

THE PROSPECTS

BOOST FOR BASES

May, 14 2005

CARSON, PETERSON, SCHRIEVER GAIN IN PENTAGON REALIGNMENT PLAN

Businesses look forward to rewards

By RICH LADEN THE GAZETTE

Ever receive a gift in November you can't open until Christmas?

That's how some Colorado Springs-area business people viewed Friday's Department of Defense base closure and realignment recommendations, which would bring about 4,900 military and civilian personnel to Fort Carson and Peterson and Schriever Air Force bases.

Make no mistake: Business leaders hailed the Defense Department's recommendations as terrific economic news.

Because of current and pending Fort Carson troop deployments, however, the additions announced Friday won't have their full effect on the economy until later, when all soldiers have returned to Colorado Springs, some business people say.

The arrival of new personnel would pump \$309 million annually into the local economy, estimated Colorado Springs economist David Bamberger of Bamberger & Associates.

That's mostly from wages paid to the new military personnel and to nearly 2,800 store clerks, waitresses and other workers whose jobs would be created because of increased economic activity, Bamberger said. He based his estimate on standard economic modeling from the U.S. Department of Commerce's Bureau of Economic Analysis.

In addition, the Defense Department said last fall that an additional 3,762 soldiers from the 2nd Brigade Combat Team, who went to Iraq from bases in South Korea, would be reassigned to Colorado Springs at the end of their tour this summer. Their arrival will pump an additional \$218 million annually into the economy, Bamberger estimates.

"Fort Carson brings in over \$1 billion a year to our economy," said Michael Kazmierski, chief operating officer of the Greater Colorado Springs Economic Development Corp. "That will go up significantly."

Even as new personnel come, however, others move out.

The 5,200-soldier 3rd Armored Cavalry Regiment was redeployed to Iraq this year, while Fort Carson's 3,600-soldier 3rd Brigade Combat Team will go to Iraq later this year.

"It's good news," Bamberger said of Friday's announcements. "But how good depends on when everybody is here."

Many soldiers and their families live in apartments, but vacancy rates won't drop significantly from their double-digit levels until all troops have returned, said Doug Carter, a commercial real estate broker. The good news is that rents aren't expected to increase for the short term, either.

Even if only a relatively small percentage of new Fort Carson soldiers — say 15 percent to 20 percent — buy new homes, it will trigger construction of perhaps 1,600 units, said Mark Watson of New Generation Homes, a Fountain builder.

A spike in demand could drive up prices, he said. The bigger concern, however, might be that a spurt of activity will attract fly-by-night builders into the area, Watson warned.

The addition of troops also will spur the creation of business in Fountain, said Lisa Cochrun, the city's economic development director.

"We're talking restaurants and stores," she said. "It (personnel shifts) will broaden the variety of what's available here, and it will increase the population from which to draw."

Still, retailers will be cautious, said Rich Walker, a broker with First Properties Inc., who's marketing commercial sites in Fountain.

Describing Fort Carson, Walker said: "If it's a motel, where they're moving people in and out for the next five years, if the war (in Iraq) continues . . . then the effect, though positive, is not going to be anywhere near as significant as if we jumped up basically 15 to 18 percent in troop strength."

Yoo Kwak, manager of the China Express Restaurant and Lounge on B Street near Fort Carson, where a stretch of restaurants, liquor stores, dry cleaners and other businesses cater to the base, said sales have been slow the past few months. She's looking forward to the arrival of new troops.

But late-night deliveries — a staple of her restaurant — won't be in full swing until more soldiers are here, she said.

Still, Rob Nielsen, general manager of Colorado Springs Army Surplus, which sells chemical suits, sleeping bags and other field gear items to soldiers, said Friday's announcement is welcome news for the long term.

"It's a great start," he said, referring to Friday's and other recent troop shifts. "You figure that's 8,500 soldiers. How many family members is that? Any kind of a boost is great. Hey, we need it."

AT A GLANCE

Changes at Colorado Springs military installations as a result of Friday's Department of Defense recommendations would:

4,377

at Fort Carson and

605

at Peterson and Schriever Air Force Bases. c Trigger the hiring of another

2,764

workers at restaurants, stores and other businesses as a result of the increased military presence. c Pump

\$309 million

a year into the local economy, mostly in wages for new personnel. c Generate

\$20.1 million

a year in local and state sales taxes, local property taxes and state personal income taxes.

Source: David Bamberger &
Associates, Colorado Springs



ED ANDRIESKI , - Mimi Oh bags clean Army uniforms Thursday at her drycleaning shop near Fort Carson. Ninetyfive percent of her business comes from the post. "Without them, we wouldn't have a business," she said.