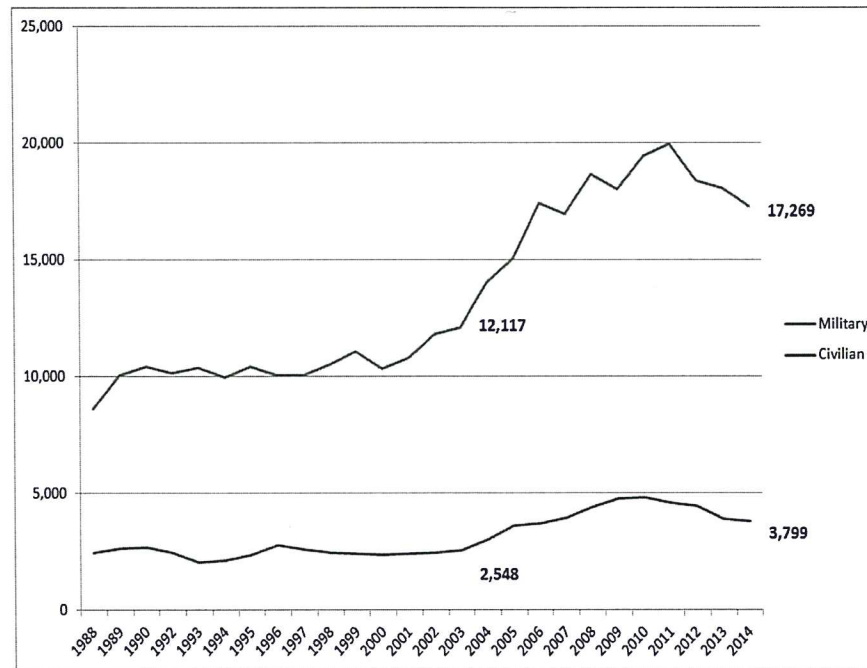


Figure 1.2 Fort Drum Workforce Growth

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 FY14 Fort Drum Economic Impact State-

ment. Increased fiscal constraints associated with the Budget Control Act of 2011 (Sequestration), continued reduction of military and civilian personnel, and high operational tempo (continued deployments to Afghanistan and other worldwide locations) created unique challenges and opportunities for the entire Fort Drum and local community. However, installation personnel continued to provide some of the best mission support in the Army through greater efficiencies, shared best practices, and strong partnerships. Fort Drum's workforce and the surrounding community takes pride in serving the most deployed division in the United States Army—the 10th Mountain Division (LI)—and it shows through our history of superior mission support, customer satisfaction rates, and results and outcomes achieved.

Our Fort Drum community is proud to be an integral part of what makes the North Country a great place to live, work, and play and is fortunate to receive phenomenal support from its North Country neighbors. We thank our state, county, town and local civic leaders and organizations that continue to provide exceptional community support our Soldiers, Airmen, Family members, and Civilians!

Enjoy this year's Economic Impact Statement.



Payrolls
(Military, Civilian, and
Retiree)
\$1.09 Billion

Fort Drum is the largest employer in Northern New York with 17,269 Soldiers and 3,799 Civilians (including contractors) working on or near the installation. Military and Civilian payrolls (including tenants and contractors) totaled \$866,948,988 and

\$230,983,924 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, July 2014 Statistical Report on the Military Retirement System, there are 2,766 retirees from all branches of service living within the 136XX zip code that receive a total of \$4,663,000 a month, or \$55,956,000 per year, that flows directly into our local economy.

In addition to military retirees, there are 269 retiree survivors in the 136xx zip code that receive a total of \$175,000 per month or \$2,100,000 per year.

Total military, civilian, tenant and contractor, payroll for FY14 was \$1,097,932,912.



Fort Drum Mountain
Community
Homes (FDMCH)
\$20.4 Million

Fort Drum Mountain Community Homes (FDMCH) is a master planned community of 1,586 newly constructed three, four and five bedroom EnergyStar® certified homes, four state-of-the-art community centers in addition to 2,249 fully renovated

existing homes. FDMCH is the Residential Communities Initiative (RCI) project for Fort Drum, a 50 year partnership between Lend Lease and the Army, created to improve Soldier retention and readiness through the development of world-class, high-quality residential communities for military Families. The project also includes The Timbers, a 192 unit, EnergyStar® certified, one and two bedroom, suite-styled apartment community constructed for unaccompanied Soldiers (Staff Sergeant and above ranks). The Timbers apartment complex includes The Timbers Lodge, an impressive LEED® certified community center for The Timbers with 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, leasing offices for The Timbers, and meeting rooms available both to staff and residents. Additionally, FDMCH provides Asset, Property, Maintenance, and Development management services for the entire project for the minimum 50 year lease with the Army.



Fort Drum Domestic Lease
Program
\$79 Thousand

The Army approved Domestic Lease housing (DLs) for Fort Drum in 2005 as a temporary 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, must be terminated when enough affordable, adequate rental products are available in the housing market. With more than 1,100 new market rental units constructed or in production since 2012, there are now plenty of adequate, affordable rental housing choices for Soldiers. Fort Drum's remaining DLs were terminated early in FY14, thus ending the Domestic Lease program at Fort Drum.

Non-Appropriated Fund
(NAF) Contracts
\$783 Thousand

Non-appropriated Fund (NAF) activities spent \$783,194 locally in FY14. 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)
\$11.16 Million

The U.S. Army Corps of Engineers (USACE) awarded construction contracts totaling \$11,163,100 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
\$18.28 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 67 contracts

valued at \$2,629,206 to tri-county contractors. The MICC at Fort Drum also awarded a total of \$11,650,623 for supply and service contracts to tri-county businesses. Purchases of supplies using government credit cards are limited to transactions under \$3,000 each, yet government purchase card holders spent \$3,999,364 locally.

Top Ten Tri-County Contractors	
Jefferson County Rehabilitation Center, Inc.	\$4,204,893
Vet4U, LLC.	\$3,160,504
Alutiq Diversified Services, Inc.	\$2,870,855
Powis Contracting, Inc.	\$1,581,012
Blackstone Electric, Inc.	\$1,579,662
Guilfoyle Ambulance Service, Inc.	\$950,928
Vetco Contracting Services, LLC.	\$420,966
Hi-Lite Markings, Inc.	\$397,008
Feher Rubbish Removal	\$332,700
Oneida Business Enterprises, Inc.	\$204,838

*Data based on current FY 2014 contract awards.

Fort Drum Medical Services
\$88.12 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 is 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. FY14 In/Outpatient Services totaled \$57,632,919 for the local community.

The total dollar amount expended in FY14 by the MEDDAC to include supplies, equipment and contracts was \$30,487,909. The MEDDAC's Civilian payroll for FY14 was \$36,677,534 and is included in the Civilian payroll total for Fort Drum (see page 7).

Fort Drum Dental Services
\$9.49 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.

Dental care for 3,286 active duty Soldiers was out-sourced to the local Civilian provider network in 2014 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. The local economy received \$2,614,711 for services provided to Family members and retirees who utilize MetLife and Delta Dental network providers.

In 2014, the DENTAC spent \$2,861,159 for dental supplies, equipment, Contracts and contractors' salaries. An additional \$4,013,745 was paid to local Civilian dental practices for services provided for our Soldiers. The DENTAC's Civilian payroll for FY14 was \$2,785,671 and is included in the Civilian payroll total for Fort Drum (see page 7).

Fort Drum Tuition
Assistance & Centralized
Education
\$1.49 Million

In FY14, 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, \$1,489,141 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
\$36.46 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.

There was a slight decrease in Federal Impact Aid primarily due to back payments made in FY13.

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
\$2.38 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 by establishing buffers around installations.

Fort Drum and its local partners secured five parcels under conservation easement during FY14. The five parcels added 1,241 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, environment, and community. The total FY14 ACUB economic impact for the community is \$2,386,812 of which \$500,000 was contributed by New York State.

FY14 Total Economic Impact \$1,298,737,921

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 \$1,298,737,921 for FY14.

FY14 Impact by Category	
Payrolls (military, Civilian, contractor, and retiree)	1,097,932,912
Medical Supplies and Services	88,120,828
Federal Impact Aid	36,465,681
FDMCH Local Dollars Expended	20,401,620
Contracts Awarded by MICC, Fort Drum	18,288,194
Contracts Centrally Funded By Others*	11,611,201
Contracts Awarded by COE	11,163,100
Dental Supplies and Services	9,489,615
ACUB Dollars	2,386,812
Education (Tuition Assistance/ Contracts)	1,489,141
NAF Local Purchases	783,194
Army & Air Force Exchange Services (AAFES)/Defense Commissary Agency (DECA) Equipment Service & Maintenance *	526,585
Domestic Lease	79,038
Combined Federal Campaign (CFC) Local Contributions*	0
Veterinary Supplies and Services *	0
Total	1,298,737,921

Page 15

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

Cumulative Financial Impact \$21,061,242,458

Total cumulative financial impact since FY88 is calculated at **\$21,061,242,458**.

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
2014	\$1,298,737,921
Total	\$21,061,242,458

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)
99 th Regional Support Command (ECS-1)	US Army Medical Department Activity (MEDDAC)	NYS Department of Veteran Affairs (VA)
174 th Attack Wing (NYANG/MQ-9)	US Army Veterinary Command (VETCOM)	United States Postal Service (USPS)
US Air Force 20 th Air Support Operation (ASOS)	Mission & Installation Contracting Command (MICC)	United Services Organization (USO)
Army Field Support Battalion (AFSBN)	US Army Network Enterprise Center (NEC)	Fort Drum Mountain Community Homes (FDMCH)
NY MATES-NYARNG	Defense & Accounting Service (DFAS)	
18 TH Weather Squadron Detachment 1	Federal Investigative Services (FIS)	
	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	30 September 2014 Population
Soldiers	10,729	19,978	18,416	18,060	17,269
Family members	10,590	19,980	20,000	19,151	18,383
Total Population	21,319	39,958	38,416	37,211	35,652

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

Fort Drum Capital Assets

Capital Asset	Quantity	Unit of Measure
Roads	189	Miles
Training Area Roads	249	Miles
Runways/Taxiways/Aprons	1,401,849	Sq Yds
Parking	4,124,698	Sq Yds
Sidewalks	569,354	Sq Yds
Electric Lines	2,491,310	Miles
Water Lines	1,204,937	Miles
Gas Lines	436,428	Miles
Sanitary Sewer Lines	636,218	Miles
Storm Sewer	441,552	Miles
Fencing	677,176	Miles
Railroad Lines	10	Miles
Communication Lines	490	Miles
Airfield Lighting	197,135	Miles
POL Pipelines	18,364	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	6,377,054
Troop Billets	3,414,122
HQ & Unit Supply	2,209,767
Maintenance	2,133,563
Warehouse	1,440,426
Training	917,920
Morale, Welfare and Recreation	588,920
Administrative	558,406
Miscellaneous	579,272
AAFES	273,199
Medical Facilities	324,495
Transient Quarters	362,509
Dining Facilities	145,472
Commissary	90,962
Chapels/Religious	52,320

Fort Drum Solid Waste and Recycling

Fort Drum disposed of approximately 5,100 tons of municipal solid waste and construction debris using the Development Authority of the North Country's (DANC) municipal solid waste landfill services at the Rodman Regional Landfill during FY14.



Economic Forecast

Federal budget constraints will continue to affect Fort Drum's direct economic impact upon the North Country. Recent Army 2020 Force Structure decisions resulted in a net loss of 1,500 Soldiers from Fort Drum; additional Army force structure decisions may have an even greater impact upon Fort Drum's total personnel numbers (military and civilian). It is reasonable to expect additional decreases in military and civilian personnel and economic and, as result, diminished economic impact.

Currently, there are five Military Construction (MILCON) projects scheduled to occur from FY14 through FY19 amounting to approximately \$66 million. These include the NYANG Reaper hangar expansion, the Gray Eagle hangar, the Air Support Operations Center, the Training Aids Center expansion and the NCO Academy. The Army's Facility Investment Strategy has shifted to sustaining and/or repurposing existing facilities to meet mission requirements rather than building new.

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

