

Impact on the Colorado Economy
of the
Expected Expansion
at
Fort Carson

Prepared for the
Economic Development Corporation of Metropolitan Colorado Springs

Prepared by
David Bamberger & Associates

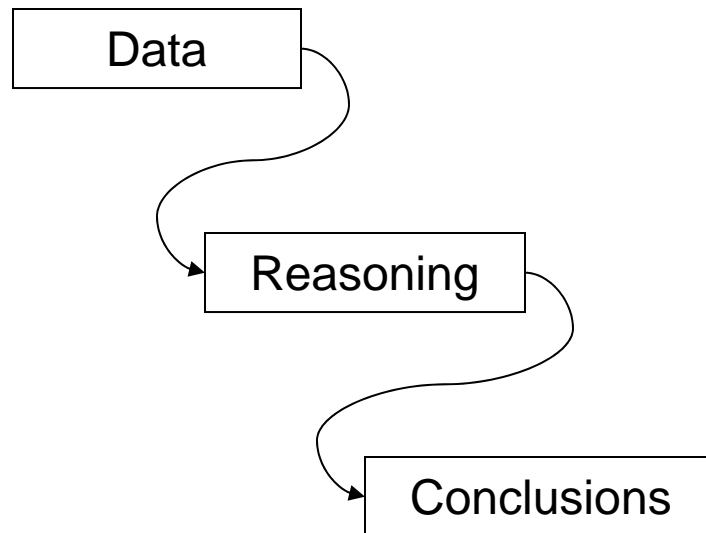
July 2005

Peer into the future before it becomes the present



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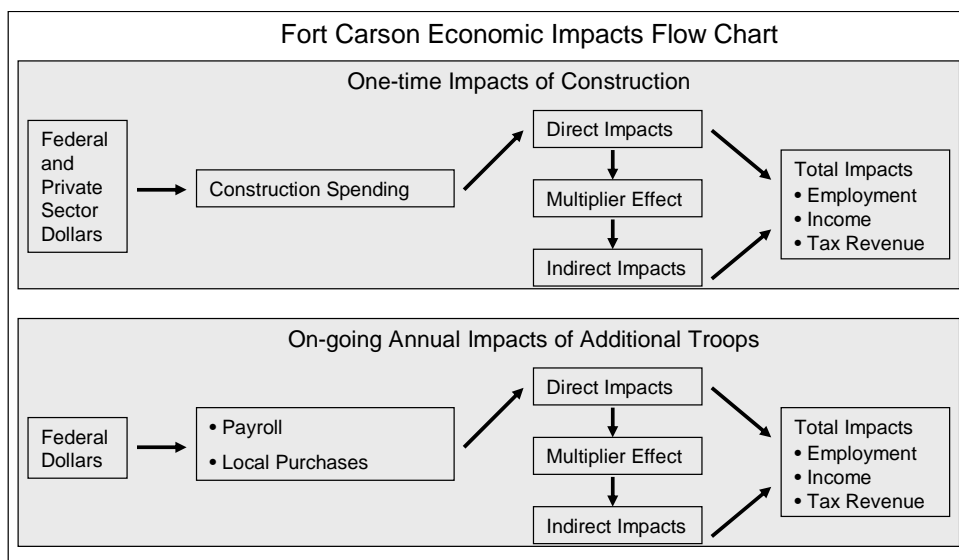
This report presents a summary of the estimated economic impacts of the planned and recently announced expansion of Fort Carson, Colorado. Expansion is likely to include several combat brigades and a division headquarters. Increase in military personnel could range from about 12,000 to 15,000 additional troops over the next three to four years.

Method

The estimates were made using the IMPLAN economic impact model. The estimates include both direct and indirect impacts of the following:

(1) Construction - One-time impacts of construction of new facilities and housing at Fort Carson, and new housing in the local community.

(2) Addition of troops - The on-going annual impacts of the additional troops stationed at Fort Carson.



Key Assumptions

The key assumptions driving the impact analysis are shown in the chart. Estimates of construction costs for new on-base facilities are based on very preliminary estimates made by Fort Carson personnel. Housing needs and private sector housing construction costs were made by the author.

It should be noted that the impact analysis assumes that the troops are present at Fort Carson. If troops are in fact deployed overseas, the estimates of on-going annual impact are likely on the high-side.

Key Economic Impact Analysis Assumptions	
<p>1. Deployment</p> <ul style="list-style-type: none"> All troops are resident at Fort Carson No troops are deployed overseas 	<p>5. New Construction (one-time)</p> <p>Construction starts in 2006 and ends in 2008 (3 years)</p> <ul style="list-style-type: none"> Fort Carson - new facilities expected (note: includes barracks spaces, but not family housing) - \$1.9 billion Family housing on-base - \$220 million (1,000 units) Owner housing off-base - \$220 million (1,000 units) Renter housing off-base - \$180 million (1,500 units) (3,000 absorbed from existing stock)
<p>2. Personnel</p> <ul style="list-style-type: none"> 12,000 troops 1,000 civilian personnel 	<p>6. Demographics</p> <ul style="list-style-type: none"> Married plus single parents 60% Total number of dependants - 18,000 <ul style="list-style-type: none"> Spouses - 6,000 School-age children - 12,000
<p>3. Local Annual Procurement (estimate based on 80% of 2004 procurement by Fort Carson to support a level of 15,000 troops)</p> <ul style="list-style-type: none"> Purchases - \$84.0 million Equipment lease and rental - \$1.1 million School Impact - \$9.4 million Tuition Assistance - \$1.2 million TriCare - \$16.0 million Utilities - \$10.4 million 	
<p>4. Housing Needs</p> <ul style="list-style-type: none"> 1,000 on-base family units 4,000 on-base barracks spaces 1,000 off-base owner units 4,500 off-base renter units 	

Summary of Findings

Tables providing complete detail impact estimates including impacts on business sectors are presented on pages 5-7. The following is a brief summary of total impacts.

On-going Annual Impacts – The on-going annual impacts will begin in late summer 2005 and are expected to ramp-up in 2006-2008. By 2008 it is assumed that all 12,000 additional troops will be in place.

One-time Construction Impacts – Construction is assumed to take place over the three year period 2006 through 2008. Construction is expected to include: new facilities and housing on base and owner and renter housing off base.

Total Impacts of 12,000 Additional troops at Fort Carson

	2006	2007	2008	2009
Military On-Going Impacts				
Employment (Includes Military Personnel)	7,130	14,370	21,500	21,500
Employee Compensation (in millions \$)	\$286.0	\$580.8	\$866.8	\$866.8
Proprietors Income (in millions \$)	\$11.0	\$22.3	\$33.3	\$33.3
Gross Business Income (in millions \$)	\$247.1	\$501.7	\$748.8	\$748.8
State and Local Tax Revenue (in millions \$)	\$26.0	\$52.8	\$78.8	\$78.8
Construction One-Time Impacts				
Employment	18,660	18,660	18,660	0
Employee Compensation (in millions \$)	\$598.6	\$598.6	\$598.6	\$0.0
Proprietors Income (in millions \$)	\$132.7	\$132.7	\$132.7	\$0.0
Gross Business Income (in millions \$)	\$1,639.8	\$1,639.8	\$1,639.8	\$0.0
State and Local Tax Revenue (in millions \$)	\$71.2	\$71.2	\$71.2	\$0.0
Total Impacts				
Employment (Includes Military Personnel)	25,790	33,030	40,160	21,500
Employee Compensation (in millions \$)	\$884.6	\$1,179.4	\$1,465.4	\$866.8
Proprietors Income (in millions \$)	\$143.7	\$155.0	\$166.0	\$33.3
Gross Business Income (in millions \$)	\$1,886.9	\$2,141.5	\$2,388.6	\$748.8
State and Local Tax Revenue (in millions \$)	\$97.2	\$124.0	\$150.0	\$78.8

Source: David Bamberger & Associates. Estimates were made using the IMPLAN I/O Model.

Conclusions

The expected expansion of some 12,000 to 15,000 troops at Fort Carson over the next several years will have a substantial impact on the Colorado economy. Expansion will almost double the number of personnel at the post. Previous studies have shown that Fort Carson is the largest employer in the Colorado Springs area and one of the largest in the State of Colorado.

The impacts of the one-time construction spending will be especially significant, employing some 9,000 workers for the three years 2006-2008. It is likely that local construction industry resources will be challenged to meet the expected needs.

While expansion at Fort Carson will pose some challenges, it is clear that expansion will continue to enhance the valuable contribution the military makes to the Colorado Springs area and Colorado economies.

**Economic Impact on the Colorado Economy
Expected 12,000 Increase in Troops at Fort Carson**

Military On-Going Impacts	2006	2007	2008	2009
Direct Impacts				
Military Personnel	4,000	8,000	12,000	12,000
Civilian Employees On-base	330	670	1000	1000
Employee Compensation (in millions \$)	\$212.2	\$430.7	\$642.9	\$642.9
Local Procurement (in millions \$)	\$40.3	\$81.8	\$122.1	\$122.1
Indirect Impacts				
Employment	2,800	5,700	8,500	8,500
Employee Compensation (in millions \$)	\$84.9	\$172.3	\$257.2	\$257.2
Proprietors Income (in millions \$)	\$11.0	\$22.3	\$33.3	\$33.3
Gross Business Income (in millions \$)	\$247.1	\$501.7	\$748.8	\$748.8
Total Impacts				
Employment (Includes Military Personnel)	7,130	14,370	21,500	21,500
Employee Compensation (in millions \$)	\$286.0	\$580.8	\$866.8	\$866.8
Proprietors Income (in millions \$)	\$11.0	\$22.3	\$33.3	\$33.3
Gross Business Income (in millions \$)	\$247.1	\$501.7	\$748.8	\$748.8
State and Local Tax Revenue (in millions \$)	\$26.0	\$52.8	\$78.8	\$78.8
Construction One-Time Impacts				
Direct Impacts				
Employment	9,460	9,460	9,460	0
Employee Compensation (in millions \$)	\$318.8	\$318.8	\$318.8	\$0
Proprietors Income (in millions \$)	\$93.1	\$93.1	\$93.1	\$0
Gross Business Income (in millions \$)	\$839.6	\$839.6	\$839.6	\$0
Indirect Impacts				
Employment	9,200	9,200	9,200	0
Employee Compensation (in millions \$)	\$279.8	\$279.8	\$279.8	\$0
Proprietors Income (in millions \$)	\$39.6	\$39.6	\$39.6	\$0
Gross Business Income (in millions \$)	\$800.2	\$800.2	\$800.2	\$0
Total Impacts				
Employment	18,660	18,660	18,660	0
Employee Compensation (in millions \$)	\$598.6	\$598.6	\$598.6	\$0
Proprietors Income (in millions \$)	\$132.7	\$132.7	\$132.7	\$0
Gross Business Income (in millions \$)	\$1,639.8	\$1,639.8	\$1,639.8	\$0
State and Local Tax Revenue (in millions \$)	\$71.2	\$71.2	\$71.2	\$0
Grand Total Impacts				
Direct Impacts				
Employment (Includes Military Personnel)	13,790	18,130	22,460	13,000
Employee Compensation (in millions \$)	\$531.0	\$749.5	\$961.7	\$642.9
Proprietors Income (in millions \$)	\$93.1	\$93.1	\$93.1	\$0.0
Gross Business Income (in millions \$)	\$839.6	\$839.6	\$839.6	\$0.0
Indirect Impacts				
Employment	12,000	14,900	17,700	8,500
Employee Compensation (in millions \$)	\$364.7	\$452.1	\$537.0	\$257.2
Proprietors Income (in millions \$)	\$50.6	\$61.9	\$72.9	\$33.3
Gross Business Income (in millions \$)	\$1,047.3	\$1,301.9	\$1,549.0	\$748.8
Total Impacts				
Employment (Includes Military Personnel)	25,790	33,030	40,160	21,500
Employee Compensation (in millions \$)	\$884.6	\$1,179.4	\$1,465.4	\$866.8
Proprietors Income (in millions \$)	\$143.7	\$155.0	\$166.0	\$33.3
Gross Business Income (in millions \$)	\$1,886.9	\$2,141.5	\$2,388.6	\$748.8
State and Local Tax Revenue (in millions \$)	\$97.2	\$124.0	\$150.0	\$78.8

Source: David Bamberger & Associates. Estimates were made using the IMPLAN I/O Model.

Note: It is assumed that troop build-up will start in mid-2005 and be completed in 2008. Impact for 2006 will be about 1/3 of 2008 and 2/3 of 2008 in 2007. Construction is assumed to start in 2006 and be completed in 2008.

One-time (Total) Business Sector Impacts of New Construction

Total Annual Increase in Gross Business Income (Sales) for each of Three Years 2006-2008
Economic Impact on the Colorado Economy of Expected New Construction Activity Resulting from a 12,000 Increase in Troops at Fort Carson

Sorted by Business Sector		Sorted by Total Impact	
Business Sector	Sum of Total Impact Over Three Years (in millions \$)	Business Sector	Sum of Total Impact Over Three Years (in millions \$)
Accounting, Bookkeeping and CPA Services	\$14.8	Non-Residential Building Construction and Land Development	\$1,910.9
Advertising and Related Services	\$6.9	Residential Construction and Land Development	\$619.8
Agriculture and Forestry	\$20.9	Manufacturing	\$215.9
Air Transportation	\$12.6	Architectural and Engineering Services	\$209.1
Architectural and Engineering Services	\$209.1	Wholesale Trade	\$199.2
Automobile Dealers and Auto Parts Supplies	\$54.1	Real Estate and Property Management	\$119.2
Automobile Rental and Leasing	\$9.1	Food Service and Drinking Places	\$84.0
Automotive Repair and Maintenance Services	\$67.3	Banks and Credit Unions	\$80.5
Banks and Credit Unions	\$80.5	Utility Services	\$78.8
Broadcasting	\$17.3	Physicians, Dentists and Other Health Care Professionals	\$75.8
Building Material and Garden Supply Stores	\$39.2	Hospitals	\$69.8
Business Services and Supplies	\$49.2	Automotive Repair and Maintenance Services	\$67.3
Child Care Service	\$8.4	Financial Services	\$66.8
Clothing and Accessory Stores	\$17.4	Food and Beverage Stores	\$65.1
Computer Data Processing and Software Services	\$15.1	Insurance Carriers and Agencies	\$57.1
Consultants, Engineers and Architects	\$36.0	Automobile Dealers and Auto Parts Supplies	\$54.1
Delivery Services	\$11.2	Business Services and Supplies	\$49.2
Education	\$13.3	Telecommunications	\$49.0
Electronics and Appliance Stores	\$15.3	Machinery, Equipment Rental and Leasing Services	\$45.9
Employment Services	\$26.7	Entertainment, Amusements, Recreation and Sports	\$43.0
Entertainment, Amusements, Recreation and Sports	\$43.0	Truck Transportation Including Moving Companies	\$42.6
Financial Services	\$66.8	Building Material and Garden Supply Stores	\$39.2
Food and Beverage Stores	\$65.1	General Merchandise Stores	\$38.7
Food Service and Drinking Places	\$84.0	Consultants, Engineers and Architects	\$36.0
Furniture and Home Furnishing Stores	\$11.8	Health Care Services	\$34.0
Gasoline Stations	\$17.0	Miscellaneous Store Retailers	\$31.2
General Merchandise Stores	\$38.7	Legal Services and Attorneys	\$30.5
Government Enterprises	\$5.1	Employment Services	\$26.7
Health and Personal Care Stores	\$15.8	Mining and Natural Resource Production	\$25.2
Health Care Services	\$34.0	Non-Profit Organizations	\$23.4
Heavy Construction	\$6.2	Misc. Repair Services	\$21.9
Hospitals	\$69.8	Nursing and Residential Care Facilities	\$21.9
Hotels and Motels and Other Lodging Facilities	\$17.9	Agriculture and Forestry	\$20.9
Insurance Carriers and Agencies	\$57.1	Personal Services	\$20.6
Legal Services and Attorneys	\$30.5	Non-Store Retailers	\$19.1
Machinery, Equipment Rental and Leasing Services	\$45.9	Sporting Goods, Hobby, Book and Music Stores	\$18.4
Manufacturing	\$215.9	Hotels and Motels and Other Lodging Facilities	\$17.9
Mining and Natural Resource Production	\$25.2	Clothing and Accessory Stores	\$17.4
Misc. Repair Services	\$21.9	Broadcasting	\$17.3
Miscellaneous Store Retailers	\$31.2	Petroleum Refineries	\$17.3
Newspapers and Publishers	\$15.7	Gasoline Stations	\$17.0
Non-Store Retailers	\$19.1	Health and Personal Care Stores	\$15.8
Non-Profit Organizations	\$23.4	Newspapers and Publishers	\$15.7
Non-Residential Building Construction and Land Development	\$1,910.9	Electronics and Appliance Stores	\$15.3
Nursing and Residential Care Facilities	\$21.9	Computer Data Processing and Software Services	\$15.1
Personal Services	\$20.6	Accounting, Bookkeeping and CPA Services	\$14.8
Petroleum Refineries	\$17.3	Education	\$13.3
Physicians, Dentists and Other Health Care Professionals	\$75.8	Air Transportation	\$12.6
Pipeline Transportation	\$3.5	Furniture and Home Furnishing Stores	\$11.8
Postal Service	\$9.8	Delivery Services	\$11.2
Printing and Photographic Services	\$9.1	Postal Service	\$9.8
Rail Transportation	\$6.6	Automobile Rental and Leasing	\$9.1
Real Estate and Property Management	\$119.2	Social Assistance Services	\$9.1
Residential Construction and Land Development	\$619.8	Printing and Photographic Services	\$9.1
Social Assistance Services	\$9.1	Child Care Service	\$8.4
Sporting Goods, Hobby, Book and Music Stores	\$18.4	Waste Management Services	\$7.2
Telecommunications	\$49.0	Advertising and Related Services	\$6.9
Transit and Ground Transportation	\$3.9	Rail Transportation	\$6.6
Travel Agencies	\$2.5	Heavy Construction	\$6.2
Truck Transportation Including Moving Companies	\$42.6	Warehousing and Storage	\$6.0
Utility Services	\$78.8	Government Enterprises	\$5.1
Veterinary Services	\$2.9	Transit and Ground Transportation	\$3.9
Warehousing and Storage	\$6.0	Pipeline Transportation	\$3.5
Waste Management Services	\$7.2	Veterinary Services	\$2.9
Wholesale Trade	\$199.2	Travel Agencies	\$2.5
Grand Total	\$4,919.5	Grand Total	\$4,919.5

On-going (Annual) Business Sector Impacts of Military Personnel Increases

Total Annual Increase in Gross Business Income (Sales) by Sector, 2008
Economic Impact on the Colorado Economy of Expected 12,000 Increase in Troops at Fort Carson

(Note: It is assumed that troop build-up will start in mid 2005 and be completed in 2008. Impact for 2006 will be about 1/3 of 2008 and 2/3 of 2008 in 2007)

Sorted by Business Sector		Sorted by Total Impact	
Business Sector	Total Annual Impact 2008 (in millions \$)	Business Sector	Total Annual Impact 2008 (in millions \$)
Accounting, Bookkeeping and CPA Services	\$3.3	Wholesale Trade	\$128.6
Advertising and Related Services	\$2.0	Manufacturing	\$42.5
Agriculture and Forestry	\$7.6	Physicians, Dentists and Other Health Care Professionals	\$40.3
Air Transportation	\$4.8	Real Estate and Property Management	\$39.0
Architectural and Engineering Services	\$3.0	Hospitals	\$37.7
Automobile Dealers and Auto Parts Supplies	\$14.5	Utility Services	\$37.1
Automobile Rental and Leasing	\$3.0	Food Service and Drinking Places	\$34.1
Automotive Repair and Maintenance Services	\$19.7	Banks and Credit Unions	\$28.4
Banks and Credit Unions	\$28.4	Financial Services	\$20.7
Broadcasting	\$6.2	Automotive Repair and Maintenance Services	\$19.7
Building Material and Garden Supply Stores	\$5.9	Insurance Carriers and Agencies	\$17.5
Business Services and Supplies	\$12.8	Entertainment, Amusements, Recreation and Sports	\$16.4
Child Care Service	\$3.6	Education	\$16.4
Clothing and Accessory Stores	\$4.6	Automobile Dealers and Auto Parts Supplies	\$14.5
Computer Data Processing and Software Services	\$3.9	Health Care Services	\$14.5
Consultants, Engineers and Architects	\$7.4	Telecommunications	\$13.3
Delivery Services	\$2.9	Business Services and Supplies	\$12.8
Education	\$16.4	Food and Beverage Stores	\$12.4
Electronics and Appliance Stores	\$1.9	Legal Services and Attorneys	\$9.9
Employment Services	\$4.6	General Merchandise Stores	\$9.5
Entertainment, Amusements, Recreation and Sports	\$16.4	Nursing and Residential Care Facilities	\$9.3
Financial Services	\$20.7	Machinery, Equipment Rental and Leasing Services	\$9.1
Food and Beverage Stores	\$12.4	Non-Profit Organizations	\$8.9
Food Service and Drinking Places	\$34.1	Personal Services	\$8.6
Furniture and Home Furnishing Stores	\$3.6	Agriculture and Forestry	\$7.6
Gasoline Stations	\$4.4	Consultants, Engineers and Architects	\$7.4
General Merchandise Stores	\$9.5	Truck Transportation Including Moving Companies	\$7.0
Government Enterprises	\$1.6	Hotels and Motels and Other Lodging Facilities	\$6.2
Health and Personal Care Stores	\$2.2	Broadcasting	\$6.2
Health Care Services	\$14.5	Mining and Natural Resource Production	\$6.1
Heavy Construction	\$2.6	Building Material and Garden Supply Stores	\$5.9
Hospitals	\$37.7	Miscellaneous Store Retailers	\$5.8
Hotels and Motels and Other Lodging Facilities	\$6.2	Non-Store Retailers	\$5.2
Insurance Carriers and Agencies	\$17.5	Newspapers and Publishers	\$5.0
Legal Services and Attorneys	\$9.9	Air Transportation	\$4.8
Machinery, Equipment Rental and Leasing Services	\$9.1	Clothing and Accessory Stores	\$4.6
Manufacturing	\$42.5	Employment Services	\$4.6
Mining and Natural Resource Production	\$6.1	Gasoline Stations	\$4.4
Misc. Repair Services	\$3.9	Misc. Repair Services	\$3.9
Miscellaneous Store Retailers	\$5.8	Computer Data Processing and Software Services	\$3.9
Newspapers and Publishers	\$5.0	Non-Residential Building Construction and Land Development	\$3.9
Non-Store Retailers	\$5.2	Social Assistance Services	\$3.9
Non-Profit Organizations	\$8.9	Child Care Service	\$3.6
Non-Residential Building Construction and Land Development	\$3.9	Furniture and Home Furnishing Stores	\$3.6
Nursing and Residential Care Facilities	\$9.3	Petroleum Refineries	\$3.3
Personal Services	\$8.6	Accounting, Bookkeeping and CPA Services	\$3.3
Petroleum Refineries	\$3.3	Printing and Photographic Services	\$3.2
Physicians, Dentists and Other Health Care Professionals	\$40.3	Postal Service	\$3.1
Pipeline Transportation	\$1.1	Architectural and Engineering Services	\$3.0
Postal Service	\$3.1	Automobile Rental and Leasing	\$3.0
Printing and Photographic Services	\$3.2	Sporting Goods, Hobby, Book and Music Stores	\$2.9
Rail Transportation	\$1.3	Delivery Services	\$2.9
Real Estate and Property Management	\$39.0	Heavy Construction	\$2.6
Social Assistance Services	\$3.9	Health and Personal Care Stores	\$2.2
Sporting Goods, Hobby, Book and Music Stores	\$2.9	Advertising and Related Services	\$2.0
Telecommunications	\$13.3	Electronics and Appliance Stores	\$1.9
Transit and Ground Transportation	\$1.4	Waste Management Services	\$1.8
Travel Agencies	\$0.9	Warehousing and Storage	\$1.7
Truck Transportation Including Moving Companies	\$7.0	Government Enterprises	\$1.6
Utility Services	\$37.1	Transit and Ground Transportation	\$1.4
Veterinary Services	\$1.2	Rail Transportation	\$1.3
Warehousing and Storage	\$1.7	Veterinary Services	\$1.2
Waste Management Services	\$1.8	Pipeline Transportation	\$1.1
Wholesale Trade	\$128.6	Travel Agencies	\$0.9
Grand Total	\$748.8	Grand Total	\$748.8

Source: David Bamberger & Associates. Estimates were made using the IMPLAN I/O Model.