

INSTALLATION MISSION GROWTH

Community Profile

November 2009

Fort Bliss, Texas

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Community at a Glance:

Growth Management Organization (GMO):

City of El Paso, Team Bliss, Fort Bliss Base Transformation Office, Armed Forces Division, Greater El Paso Chamber of Commerce

Geographic area affected by military installation growth:

El Paso County Regional Population of affected area: 729,969 (Bureau of Economic Analysis, 2007)

Top growth challenges:

- Multi-family housing
- Health care occupations
- Education (occupations and construction)
- Comprehensive planning
- Transportation

Outstanding requirements in support of mission growth:

Project Category	# of Projects	Sum of Project Cost	Sum of Funding gap
Education	10	\$55.5M	\$55.5M
Zoning/Comprehensive Planning	1	\$3.1M	\$3.1M
Workforce	1	\$2.1M	\$2.1M
Transportation	5	\$300M	\$300M
Totals:	17	\$360M	\$360M

Mission Growth at a Glance

Growth Action:

Base Realignment and Closure (BRAC), Grow the Army (GTA), Army Modular Force (AMF), Global Defense Posture Review (GDPR)

Personnel Baseline and Growth Projection:

	Baseline (January 2005)	Build-out Projection (2012)
Military Personnel	9,330	33,469
Dependents	15,530	47,869
Civilian Personnel	3,621	6,962
Contractors	2,085	3,047

Source: Fort Bliss Base Transformation Office

Growth Factors affecting community planning: Off post demand for housing being influenced by deployment schedules and developers financing issues.

Comprehensive planning update required by growth plan recommendations.

Background

Fort Bliss extends from El Paso County, Texas, through southern New Mexico, and is over 1.12 million acres in size (Figure 1). While the main cantonment area lies entirely within El Paso, the majority of the post's training ranges lie in New Mexico. Ensuring the continued presence of Fort Bliss in the region is an effort requiring partnerships across multiple governments and business groups, namely Team Bliss. Team Bliss includes Fort Bliss, the City of El Paso, the local school districts, the Greater El Paso Chamber of Commerce, the Hispanic Chamber of Commerce, and the Texas Department of Transportation, among many others.

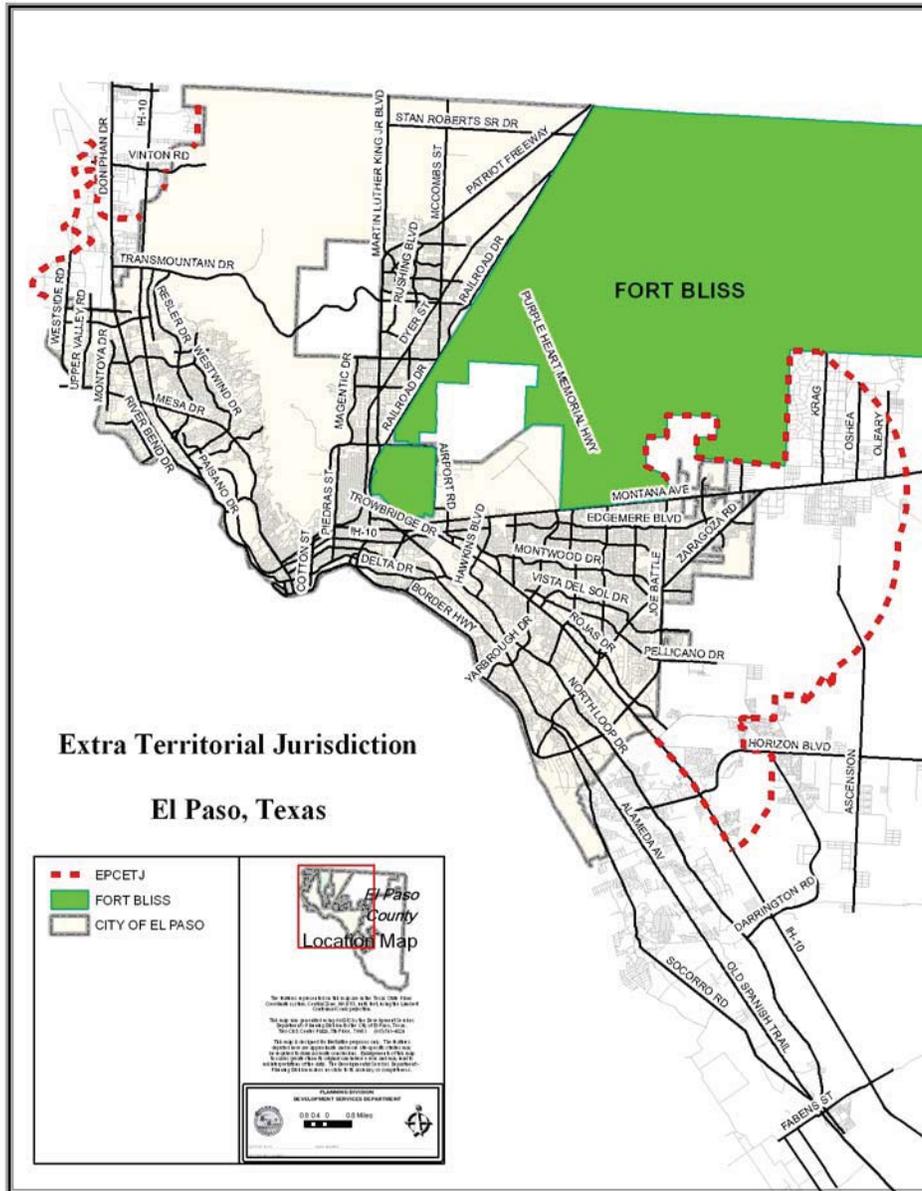


Figure 1: El Paso

El Paso has historically had a strong set of partnerships in place to support Fort Bliss's mission, soldiers, and families. Prior to the 1995 BRAC round, the 3rd Armored Cavalry was moved to Fort Carson, Colorado. The move proved a

lesson to the region and made it far more proactive in working to protect the installation. While there is currently no overarching GMO or Community Military Partnership Organization (CMPO), local governments, school districts, and the Greater El Paso Chamber of Commerce work diligently together to maintain a strong relationship with Post officials.

In anticipation of BRAC 2005, a prior post commander worked with elected officials, local governments, and other groups to complete a capacity study that would allow the post to determine where areas of concern might exist if new troops were stationed in El Paso. Later, the 2005 BRAC decision resulted in 11,500 new troops at Fort Bliss. That total has grown to 24,000 troops and over 3,000 new Federal civilian jobs through several Army initiatives. The annual economic impact of the post expansion totals \$3.9 billion per year.

	Baseline 2005		2006	2007	2008	2009	2010	2011	2012	Endstate 2012
Soldiers	9330	+/-	3848	948	2778	2388	5845	4405	3927	24139
		Cumulative	13178	14126	16904	19292	25137	29542	33469	33469
Spouses	4945	+/-	2232	550	1611	1385	3390	2555	2278	14001
		Cumulative	7177	7727	9338	10723	14113	16668	18946	18946
Children	10385	+/-	2955	728	2134	1834	4489	3383	3016	18539
		Cumulative	13340	14068	16202	18036	22525	25908	28924	28924
6-12 years (34%)	3531	+/-	1005	248	725	624	1526	1150	1025	6303
Cumulative		4536	4783	5509	6132	7659	8809	9834	9834	
13-18 years (29%)	3012	+/-	857	211	619	532	1302	981	875	5376
Cumulative		3869	4080	4699	5231	6533	7514	8388	8388	
Total School Age	6543	+/-	1862	459	1344	1155	2828	2131	1900	11679
Cumulative		8405	8863	10208	11363	14191	16322	18222	18222	

Table 1: Fort Bliss Expansion 2006 - 2012

This kind of growth is as unprecedented for El Paso as it is for the Army. Prior to the BRAC announcement, El Paso grew at an average of 8,200 people per year. This is well below the current annual average of people who will be brought to El Paso by Fort Bliss alone (9,934). When the garment industry began its decline in the early 1990s, the number of people drawn to El Paso also began to decline, and population data after the establishment of the North American Free Trade Agreement (1994) make this clear. Starting in 1995, the number of people leaving El Paso outnumbered those moving in, sometimes by as many as 8,900 people (1996). As a result, El Paso's population growth has come as a result of births, which have a significantly different impact on regional infrastructure and planning.

Fort Bliss is changing this dynamic and will be the sole factor adding people to the region. The solid and dashed red lines in Figure 2 represent net migration and Fort Bliss total growth, respectively, under an overall population growth scenario prior to the BRAC announcement. Prior to 2006 and for 20 years prior, net migration to El Paso was negative, with positive net migration in 2006 coinciding with the year that 9,000 troops and family members arrived at Fort Bliss. In fact, without the addition from Fort Bliss, El Paso would have seen yet another year of negative net migration, as the first Fort Bliss growth estimate lies above the net migration total in 2006. The grey dashed line represents expected growth from Fort Bliss and forecast growth without Fort Bliss (light blue bars); summing the two shows that El Paso's annual growth will be double and triple that of El Paso's historical average as a result of Fort Bliss expansion.

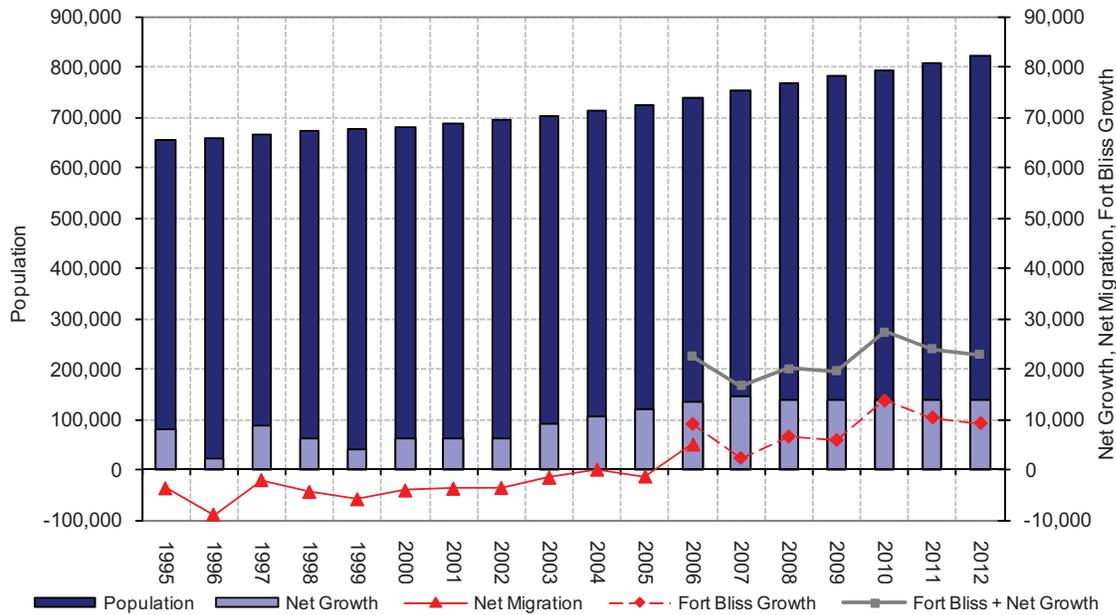


Figure 2: Growth Trends in El Paso, Texas¹

Figure 2 tells only part of the story of El Paso’s growth. These estimates are based on only pre-Fort Bliss growth projections, which are useful in isolating the effects of migration and in understanding absolute growth. However, the change which is in store for El Paso’s growth path (Figure 3) is also critically important. This path, as estimated in the Growth Plan, will see dramatic change over the next two decades even under the most conservative of assumptions. The dark blue bars in Figure 2 are analogous to the 2005 baseline projection (pink) in Figure 3. However, once the expansion is added to that baseline; to include changes in population, military employment, additional Fort Bliss civilian employment, and incremental jobs and population induced by Fort Bliss’ growth; El Paso’s growth path changes dramatically, adding 195,000 people under the *low* scenario between 2008 and 2025.

¹ Sources: US Census Bureau mid year estimates (BEA) and forecast values from the Border Region Modeling Project, Fort Bliss Transformation Office.

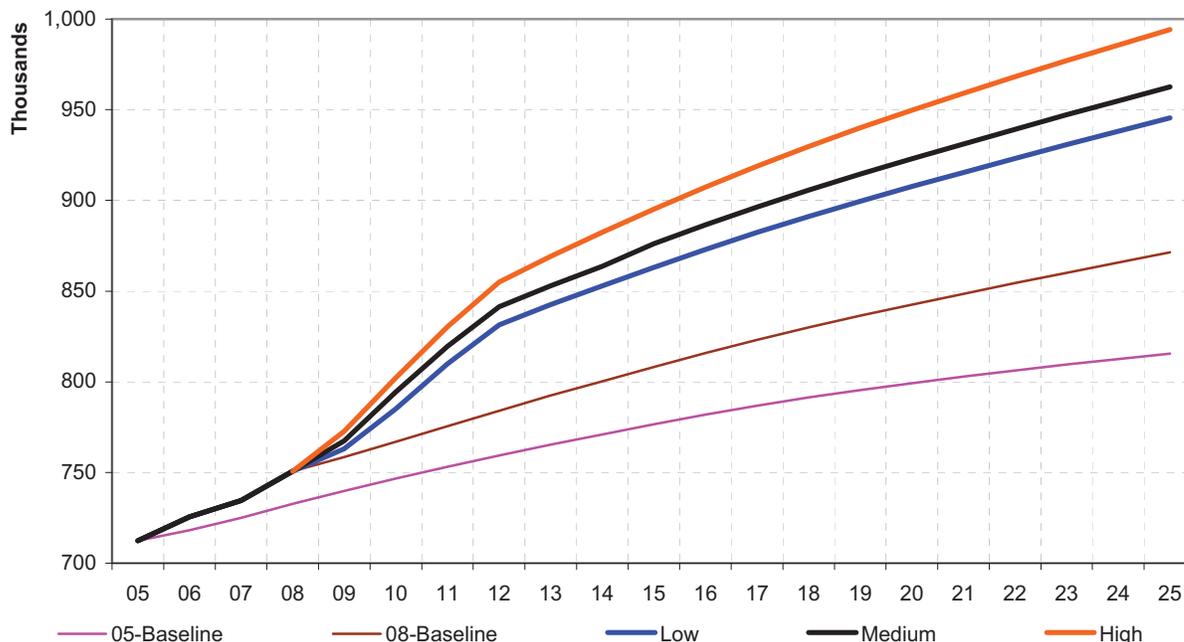


Figure 3: The Change in El Paso's Growth Path

El Paso also proactively plans with other regional governments regarding military issues through the Alliance for Regional Military Support (ARMS) Committee, a consortium of regional governments and chambers that improves communication between El Paso, Texas and Alamogordo and Las Cruces, New Mexico with regard to military issues. The following list provides a summary of planning organizations.

Federal, State, and Local Governments

- City of El Paso
- County of El Paso
- El Paso Water Utilities
- Texas State Government, including the Texas Department of Transportation
- Fort Bliss
- Multiple local independent school districts
- Primary impacted school districts of El Paso, Socorro, Ysleta, Canutillo, and Clint

Business and Industry Representatives

- Greater El Paso Chamber of Commerce
- El Paso Hispanic Chamber of Commerce
- El Paso Regional Economic Development Corporation
- Association of the United States Army, El Paso Chapter

Health Care Providers

- University Medical Center
- Sierra Medical Center
- Providence Memorial Hospital
- Sierra Providence East Hospital
- Las Palmas Medical Center
- Del Sol Medical Center
- William Beaumont Army Medical Center

Research Completed

As part of its planning process, the City of El Paso has completed three large-scale studies and must now work toward implementing the findings of each. The completed studies include an annexation and impact fee study and housing study. An impact fee study was undertaken to ensure that viable funding sources, namely impact fees on new growth, were in place to finance capital improvements for water and wastewater. Impact fees have been adopted for water and wastewater in growth areas in El Paso County. The largest of the planning efforts is the Regional Growth Management Plan (RGMP) funded by OEA, which identifies multiple issues with regard to current land use, density, future land use planning, and compatibility issues regarding Texas law. All of the issues identified in the RGMP will have to be addressed through code and comprehensive plan changes over the next 24 months.

Implementation and Partnering Strategies

The projects that have been implemented thus far all required strong partnerships between affected governments and business groups. The groups currently partner through multiple mechanisms and project-specific relationships with the installation, and all also partner under the general umbrella of “Team Bliss,” which convenes on a monthly basis. These groups have multiple successes thus far, such as transportation funding secured from the state for Spur 601, public information campaigns to pass school bonds, and information dissemination regarding procurement contracts on post.

El Paso’s greatest current challenge, a multi-family unit shortage of approximately 8,000 units, serves as an example of these partnerships in action. After Fort Bliss released its Housing Market Analysis, the City of El Paso, the Greater El Paso Chamber of Commerce, Fort Bliss, and multiple local developers worked to host El Paso’s first multi-family housing forum (with support from both OEA and the Army) and to pass a set of tax incentives to spur development. These partnerships have been critical since Fort Bliss expects off-post housing requirements to exceed over 17,000 units. Due to deployments and the amount of time that any individual soldier would spend at Fort Bliss, the transaction costs associated with homeownership (closing, realtors’ fees, etc.) become too high. The age of the majority of the new troops also suggests that the demand will be for rental units.

The partnership that hosted the first housing forum is actively working on a second to be held in late October 2009, which will unveil a second round of tax incentives and additional indicators of increased demand for multi-family development. However, the issues associated with the shortage extend to land use (compatibility with surrounding uses), appropriate infrastructure (average daily trips and Level of Service on surrounding roads), and land appropriate for high-density zoning or mixed-use development based on a master plan. These partners are also working with the City in hopes of amending the City’s comprehensive plan to make multi-family development and redevelopment easier and to ensure that it is compatible with development throughout the City. El Paso is seeking support for these land use implementation components from OEA.

Continued funding for education, specifically buildings, is also a critical concern. As students from military families will attend schools throughout the city, those schools need to have the capacity. The El Paso area school districts have passed over \$875 million in bonds since 2003, but military and natural growth are beginning to have an impact on the demand for facilities above these efforts. The City, local school districts, Fort Bliss, and other affected groups also continue to meet on a regular basis.

Other challenges assisted by strong partnerships include transportation and other infrastructure, particularly as increased commute times and delivery costs can reduce the positive economic impacts that come from military growth. This is one of the reasons Spur 601 (state-financed and -funded \$367 million project), the only major state contribution to date, was critical to growth at Fort Bliss. Without the highway project, commute times to post and congestion at the one entry point to the major expansion area would have been insurmountable obstacles. Continuing to reprioritize infrastructure projects as a result of growth on post is critical in both the near- and long-term for El Paso and the region. The El Paso region also created a regional mobility authority to finance \$1 billion dollars in additional projects to be funded by “pass through” or toll road financing.

Aside from physical development and infrastructure-related issues, workforce training and recruitment continue to be top concerns, with local school districts, universities, the City and chambers working on multiple strategies to address coming shortfalls. Current forecasts suggest the region will require 700 new teachers due to military and natural growth. And while the two regional universities continue to graduate large numbers of highly qualified teachers, the region will continue to work to accredit teachers from other areas of the country, potentially military spouses. By 2025 El Paso will require an additional 1,400 nurses and 600 physicians across multiple practice areas. This shortage will require united planning, recruitment and training from multiple institutions in the region, both public and private. These workforce issues provide the region another opportunity for established partnerships to continue to work to meet the challenges of post expansion.

Primary Growth Challenges

Multi-Family Housing

The greatest immediate concern for the region is an 8,000 multi-family unit shortage that is tied to the expansion at Fort Bliss. This is a greater challenge than simply building the units. Given the number of units necessary and historically limited multi-family development in the region, the location and circumstances for the new units is a serious and growing concern among established neighborhoods, particularly during rezoning public hearings. (El Paso has among the highest homeownership rates for single-family detached dwellings, both in Texas and in the U.S. for cities its size.

To address the immediate needs, the City of El Paso, partnering with developers, the local chambers, builders' associations, the apartment association, and Fort Bliss passed a five-year 100 percent tax abatement on the City's portion of property taxes for new projects. Several other incentives are in the planning stages, but many rely on locating multi-family developments properly within the city and taking advantage of infill opportunities. This land use planning component (see Planning/Zoning below) is currently in the planning stages and was the number one recommendation of the Housing and Land Development working groups convened during the RGMP process.

OEA and the Army have been supportive of this effort, assisting the region in hosting two multi-family housing conferences for developers from inside and outside the region.

Planning/Zoning (Outstanding Requirements: \$3.1 million funding gap)

The City of El Paso has undertaken a number of initiatives to ensure that the region could absorb the troop increases at Fort Bliss. These include an annexation study to determine future gross land area that could be added to the city for residential development, a rewrite of the subdivision code to implement incremental changes towards smarter growth for new subdivisions, and a housing study intended to measure housing demand from troops and natural growth.

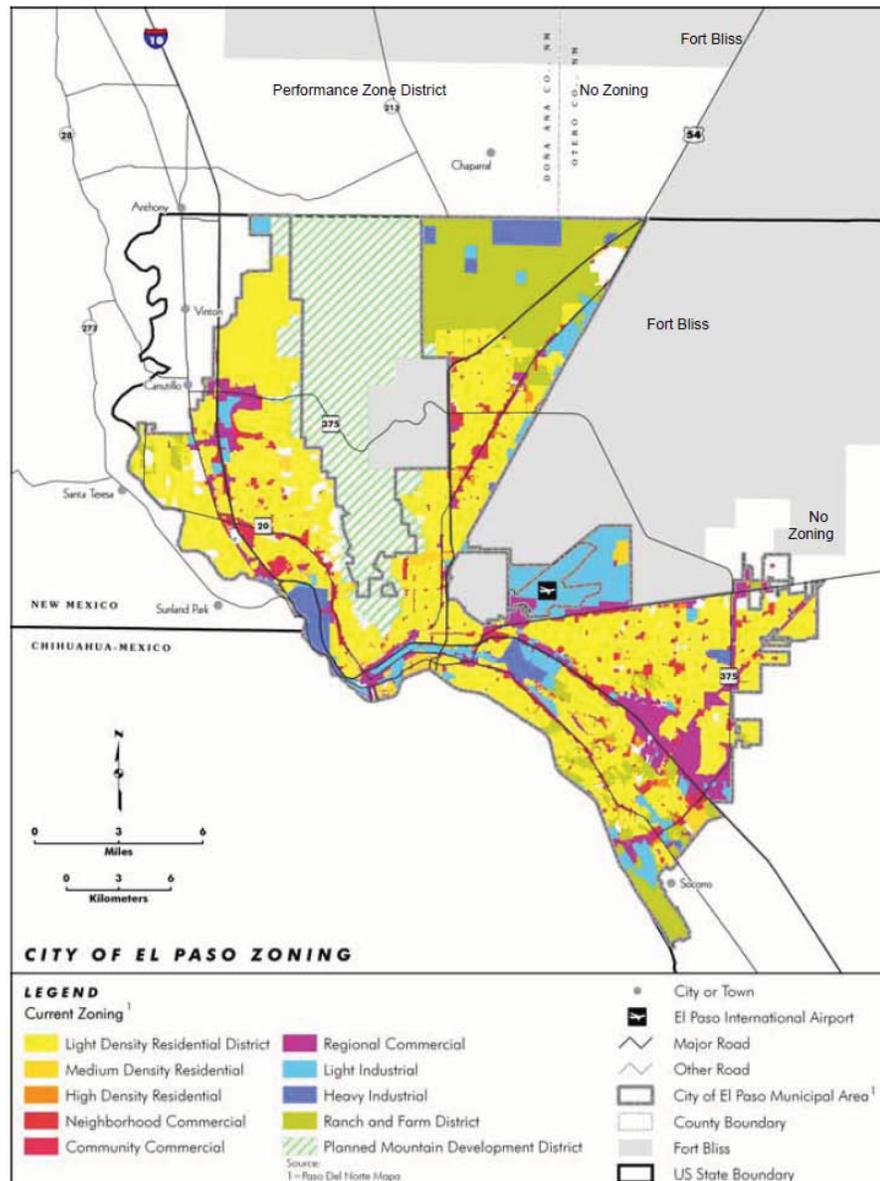


Figure 4: City of El Paso Zoning

The greatest planning need in this area is a new comprehensive plan for the City. The current comprehensive plan undermines the city’s ability to respond to periods of rapid growth because its future land use map conflicts with a current need for higher density development. The conflict is most evident in rezoning applications where areas once designated for single-family detached development are rezoned to commercial (which allows 29 units per acre) or an apartment zone and opposition arises out of the fact that the area is neither in transition nor in accordance with the city’s adopted comprehensive plan. Given Texas law, multiple other components of the comprehensive plan are also in dire need of revision and update and would lead to a better quality of life and better protection of the installation for decades to come.

The RGMP also identified development encroachment issues (noise, light, residential subdivisions) that could affect the installation in the future (Figure 5). These issues can also be addressed through a rewrite of the comprehensive plan.

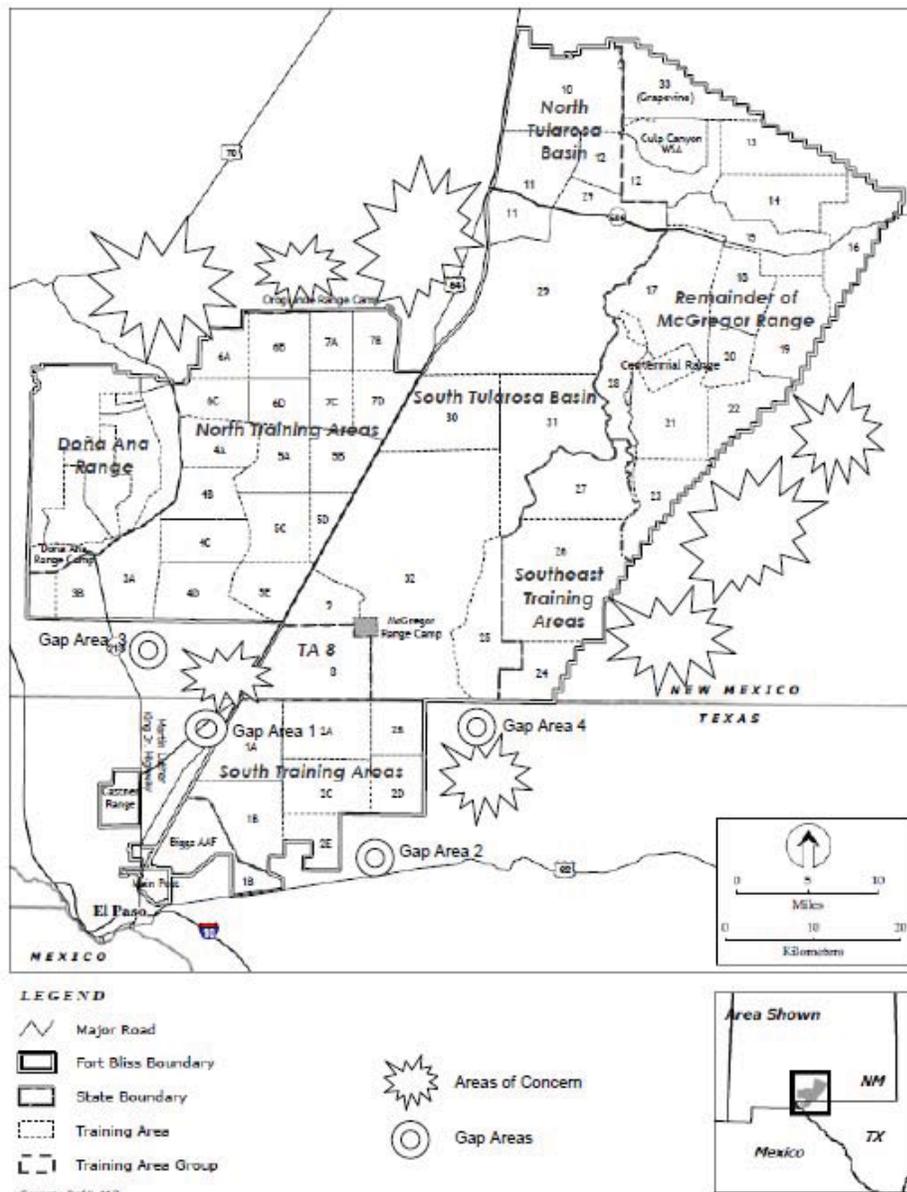


Figure 5: Development Encroachment Areas of Concern

Transportation

El Paso has several transportation projects in need of funding due to the expansion at Fort Bliss. Many of the major obstacles have been overcome locally or in partnership with the state. Funded projects include a \$367 million highway improvement project linking the post expansion area to local highways, \$10 million in local funds to connect local roadways to new access control points and state funded highway projects. Unfunded projects, however, still exist; and the City will seek alternative sources of funding for those projects tied directly to the expansion. The major projects identified in the region are as follows.

Project	Total Projected Cost	Funding Committed	Funding Gap
SGM Gate Loop 375 Interchange	\$12,000,000	0	\$12,000,000

Project	Total Projected Cost	Funding Committed	Funding Gap
NE Parkway	\$30,000,000	0	\$30,000,000
Loop 375 Woodrow Bean Transmountain Northeast	\$80,000,000	0	\$80,000,000
Loop 375 at FM 659	\$32,000,000	0	\$32,000,000
I-10 at Loop 375 (Americas)		0	
Connector 1	\$70,000,000	0	\$70,000,000
Connector 2	\$76,000,000	0	\$76,000,000
Total	\$300,000,000	0	\$300,000,000

Education

The El Paso region school districts have passed over \$875 million in bonds since 2003 in anticipation of regional growth and expansion of Fort Bliss. There are five primary impacted school districts: El Paso, Socorro, Ysleta, Clint, and Canutillo. The El Paso Independent School district will likely see 70 percent of all military students in its schools and despite passing a \$230 million bond still has some unmet needs. These include:

Project	Total Projected Cost	Funding Committed	Funding Gap
10 classrooms at Milam Elementary	\$3,799,090	0	\$3,799,090
10 classrooms at General Colin Powell	\$1,714,618	0	\$1,714,618
10 classrooms at Hughey Elementary	\$2,483,466	0	\$2,483,466
14 classrooms at Ross Middle	\$3,989,577	0	\$3,989,577
6 classrooms at Logan Elementary	\$1,490,080	0	\$1,490,080
Total	\$13,476,831	0	\$13,476,831

Workforce (\$2.1 million funding gap)

The economic impact from the expansion Fort Bliss exceeds \$3 billion per year. With the expansion comes new jobs, many of which are technical occupations that require additional training for workers within the region. Those in highest demand are nurses, physicians, and school teachers. El Paso's growth plan identifies a joint planning and recruiting activity to help address some of these occupational gaps, as no such model currently exists within the region, although Fort Drum and other military installations have used such structures extremely effectively. Regional partners are currently exploring this option.

Successes/Lessons Learned

Establishing relationships with installation leadership is key to being able to respond to growth issues. Fort Bliss and multiple governments in the region have done a good job communicating their needs to each other, which is essential for long term planning. With regard to governance and communication strategies, no formal CMPO exists, due in part to the fact that multiple hub and spoke relationships have been effective in dealing with post growth. This success, however, comes as a byproduct of strong relationships between post officials, municipal government, local school districts, local utilities, and economic development groups.

The region has thus far been quite successful in dealing with post related issues with the help of local governments, state government, and OEA, as evidenced by multiple successful projects: the construction of the world's largest inland desalination plant, the construction of Spur 601, a completed RGMP, multi-family tax incentives, multiple locally funded infrastructure projects, and \$875 million in school bonds since 2003 (much of which was in anticipation of mission growth). The El Paso Independent School District alone has passed \$230 million worth of bonds, of which \$101 million was for mission growth. City municipal government also reexamined its capital improvements plan and

reprioritized projects even before the final 2005 BRAC announcement. Since 2000, the City of El Paso has spent \$69 million from bond proceeds for quality of life, road, and drainage projects all near the post. Another \$62 million and \$37 million will be spent on similar projects from 2008 to 2010 and 2011 to 2016, respectively.

This is not to say there have not been challenges. Meeting the multi-family shortage and introducing higher-density development to a region where it has been rare will be a challenge. One school district failed in a \$400 million school bond effort over a year ago and is planning another attempt; and another school district recently survived an effort to roll back property tax rates (which would have left less operating revenue).