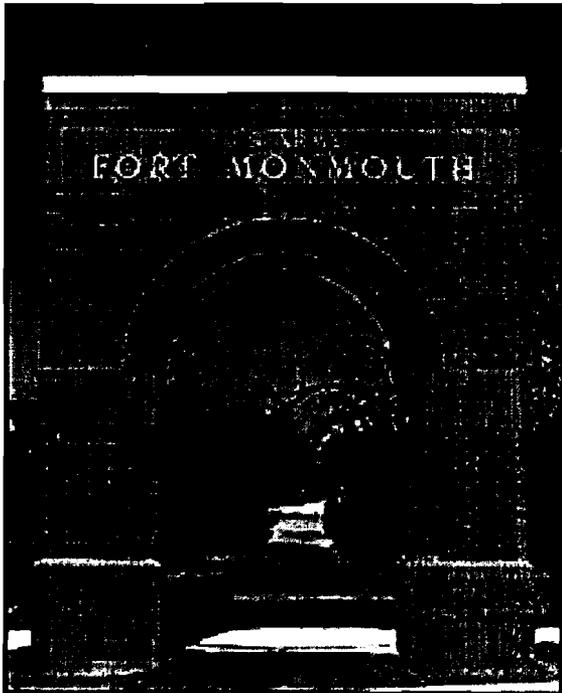


**Smart Growth Study**  
**Evaluation of The Impact**  
**of Fort Monmouth**  
**On the Host Communities of**  
**Eatontown, Little Silver, Oceanport,**  
**Shrewsbury and Tinton Falls**  
  
**July 2005**



**Prepared for**

**The Borough of Eatontown      The Borough of Little Silver**  
**The Borough of Oceanport      The Borough of Shrewsbury**  
**The Borough of Tinton Falls**

**Prepared by**

**JEFFREY DONOHOE ASSOCIATES LLC**  
**1000 ELM STREET, 19<sup>TH</sup> FLOOR**  
**P.O. BOX 417**  
**MANCHESTER, NEW HAMPSHIRE 03105**

**(603) 568-5912**  
**(603) 746-6526 fax**  
**jeff@teamdonohoe.com**

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## **Introduction and Overview**

The Fort Monmouth Host Communities, which include Eatontown, Little Silver, Oceanport, Shrewsbury Borough and Tinton Falls, retained Jeffrey Donohoe Associates (JDA) to explore the issues associated with the Department of Defense's recommended closure of Fort Monmouth. The Fort is one of the largest landowners and employers in Monmouth County, and the proposed closure of the Fort is a significant concern for the Host Communities. According to the Department of Defense's 2004 Base Structure Report, Fort Monmouth includes more than 1,100 acres of land, improved with more than 400 buildings totaling more than 5 million square feet of floor space.

This analysis is intended to explore the issues associated with the potential affects on the host community if the Fort were to be closed as recommended by the Secretary of Defense. JDA was tasked to review several key issues as part of this analysis, including:

- ❑ Review existing studies and analysis regarding benefits of Fort Monmouth to the neighboring municipalities;
- ❑ Prepare a report outlining the benefits that accrue to the neighboring municipalities and region due to the current operational status of Fort Monmouth;
- ❑ Assess the potential for the provision of shared services at Fort Monmouth by the four participating municipalities; and
- ❑ Prepare a projected Fiscal Impact Assessment to determine shortfall in municipal budgets if Fort Monmouth has to close in 2005.

In the simplest terms, this report evaluates the critical role that Fort Monmouth plays in the Monmouth County region, particularly for the Host Communities, and evaluates what the effects of a closure of the Fort could be on the budgets of the Host Communities and the larger region. For purposes of this analysis, the Host Communities include the boroughs of Eatontown, Little Silver, Oceanport, Shrewsbury and Tinton Falls. The Impacted Communities include Fair Haven, Long Branch, Middletown, Monmouth Beach, Ocean Township, Red Bank, Rumson, Sea Bright and West Long Branch. Together, the five Host Communities and the Impacted Communities are representative of the Two Rivers Mayors Council.

It should be noted that Fort Monmouth provided significant data inputs for evaluation by the consultants. Specifically, the Fort provided locational information for employees, as well as significant data related to the dollar value of contracts awarded to companies located in the Host Communities, the rest of Monmouth County and the State of New Jersey. This data serves as the basis for many of the analyses completed within this report.

The remainder of this report includes several key sections. First, information is presented on the Base Closure process, to provide the reader with an overview of the specifics of the closure process, as well as key dates related to the closure process. Second, an overview of budget information for the Host Communities is presented, to provide a context for evaluating the importance of the Fort. Third, information is presented which identifies and evaluates the employment base of the Fort. Next, the amount of contracting done by the Fort within the Host Communities and the rest of Monmouth County is summarized, to help understand the "spin-off effect" of the Fort on the region. The Base Operations budget for the Fort is also summarized to

provide a context for reviewing potential opportunities for shared services with the Host Communities. Finally, some of the potential economic impacts of closure are discussed.

### **Summary of Significant Findings and Conclusions**

This report provides a variety of key findings and conclusions regarding the impact of the potential closure of Fort Monmouth on the communities.

#### **Base Closure Process**

- Fort Monmouth was recommended to be closed by the Secretary of Defense, in order to combine research efforts at fewer sites to achieve efficiency and synergy at a lower cost than would be required at multiple sites.
- The Base Realignment and Closure Commission is required to evaluate the Secretary's recommended list of base closures, and to provide guidance to the President on the Secretary's recommendations not later than September 8<sup>th</sup>. At that time, the President will have to accept or reject the Commission's list in total.

#### **Community Impacts**

- Fort Monmouth and its employees are an integral part of the communities. The Fort directly employs more than 5,000 people, including 4,652 civilians and 620 military personnel. Of these, more than 1,300 reside in the Host Communities of Eatontown, Little Silver, Oceanport, Shrewsbury and Tinton Falls. An additional 787 employees reside in the Impacted Communities of Fair Haven, Long Branch, Middletown, Monmouth Beach, Ocean Township, Red Bank, Rumson, Sea Bright and West Long Branch.
- The Host Communities, in general, rely on taxation for the largest portion of their municipal revenues. In the event of a closure at Fort Monmouth, each of the Host Communities and the Impacted Communities would be at-risk in terms of reductions in tax revenue collections associated with employees and contractors at the Fort.
- Both residential and non-residential property tax collections would be at-risk. Given the predominance of residential properties in these communities, declines in non-residential tax collections would result in the shift of some additional tax burden to residential properties. Apartment properties would likely see an increase in vacancy, and thus lower tax revenues. Similarly, commercial and industrial properties which are leased to Defense contractors would also see increased vacancy, diminished values and lower tax revenues. These two factors would cause more of the tax burden to shift to homeowners.
- The five Host Communities have an equalized assessed valuation of approximately \$9 billion. Of this amount, almost 5%, or \$430 million, is considered to be at-risk if Fort Monmouth closes. Tinton Falls has the highest potential exposure, with \$160 million of tax base at-risk, followed by Eatontown, with \$107 million of tax base at-risk.

- In the seven Impacted Communities, the equalized assessed valuation is an additional \$27.3 billion, and tax base at-risk due to the closure of the Fort would be an additional \$259 million. Red Bank and Long Branch have the highest amount of tax base at-risk, with \$53.5 and \$38.2 million respectively.
- Delinquent taxes are likely to increase in the event that the Fort is closed. It is important to recognize that these tax revenues would not be lost, but a portion of these taxes would likely be lost either due to reductions in value, or default by taxpayers. It is also important to recognize that while these tax revenues would be considered at-risk, only a portion of the revenues would likely be delayed. While the taxes are likely to be collected in the long run, municipal budgets could suffer in the short term.

### **Employment and Unemployment**

- The closure of Fort Monmouth could have a significant impact on the unemployment rate in the Host Communities and the larger region. Assuming that the existing employees at the Fort all became unemployed for some period of time, the unemployment rate in the Host Communities would more than double. Under this “worst case” scenario, almost 13% of Eatontown’s labor force would be unemployed, and more than 10% of Tinton Falls’ labor force would be unemployed. Overall, 9.5% of the Host Communities’ labor force of 24,649 could be unemployed. In the Impacted Communities, the unemployment rate could jump to more than 9% in Red Bank, and 8.6% in Long Branch. Overall, unemployment in the Impacted Communities could increase to 5.4% from the current 4.6%.

### **Contracting**

- The importance of defense contractors in the local and regional economy should not be overlooked. According to the Department of Defense (DoD), more than \$925 million in prime contracts were awarded to firms in Monmouth County in FY 03 by all DoD agencies. In fact, companies in Monmouth County received almost 25% of the \$3.7 billion in DoD contracts awarded in the State of New Jersey in FY 03.
- Companies in the Host Communities received the lion’s share of contracts awarded to companies in Monmouth County by Fort Monmouth in FY 03. Data provided by Fort Monmouth indicates that the Host Communities received more than 95% of contracts awarded to Monmouth County companies, receiving \$321 million of the \$335 million that the Fort awarded.

### **Base Operations Budget**

- The total Base Operations budget for 2004 was \$127.5 million, more than 22% higher than the 2002 budget of \$104.4 million. As a means of comparison, the Fort Monmouth Base Operations budget is more than double the budgets of the five Host Communities combined.
- The Fort employed 663 personnel to perform base operations functions in 2003. The total budget was \$127.5 million. Contracted services accounted for almost 32% of

expenditures, with the remaining 68% used for functions performed on an in-house basis. The total budget for in-house functions is \$87.2 million, which includes civilian labor costs of \$39.1 million. However, much of the remaining costs within these budget categories are related to contracted services.

- Buildings and Grounds Maintenance makes up the largest category of services which are performed strictly by contractors. The annual cost of \$18.9 million equates to an average of \$3.74 per square foot of building area for Fort Monmouth's 5.1 million square feet of space, and represents 47% of the contracted services budget. Utilities represents the next largest expenditure area, accounting for \$13.8 million in annual costs, or about \$2.74 for every square foot of building area at the Fort, while Facility Management and Minor Construction account for almost \$6 million in costs, or another \$1.17 per square foot of building area. Together, these three expense categories total more than \$38.7 million in costs, an average of \$7.65 per square foot of building area.

#### **Potential for Shared Services**

- While consideration was given to the possibility of the Fort sharing municipal services with one or more of the Host Communities, a variety of services are simply not conducive to being shared. These services and functions are generally considered to be "inherently Federal" in nature. For example, it is unlikely that the Army secure telecommunications could be shared with the communities. Similarly, the Army's accounting and contracting functions do not readily lend themselves to being shared with the communities.
- Some functions that the Army utilizes at Fort Monmouth are consistent with functions that the Host Communities presently provide for their residents and businesses. Specific consideration was given to three distinct areas: building and grounds maintenance; utilities; and fire protection services. However, this possibility was discounted because the size and scope of the Army's requirements is substantially above the level of service which the Host Communities presently provide. For example, the five Host Communities spent a total of just over \$700,000 for fire protection services in 2003, as compared to the Fort's budget of \$3.6 million.

#### **Economic Impact**

- The closure of Fort Monmouth will impact the regional economy, as employee wages are taken out of the economic picture, reducing overall retail trade in the region. According to Claritas, the average household in the Fort Monmouth region spends more than \$56,000 annually on retail goods and services. The loss of this spending will have an impact on the local economy. Claritas estimates the local retail trade potential in proximity to Fort Monmouth (10 mile radius) to be \$5.65 billion annually. Removing the Fort's 4,652 civilian employees from the regional economy would potentially take more than \$260 million from the economy, or about 4.6% of the local retail trade potential. This is considered to be the worst-case scenario.

- If the spending of 1,325 employees who reside in the Host Communities is removed from the economy, almost \$75 million in retail trade potential is eliminated. At an average of \$250 to \$500 in retail sales per square foot, this amount of retail trade would support between 150,000 and 300,000 square feet of retail space. The 787 employees who reside in the Impacted Communities account for another \$45 million in retail trade potential. At an average of \$250 to \$500 in retail sales per square foot, this amount of retail trade would support between 90,000 and 180,000 square feet of retail space.

### Base Closure Process

The Base Realignment and Closure (BRAC) process is presently underway. The selection criteria were published in the Federal Register in early 2004, and were not disapproved by Congress.

In March of 2005, the President and other elected leaders identified nine members to serve on the BRAC Commission. A summary of the selection criteria, taken from the Secretary of Defense's website, appear in the graphic to the right.

As shown in the graphic, the primary consideration in evaluating potential closure and realignment candidates is the military value of the property. It should be noted that several of the criteria refer to "potential receiving locations", which indicates that the Department of Defense is giving significant consideration to the creation of larger bases, possibly with multiple branches of the military being co-located on a single base. This concept is referred to by the Secretary as "jointness", and is considered to be extremely important in evaluating bases under BRAC 2005.

**Final Selection Criteria**  
**Department of Defense Base Closure and Realignment**

In selecting military installations for closure or realignment, the Department of Defense, giving priority consideration to military value (the first four criteria below), will consider:

*Military Value*

1. The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training, and readiness.
2. The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.
3. The ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training.
4. The cost of operations and the manpower implications.

*Other Considerations*

5. The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.
6. The economic impact on existing communities in the vicinity of military installations.
7. The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.
8. The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

On May 13, 2005, the Secretary of Defense submitted his list of recommended closures and realignments to the BRAC Commission. Fort Monmouth was included on the Secretary's list, and is recommended for closure. The Secretary has recommended that the majority of the Fort's technical missions be transferred to Aberdeen Proving Ground in Maryland. In its recommendations, the Department of Defense indicates that the consolidation of research and development activities at fewer sites will achieve efficiency and synergy at a lower cost than

would be required at multiple sites. In addition, the Department of Defense (DoD) notes “Fort Monmouth is an acquisition and research installation with little capacity to be used for other purposes.”<sup>1</sup> DoD indicates that the closure of Fort Monmouth will affect 620 military personnel, and 4,652 civilians.

DoD estimates a one-time cost of \$822.3 million to implement the closure recommendation, and estimates the net cost (after savings) during implementation to be \$395.6 million. Annual recurring savings are estimated to be \$143.7 million, and the net present value of the costs and savings over a 20-year period is estimated to be just over \$1 billion.

The BRAC Commission has until September 8<sup>th</sup> to evaluate the proposed closure and realignment bases, and to provide guidance to the President on the Secretary’s recommendations. The President must approve or disapprove the Commission’s recommendation in its entirety.

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<sup>1</sup> Department of Defense Report to the Defense Base Closure and Realignment Commission, Department of the Army Analysis and Recommendations, BRAC 2005, Page 87.

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**Municipal Budgets**

In order to evaluate the potential impact of a closure at Fort Monmouth on the municipality, JDA reviewed the municipal budgets of the Host Communities. The purpose of this review was to gain an understanding of the tax base for the communities, and to determine the extent to which tax collections would be interrupted or delayed by a closure of Fort Monmouth.

Municipal revenue and expenditure information was provided by each community, based on the year-end audit for 2003. Table 1 below provides a summary of revenues and spending for each community. As shown in the Table, Eatontown and Tinton Falls have similar budgets, which are two to three times larger than the other three Host Communities. Total budgets for the five Host Communities exceed \$60 million annually. It should be noted that the budgets presented in Table 1 reflect the costs for municipal services, but do not include costs associated with education.

Table 1  
Summary of Municipal Revenues and Expenditures  
For the Year 2003

<b>Revenues</b>	<b>EATONTOWN</b>	<b>LITTLE SILVER</b>	<b>OCEANPORT</b>	<b>SHREWSBURY</b>	<b>TINTON FALLS</b>	<b>TOTAL</b>
Budget Surplus	3,650,000	1,830,000	452,081	800,000	3,311,000	10,043,081
Miscellaneous Revenues	3,823,435	1,168,678	1,605,300	1,060,973	6,648,757	14,307,144
Delinquent Tax Receipts	380,892	206,132	237,814	265,022	529,114	1,618,974
Funds Raised by Taxes	11,116,241	5,695,261	3,501,192	4,700,015	8,118,452	33,131,161
Additional Revenues Received	634,313	296,065	207,176	172,347	252,027	1,561,928
<b>Total Revenues</b>	<b>19,604,881</b>	<b>9,196,136</b>	<b>6,003,563</b>	<b>6,998,357</b>	<b>18,859,351</b>	<b>60,662,288</b>
<b>% of Funds Raised by Taxes</b>	<b>56.7%</b>	<b>61.9%</b>	<b>58.3%</b>	<b>67.2%</b>	<b>43.0%</b>	<b>54.6%</b>
<b>Expenditures</b>	<b>EATONTOWN</b>	<b>LITTLE SILVER</b>	<b>OCEANPORT</b>	<b>SHREWSBURY</b>	<b>TINTON FALLS</b>	<b>TOTAL</b>
General Government	3,825,809	1,450,134	1,078,091	1,519,477	4,095,994	11,969,506
Public Safety	4,071,644	1,537,949	1,732,770	1,634,975	3,558,497	12,535,835
Streets and Roads	988,087	360,610	297,037	589,112	528,990	2,763,835
Health and Welfare	2,181,322	1,143,353	595,069	780,915	2,387,230	7,087,890
Uniform Construction Code	259,005	99,905	82,239	34,982	252,522	728,653
Statutory Expenditures	323,732	131,931	81,964	141,464	526,066	1,205,157
Operations Excluded from CAPS Public and Private Programs Offset by Revenues	352,488	111,897	51,134	184,273	624,104	1,323,896
Capital Improvements Excluded from CAPS	256,022	15,937	417,240	89,224	103,057	881,480
Municipal Debt Service - Excluded from CAPS	76,000	608,050	150,500	0	88,818	923,368
Deferred Charges	1,877,993	823,994	310,469	930,697	2,391,883	6,335,036
Budgeted Surplus	0	35,200	49,450	21,420	120,000	226,070
Reserve for Uncollected Taxes	3,257,779	1,823,341	697,873	683,820	3,052,216	9,515,029
<b>Total Expenditures</b>	<b>19,604,881</b>	<b>9,196,136</b>	<b>6,003,563</b>	<b>6,998,357</b>	<b>18,859,351</b>	<b>60,662,288</b>

Source: Municipal Audits for 2003 and Jeffrey Donohoe Associates

The five Host Communities rely upon taxation for the largest portion of their revenues. With the exception of Tinton Falls, all of the Host Communities generate between 57% and 67% of their revenues from taxation, while Tinton Falls raises 43% through taxation. This is significant, since property taxes are most likely to be affected in the event of a closure at Fort Monmouth. Apartment properties would likely see an increase in vacancy, and thus lower tax revenues.

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Similarly, commercial and industrial properties which are leased to Defense contractors would also see increased vacancy, diminished values and lower tax revenues. These two factors would cause more of the tax burden to shift to homeowners. In addition, delinquent taxes are also likely to increase in the event of a closure.

The taxable value of properties in the Host Communities totaled \$4.75 billion in 2004, as shown in Table 2 below. Interestingly, Little Silver had the largest tax base at \$1.22 billion, followed by Tinton Falls at \$1.19 billion. The combined assessed valuation of residential properties represented almost 70% of the total valuation.

Similar data was collected for the nine Impacted Communities of Fair Haven, Long Branch, Middletown, Monmouth Beach, Ocean Township, Red Bank, Rumson, Sea Bright and West Long Branch. The total combined assessed valuation was \$15.4 billion, of which more than 83%, or \$12.8 billion, was residential.

**Table 2  
Assessed Valuation  
Fort Monmouth Host Communities**

	<b>Eatontown</b>	<b>Little Silver</b>	<b>Oceanport</b>	<b>Shrewsbury</b>	<b>Tinton Falls</b>	<b>Total</b>
Vacant Land	\$ 32,556,000	\$ 9,825,800	\$ 8,920,900	\$ 8,317,600	\$ 34,382,304	\$ 94,002,604
Residential	\$ 400,939,000	\$ 1,125,391,300	\$ 415,371,700	\$ 485,228,700	\$ 853,176,443	\$ 3,280,107,143
Farm Properties	\$ 444,700	\$ 3,392,300	\$ 196,800	\$ 789,600	\$ 3,643,600	\$ 8,467,000
Commercial	\$ 425,224,900	\$ 81,976,200	\$ 69,699,600	\$ 295,480,800	\$ 191,618,300	\$ 1,063,999,800
Industrial	\$ 113,924,600	\$ -	\$ -	\$ -	\$ 16,401,300	\$ 130,325,900
Apartment	\$ 85,001,900	\$ -	\$ 256,500	\$ -	\$ 88,104,800	\$ 173,363,200
Total Non-Residential	\$ 624,151,400	\$ 81,976,200	\$ 69,956,100	\$ 295,480,800	\$ 296,124,400	\$ 1,367,688,900
Total Assessed Value	\$ 1,058,091,100	\$ 1,220,585,600	\$ 494,445,500	\$ 789,816,700	\$ 1,187,326,747	\$ 4,750,265,647

Source: Borough Assessors Offices

However, in order to reasonably evaluate and compare the taxable valuation of properties, it is necessary to equalize their values. Since some communities have not been reassessed in the past few years, their assessed values may be well below their market values. The Monmouth County Board of Taxation publishes equalization ratios for each community. Essentially, equalization ratios indicate what percentage of market value the community's assessment equates to. For example, an equalization ratio of 35% indicates that the assessed values for the community are, on average, 35% of market value. These ratios can be used to estimate current market values for properties in each community. Assessment ratios are different in each community for several reasons. First, properties appreciate at differing rates in each community. In addition, each community has a different mix of residential and non-residential uses. Finally, each community is reassessed on a different schedule to bring assessed values more in-line with market values. For example, Eatontown and Shrewsbury are both undergoing revaluation during 2005, while Oceanport is scheduled to be revalued in 2006 and Tinton Falls is scheduled for 2007.

Table 3 summarizes the equalized assessed value for each of the Host Communities. As shown in the Table, the total equalized combined value of properties in the Host Communities is in excess of \$9 billion. Because the equalization ratios for Shrewsbury and Little Silver are high,

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their equalized values are reasonably close to their assessed values, which are summarized in Table 2 above.

Table 3  
Equalized Assessed Valuation  
Fort Monmouth Host Communities

	Eatontown 0.6261	Little Silver 0.9403	Oceanport 0.5165	Shrewsbury 0.9234	Tinton Falls 0.5568	Total
Vacant Land	\$ 51,998,083	\$ 10,449,644	\$ 17,271,830	\$ 9,007,581	\$ 61,749,828	\$ 150,476,965
Residential	\$ 640,375,339	\$ 1,196,842,816	\$ 804,204,647	\$ 525,480,507	\$ 1,532,285,278	\$ 4,699,188,587
Farm House	\$ 686,312	\$ 3,590,875	\$ 364,763	\$ 843,297	\$ 6,049,030	\$ 11,534,277
Farm Qualified	\$ 23,958	\$ 16,803	\$ 16,263	\$ 11,804	\$ 494,792	\$ 563,620
Commercial	\$ 679,164,510	\$ 87,180,900	\$ 134,945,983	\$ 319,992,203	\$ 344,142,062	\$ 1,565,425,657
Industrial	\$ 181,959,112	\$ -	\$ -	\$ -	\$ 29,456,358	\$ 211,415,470
Apartment	\$ 135,764,095	\$ -	\$ 496,612	\$ -	\$ 158,234,195	\$ 294,494,902
Total Non-Residential	\$ 996,887,718	\$ 87,180,900	\$ 135,442,594	\$ 319,992,203	\$ 531,832,615	\$ 2,071,336,029
Total Assessed Value	\$ 1,689,971,410	\$ 1,298,081,038	\$ 957,300,097	\$ 855,335,391	\$ 2,132,411,543	\$ 9,004,435,508

Source: Monmouth County Board of Taxation, Borough Assessors, and Jeffrey Donohoe Associates

In contrast, Eatontown, Shrewsbury and Oceanport all have lower equalization ratios, indicating that their assessed values are well below market value. In fact, while the assessed valuation for these three communities is \$2.74 billion, the equalized value (EQV) is \$4.78 billion, an increase of more than \$2 billion.

Similar data was gathered for the Impacted Communities. The total EQV was almost \$27.3 billion. Middletown and Ocean Township had the highest EQV, at \$9.2 and \$3.7 billion respectively. These were followed by Long Branch and Rumson with \$2.8 and \$2.7 billion respectively.

The primary issue for the Host Communities is whether tax revenues and/or tax collections will be affected by the closure of Fort Monmouth. In order to evaluate this issue, it is necessary to evaluate how much of the tax base could be "at-risk" in the event of a closure. To accomplish this, the consultants assumed that Fort Monmouth employees who live in the Host Communities live in single-family homes and apartments in the same proportional distribution as the community as a whole. For example, in Eatontown, the number of owner-occupied housing units and the number of renter-occupied housing units are almost identical, while in Little Silver, only 3.5% of units are renter-occupied, with the remainder of the units owner-occupied.

Estimating the non-residential tax base that would be "at-risk" is more difficult. Without specific data on the physical location of individual Defense contractors, it is necessary to use estimates of the potential values of non-residential uses. As estimated elsewhere in this report, the closure of Fort Monmouth could result in 428,000 square feet of space occupied by Defense contractors to become vacant. A review of facility pricing data from Marshall & Swift's Commercial Cost Estimator indicates a wide range of pricing for office, flex, light industrial and research and development (R&D) facilities. Pricing ranges from a low \$45 to \$50 per square foot for flex space to as much as \$90 to \$170 per square foot for office space. For purposes of this analysis, an average equalized assessed value of \$100 per square foot has been assumed, to reflect the mix of uses and building types that would be affected by a closure of the Fort.

Assuming an average value of \$100 per square foot, this space would have a market value of \$42.8 million, which equates to 2.4% of the non-residential tax base in the Host Communities. This indicates that, on average, 2.4% of the non-residential tax base in each community could be at-risk. Table 4 below provides a summary of the tax base at-risk in each community.

<b>Table 4 Summary of Tax Base at-Risk Fort Monmouth Host Communities</b>						
	<b>Eatontown</b>	<b>Little Silver</b>	<b>Oceanport</b>	<b>Shrewsbury</b>	<b>Tinton Falls</b>	<b>Total</b>
<b>Employees</b>	653	35	87	35	515	1,325
<b>% of Residential Tax Base</b>	11.3%	1.6%	4.3%	2.9%	8.7%	7.7%
<b>Tax Base at-Risk</b>						
<b>Residential</b>	\$ 87,730,492	\$ 18,767,696	\$ 34,301,328	\$ 15,237,629	\$ 147,863,031	\$ 385,921,879
<b>Commercial/Industrial</b>	\$ 19,558,287	\$ 2,092,342	\$ 3,250,622	\$ 7,679,813	\$ 12,057,030	\$ 44,638,093
<b>Total</b>	\$ 107,288,778	\$ 20,860,038	\$ 37,551,950	\$ 22,917,441	\$ 159,920,062	\$ 430,559,973
<b>% of Total EQV</b>	6.3%	1.6%	3.9%	2.7%	7.5%	4.8%

Source: Jeffrey Donohoe Associates

As shown in the Table above, the closure of Fort Monmouth could put more than \$430 million of tax base in the Host Communities at-risk. Tinton Falls has the highest potential exposure at almost \$160 million, followed by Eatontown with more than \$107 million.

Comparing the potential tax base at-risk to the total equalized value of each community provides an estimate of the percentage of tax base that is at-risk. This percentage can be multiplied by the revenue from taxes to project the tax revenue which would be at-risk in the event of a closure.

It is important to recognize that all of these tax revenues would not be lost, but a portion of these taxes would likely be lost either due to reductions in value, or default by taxpayers. It is also important to recognize that while these tax revenues would be considered at-risk, only a portion of the revenues would likely be delayed. While the taxes are likely to be collected in the long run, municipal budgets could suffer in the short term.

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	<b>Eastontown</b>	<b>Little Silver</b>	<b>Oceanport</b>	<b>Shrewsbury</b>	<b>Tinton Falls</b>	<b>Total</b>
<b>Tax Base at-Risk</b>	\$ 107,288,778	\$ 20,860,038	\$ 37,551,950	\$ 22,917,441	\$ 159,920,062	\$ 430,559,973
<b>% of Total EQV</b>	6.3%	1.6%	3.9%	2.7%	7.5%	4.8%
<b>Tax Revenue at-Risk</b>	\$ 705,721	\$ 91,522	\$ 137,341	\$ 125,930	\$ 608,843	\$ 1,669,357
<b>03 Reserve for Uncollected Taxes</b>	2,135,000	1,053,833	459,728	387,997	1,129,975	5,166,533
<b>Percentage Increase for Tax Revenue at-Risk</b>	33.1%	8.7%	29.9%	32.5%	53.9%	32.3%

Source: Jeffrey Donohoe Associates

Table 5 above also shows how much each community reserved in FY 03 to cover uncollected taxes, and calculates how the percentage relationship between the FY 03 reserve and the at-risk tax revenue. As shown in Table 5, the amount of tax revenue that Tinton Falls would have at-risk is the highest in relationship to their FY 03 reserve for uncollected taxes at 53.9%, while Little Silver's is the lowest at just 8.7%.

It is important to recognize that these estimates consider only the direct employees at the Fort and the employees supported directly by government contracts. These estimates do not include spin-off effects, which would likely occur due to the reduction in disposable income of the Fort's employees. According to Fort Monmouth, the average civilian wage is \$93,000 annually. This indicates that the 1,325 Fort Monmouth employees who reside in the Host Communities have a combined income of more than \$120 million annually. This money not only supports tax payments, but shops, restaurants, grocery stores and gas stations in the Host Communities. A reduction in spending of such a significant amount would likely cause some marginal businesses to fail, resulting in additional lost tax revenues.

	<b>Tax Base at-Risk</b>	<b>% of Total EQV</b>	<b>Tax Revenue At-Risk</b>
Fair Haven	\$ 10,151,921	0.9%	\$ 36,075
Long Branch	\$ 38,217,241	1.4%	\$ 301,901
Middletown	\$ 25,014,592	0.3%	\$ 86,805
Monmouth Beach	\$ 4,935,621	0.5%	\$ 15,805
Ocean Township	\$ 28,584,517	0.8%	\$ 100,661
Red Bank	\$ 53,547,456	3.4%	\$ 247,157
Rumson	\$ 25,045,472	0.9%	\$ 67,001
Sea Bright	\$ 2,388,118	0.5%	\$ 12,943
West Long Branch	\$ 33,162,806	3.1%	\$ 126,901
<b>Total</b>	<b>\$ 221,047,744</b>	<b>0.8%</b>	<b>\$ 995,251</b>

Source: NJ Division of Local Government Services and Jeffrey Donohoe Associates

Similar data was gathered for the Impacted Communities. As shown in Table 6, almost \$1 million in tax revenues would be at-risk in the event that Fort Monmouth is closed. Long Branch would have the highest exposure, with more than \$300,000 in tax revenues at-risk. Red Bank

would have almost \$250,000 at-risk, while West Long Branch would have more than \$125,000 at-risk.

### Employment at Fort Monmouth

Fort Monmouth provided the consultants with a listing of civilian employees at the site. Due to privacy and security concerns, specific information was not provided for individual employees. Instead, summary information was provided for 5,125 of the Fort's employees which identifies the zip code that each employee uses as part of their mailing address.

The U.S. Postal Service's zip code locator was used to convert the zip codes provided by Fort Monmouth, in order to identify where employees live. It should be noted that portions of Tinton Falls appear to be a part of several zip code areas, which also include other communities. To determine the relative percentage of Tinton Falls residents as opposed to residents of Interlaken, Ocean, Wall Township or Neptune, the population was reviewed for the communities which make up the zip code area, and Tinton's Falls (25%) proportionate share was used. Similarly, Rumson and Sea Bright share a zip code, and their relative populations were used to estimate the number of employees in each of the two communities. While this system is not considered to be perfect, it does provide a reasonable method of evaluating where employees live, and therefore the potential impacts on the local community should the Fort be closed.

Region	Number of Employees	Percent of Sample
Host Communities	1,325	25.9%
Impacted Communities	787	15.4%
Rest of New Jersey	2,881	56.2%
New York State	56	1.1%
Pennsylvania	52	1.0%
Other States	24	0.5%
Total	5,125	100.0%

Source: U.S. Army and Jeffrey Donohoe Associates

As shown in Table 7, it is estimated that almost 26% of the civilian employees at Fort Monmouth reside in the Host Communities, and an additional 15% reside in the impact area communities. Within the Host Communities, Eatontown is estimated to have the highest number of residents, as well as the highest concentration of its population working at the Fort, as summarized in Table 8. The Table shows that 653 of Eatontown's 14,124 residents worked at the Fort.

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<b>Host Communities</b>	<b>Population Estimate 2003</b>	<b>Workers at Fort Monmouth</b>	<b>Percent of Population</b>
OCEANPORT	5,952	87	1.5%
EATONTOWN	14,124	653	4.6%
SHREWSBURY	3,726	35	0.9%
TINTON FALLS	15,975	515	3.2%
LITTLE SILVER	6,123	35	0.6%
<b>TOTAL</b>	<b>45,900</b>	<b>1,325</b>	<b>2.9%</b>
<b>Impacted Communities</b>	<b>Population Estimate 2003</b>	<b>Workers at Fort Monmouth</b>	<b>Percent of Population</b>
FAIR HAVEN	5,949	18	0.30%
LONG BRANCH	31,523	202	0.64%
MIDDLETOWN	66,357	75	0.11%
MONMOUTH BEACH	3,619	9	0.25%
OCEAN TOWNSHIP	27,693	98	0.35%
RED BANK	11,792	256	2.17%
RUMSON	7,312	24	0.33%
SEA BRIGHT	1,792	6	0.33%
WEST LONG BRANCH	8,216	99	1.20%
<b>TOTAL</b>	<b>164,253</b>	<b>787</b>	<b>0.48%</b>

Source: U.S. Army, U.S. Postal Service and Jeffrey Donohoe Associates

Tinton Falls had 515 of its 15,975 residents employed at the Fort, which equates to 3.2% of the residents of the community. Overall, the 1,325 Fort Monmouth employees who live in the Host Communities account for 2.9% of the population of the five Host Communities, as summarized in Table 8. Within the Impacted Communities, Red Bank has the strongest representation among Fort workers. This could be related to the fact that Fort Monmouth and Red Bank share a zip code, which could have the effect of increasing the number of employees from Red Bank.

In order to estimate the impacts of the proposed closure on the Host Communities, it is first necessary to understand how many residents of these communities are in the labor force, and what the impact of a closure could be on the unemployment rate. According to the New Jersey Department of Labor, the Host Communities have a total labor force of 24,649, while the Impacted Communities have a total labor force of 37,632. This indicates that Fort Monmouth employees residing in the Host Communities account for 5.4% of the local labor force, and an additional 0.9% of the labor force in the Impacted Communities. Eatontown has the highest concentration of Fort Monmouth employees in its labor force, with more than 8% of the labor force employed at the Fort. Tinton Falls has 6.6% of its labor force employed at the Fort, while Oceanport has 2.4%. Shrewsbury and Little Silver have 1.9% and 1.1% of their labor force respectively employed at the Fort. Red Bank and West Long Branch had the highest concentrations of Fort employees among the Impacted Communities.

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<b>Table 9 Fort Monmouth Workers As a Percentage of the Labor Force</b>			
<b>Host Communities</b>	<b>Labor Force</b>	<b>Workers at Fort Monmouth</b>	<b>Percent of Labor Force</b>
OCEANPORT	3,582	87	2.4%
EATONTOWN	8,148	653	8.0%
SHREWSBURY	1,854	35	1.9%
TINTON FALLS	7,770	515	6.6%
LITTLE SILVER	3,295	35	1.1%
<b>TOTAL</b>	<b>24,649</b>	<b>1,325</b>	<b>5.4%</b>
<b>Impacted Communities</b>	<b>Labor Force</b>	<b>Workers at Fort Monmouth</b>	<b>Percent of Labor Force</b>
FAIR HAVEN	2,989	18	0.6%
LONG BRANCH	16,693	202	1.2%
MIDDLETOWN	39,244	75	0.2%
MONMOUTH BEACH	2,181	9	0.4%
OCEAN TOWNSHIP	15,659	98	0.6%
RED BANK	6,369	256	4.0%
RUMSON	3,687	24	0.7%
SEA BRIGHT	1,253	6	0.5%
WEST LONG BRANCH	4,460	99	2.2%
<b>TOTAL</b>	<b>92,535</b>	<b>787</b>	<b>0.9%</b>

Source: U.S. Army, New Jersey Department of Labor and Jeffrey Donohoe Associates

At the present time, unemployment in the area is low. As shown in Table 10 below, the State of New Jersey estimates that there are 1,014 unemployed persons in the Host Communities, and an additional 4,225 unemployed in the Impacted Communities. The unemployment rate was estimated to be 4.1% in the Host Communities and 4.6% in the Impacted Communities. Among the Host Communities, Shrewsbury's unemployment rate was the lowest at 2.4%, while Eatontown's was highest at 4.9%. Among the Impacted Communities, Long Branch had the highest unemployment rate, at 7.4%, followed by Red Bank and Fair Haven.

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<b>Table 10 Estimated Unemployment</b>			
<b>Host Communities</b>	<b>Labor Force</b>	<b>Unemployed</b>	<b>Percent of Labor Force</b>
OCEANPORT	3,582	169	4.7%
EATONTOWN	8,148	398	4.9%
SHREWSBURY	1,854	44	2.4%
TINTON FALLS	7,770	296	3.8%
LITTLE SILVER	3,295	107	3.3%
<b>TOTAL</b>	<b>24,649</b>	<b>1,014</b>	<b>4.1%</b>
<b>Impacted Communities</b>	<b>Labor Force</b>	<b>Unemployed</b>	<b>Percent of Labor Force</b>
FAIR HAVEN	2,989	141	4.7%
LONG BRANCH	16,693	1,233	7.4%
MIDDLETOWN	39,244	1,608	4.1%
MONMOUTH BEACH	2,181	56	2.6%
OCEAN TOWNSHIP	15,659	616	3.9%
RED BANK	6,369	332	5.2%
RUMSON	3,687	75	2.0%
SEA BRIGHT	1,253	47	3.8%
WEST LONG BRANCH	4,460	117	2.6%
<b>TOTAL</b>	<b>92,535</b>	<b>4,225</b>	<b>4.6%</b>

Source: New Jersey Department of Labor and Jeffrey Donohoe Associates

A closure at Fort Monmouth could have a significant impact on the unemployment rate in the Host Communities and the larger region. Assuming that the existing employees at the Fort all became unemployed for some period of time, the unemployment rate in the Host Communities would more than double. Under this "worst case" scenario, almost 13% of Eatontown's labor force would be unemployed, and more than 10% of Tinton Falls' labor force would be unemployed. Overall, 9.5% of the Host Communities' labor force of 24,649 would be unemployed.

In the Impacted Communities, the unemployment rate would jump to more than 9% in Red Bank, and 8.6% in Long Branch. Overall, unemployment in the Impacted Communities would increase to 5.4%.

As discussed elsewhere in this analysis, significantly higher levels of unemployment are likely to lead to increased tax collection problems, and possibly defaults.

Table 11 Potential Impact of Closure On Unemployment Rates			
Host Communities	Labor Force	Unemployed	Percent of Labor Force
OCEANPORT	3,582	256	7.1%
EATONTOWN	8,148	1,051	12.9%
SHREWSBURY	1,854	79	4.3%
TINTON FALLS	7,770	811	10.4%
LITTLE SILVER	3,295	142	4.3%
<b>TOTAL</b>	<b>24,649</b>	<b>2,339</b>	<b>9.5%</b>
Impacted Communities	Labor Force	Unemployed	Percent of Labor Force
FAIR HAVEN	2,989	159	5.3%
LONG BRANCH	16,693	1,435	8.6%
MIDDLETOWN	39,244	1,683	4.3%
MONMOUTH BEACH	2,181	65	3.0%
OCEAN TOWNSHIP	15,659	714	4.6%
RED BANK	6,369	588	9.2%
RUMSON	3,687	99	2.7%
SEA BRIGHT	1,253	53	4.2%
WEST LONG BRANCH	4,460	216	4.8%
<b>TOTAL</b>	<b>92,535</b>	<b>5,012</b>	<b>5.4%</b>

Source: New Jersey Department of Labor and Jeffrey Donohoe Associates

### Contracting at Fort Monmouth

The issue of defense contractors who have facilities in the Host Communities could be as significant an issue as the on-site employees. As part of this analysis, Fort Monmouth provided a summary of the contracts which were issued to companies in the Host Communities, the rest of Monmouth County and the State of New Jersey.

According to Fort Monmouth staff, almost 1,500 individual contracts were issued from Fort Monmouth during FY 04. The total value of these contract actions was \$580 million, or an average of \$390,000 per contract. Companies located in the Host Communities received 521 of the 1,485 contracts, more than one-third of all contracts issued. More importantly, the value of the contracts received in the Host Communities represented more than 55% of the total contract volume. Companies located in the Host Communities received \$320 million of the total \$580 million awarded, with an average contract value of \$616,000, as compared to an average value of \$348,000 in the rest of the State.

It should also be noted that the Host Communities received the vast majority of contracts awarded in Monmouth County. The Host Communities received \$321 million of the total \$335 million in contracts awarded within Monmouth County. Specific locational data was not available for the \$13.9 million in contracts awarded to companies in Monmouth County other

than the Host Communities, so no allocation of these contracts has been made to the Impacted Communities.

	Contracts	Total Value	Average Value
<b>Total - Host Communities</b>	521	\$ 320,969,543	\$ 616,064
<b>Rest of Monmouth County</b>	260	\$ 13,945,286	\$ 53,636
<b>All of Monmouth County</b>	781	\$ 334,914,829	\$ 428,828
<b>Rest of New Jersey</b>	704	\$ 245,459,502	\$ 348,664
<b>All of New Jersey</b>	1,485	\$ 580,374,331	\$ 390,824

Source: U.S. Army and Jeffrey Donohoe Associates

The largest portion of these contracts, more than \$270 million, relates to professional, administrative and management support services. The majority of these positions are likely office-related, such that the loss of these jobs would likely result in an increase in the amount of vacant office space.

The importance of defense contractors in the local and regional economy should not be overlooked. According to the Department of Defense (DoD), more than \$925 million in prime contracts were awarded to firms in Monmouth County in FY 03 by all DoD agencies. In fact, companies in Monmouth County received almost 25% of the \$3.7 billion in DoD contracts awarded in the State of New Jersey in FY 03.

While it is difficult to determine the exact number of employees who work for these Defense contractors, some rules-of-thumb provide a sense of what is at stake. Assuming an average of \$300,000 in contract value is necessary to support one employee, the \$320 million in contracts from Fort Monmouth to companies in the Host Communities would support 1,070 employees. At an average of 400 to 600 square feet per employee, these companies would occupy between 425,000 and 650,000 square feet of office, R&D and industrial space in the community. The tax base for these operations could be in the range of \$35 to \$70 million. As discussed elsewhere in this report, the danger to the Host Communities is not that these properties will disappear from the tax rolls, but rather that their value will be diminished as they sit vacant, and thus the tax revenues from these properties will be reduced for an extended period of time. The Borough of Tinton Falls experienced this problem first-hand, when CECOM was relocated from a large office building in the community back onto Fort Monmouth. The office building's assessed value reportedly fell from more than \$40 million to less than \$13 million, as it sat vacant for a number of years.

### **Base Operations Budget**

The Fort Monmouth Base Operations Budget is substantial, exceeding \$100 million for the past several years. Information on the Base Operations budget is summarized in Table 13 below. As shown in the Table, the total budget for 2004 was \$127.5 million, more than 22% higher than the

2002 budget of \$104.4 million. As a means of comparison, the Fort Monmouth Base Operations budget is more than double the budgets of the five Host Communities combined.

Table 13  
Fort Monmouth Base Operations Budget  
2002 - 2004

Cost Center	2002	2003	2004	Change 02-04
Personnel Support and Community Services	\$11,634,134	\$11,597,386	\$10,379,479	-10.8%
Information Support	\$14,358,376	\$15,735,711	\$29,531,353	105.7%
Logistics and Transportation	\$6,886,404	\$9,687,445	\$9,873,082	43.4%
Buildings and Grounds Maintenance	\$22,416,743	\$19,402,122	\$18,864,671	-15.8%
Utilities	\$13,992,743	\$13,217,698	\$14,620,686	4.5%
Facility Management and Minor Construction	\$12,904,177	\$14,521,355	\$14,516,562	12.5%
Security and Environment	\$12,546,204	\$15,426,596	\$21,072,513	68.0%
Accounting and Special Programs	\$6,667,804	\$6,717,782	\$6,294,398	-5.6%
Installation Management	\$3,035,838	\$2,996,769	\$2,355,677	-22.4%
<b>Total</b>	<b>\$104,442,423</b>	<b>\$109,302,864</b>	<b>\$127,508,421</b>	<b>22.1%</b>

Source: U.S. Army and Jeffrey Donohoe Associates

Information support grew by the largest percentage over the period, and is the largest expenditure category. Approximately half of this increase is related to a new budget item for the Global War on Terror (GWOT), which totaled \$7.9 million for 2004. Another \$6 million of the increase is related to automation upgrades.

Security and environment also experienced a significant increase, gaining almost \$9 million, or 68%, from 2002 to 2004. Law enforcement services tripled during this period, representing the majority of the increase. In addition, fire/emergency response, compliance programs and physical security all saw significant increases between 2002 and 2004.

**Contracted Services vs. In-house Staffing**

To accomplish the Base Operations Functions, the Army uses both in-house staff and outside contractors for these functions. This section provides a summary of the services and functions included in the Base Operations budget. It should be noted that all information included in this section is based on the Fiscal Year 2004 budget for Fort Monmouth.

Table 14 below provides a summary of Fort Monmouth's Base Operations Expenditures. As shown in the Table, the Fort employed 663 personnel to perform base operations functions in 2003. The total budget was \$127.5 million. Contracted services accounted for almost 32% of expenditures, with the remaining 68% used for functions performed on an in-house basis.

Table 14  
Fort Monmouth Expenditures  
Comparison of In-house Functions vs. Contracted Services

Service	Civillan FTEs	In-House Functions	Contracted Services	Total
Personnel Support and Community Services	134	\$ 10,379,479	\$ -	\$ 10,379,479
Information Support	142.5	\$ 29,305,432	\$ 225,921	\$ 29,531,353
Logistics and Transportation	32	\$ 8,501,794	\$ 1,310,344	\$ 9,812,138
Buildings and Grounds Maintenance	0	\$ -	\$ 18,925,615	\$ 18,925,615
Utilities	1	\$ 780,464	\$ 13,840,221	\$ 14,620,686
Facility Management and Minor Construction	76	\$ 8,577,568	\$ 5,938,994	\$ 14,516,562
Security and Environment	138	\$ 21,032,546	\$ 39,967	\$ 21,072,513
Accounting and Special Programs	104.5	\$ 6,293,198	\$ 1,200	\$ 6,294,398
Installation Management	35	\$ 2,355,677	\$ -	\$ 2,355,677
<b>Total</b>	<b>663</b>	<b>\$ 87,226,160</b>	<b>\$ 40,282,262</b>	<b>\$ 127,508,421</b>

Source: U.S. Army and Jeffrey Donohoe Associates

**Personnel and Community Support** – This category includes expenditures for programs such as family services and recreational programs offered by the Army to residents of the site, including fitness, recreation, continuing education, and childcare. In addition, expenses for the civilian personnel center, as well as related personnel costs for military personnel and substance abuse counseling, are also included.

**Information Support** – This category includes costs associated with communications, information technology, automation, visual information and document management. Services provide support to the entire activity, including training for personnel.

**Logistics and Transportation** – This category includes the asset management, materiel support, food service and transportation functions.

**Buildings and Grounds Maintenance** – This category includes facilities and grounds maintenance for the entire site. In addition, personnel and costs associated with managing the housing are included, as well as overall property maintenance/management.

**Utilities** – The utilities cost information has been identified separately from Building Maintenance, since most of these services are regulated.

**Facility Management and Minor Construction** – This category includes expenditures for property administration, minor construction projects, pest control and managements of Army Family Housing and lodging programs, among others.

**Security and Environment** – This category includes the costs of fire protection, emergency response, law enforcement and physical security at Fort Monmouth. Also included are conservation, restorations and compliance programs.

**Accounting and Special Programs** – This category includes traditional accounting and reporting functions, as well as specialized programs such as religious support, community relations and media relations.

**Installation Management** – This category includes the Commander's staff, as well as equal employment opportunity (EEO), compliance programs, internal review and safety/occupational health programs.

Table 15 provides a summary of the functions that the Army performs principally with in-house staffing. As shown, the Base Operations Functions include 663 civilian employees (full-time equivalents). The total budget for in-house functions is \$87.2 million, which includes civilian labor costs of \$39.1 million. However, much of the remaining costs within these budget categories are related to contracted services.

As shown in Table 15, Information Support represents the largest department at Fort Monmouth, both in terms of total civilian employment and in total expenditures. In addition to the \$8 million in civilian labor costs, there are an additional \$20 million in contracted services. Interestingly, Security, which has four fewer staff members, has civilian payroll costs which are \$1.1 million more than Information Support. Security also contracts for more than \$11 million in services annually.

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**Table 15  
Summary of Functions and Budgets  
For In-house Services**

<b>Service</b>	<b>Civillan FTEs</b>	<b>Civillan Labor</b>	<b>Total Costs</b>
Personnel Support and Community Services	134	\$ 7,613,881	\$ 10,379,479
Information Support	142.5	\$ 8,019,574	\$ 29,305,432
Logistics and Transportation	32	\$ 1,807,558	\$ 8,501,794
Buildings and Grounds Maintenance	0	\$ -	\$ -
Utilities	1	\$ 78,576	\$ 780,464
Facility Management and Minor Construction	76	\$ 4,627,464	\$ 8,577,568
Security and Environment	138	\$ 9,117,254	\$ 21,032,546
Accounting and Special Programs	104.5	\$ 5,766,298	\$ 6,293,198
Installation Management	35	\$ 2,034,583	\$ 2,355,677
<b>Total</b>	<b>663</b>	<b>\$ 39,065,188</b>	<b>\$ 87,226,160</b>

Source: U.S. Army and Jeffrey Donohoe Associates

The Fort's other large budget categories are Personnel/Community Services and Accounting/Special Programs. These two budget categories, together with Information Support and Security/Environment, account for almost 520 of the 663 civilian employees associated with Base Operations. More detailed budget information for line items within specific budget categories is summarized below.

As shown in Table 15, the Fort contracts out all building maintenance functions, with no personnel or budget to perform these functions in-house. Similarly, the Fort has just one employee allocated to utility systems, as the majority of these activities are also contracted.

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Table 16  
Detailed Budget Information by Budget Group  
Services Performed Primarily with In-House Staff

Service	Civilian FTEs	Civilian Labor	Contract	Other	Total Costs
<b>Personnel Support and Community Services</b>					
01. Civilian Personnel Advisory Center	44	\$ 2,474,773	\$ 41,368	\$ -	\$ 2,516,141
07. (Military) Personnel Manning	14	\$ 882,125	\$ 600,000	\$ 51,600	\$ 1,533,725
08. (Military) Personnel Services	37	\$ 1,950,818	\$ 108,678	\$ 51,600	\$ 2,111,096
09. Substance Abuse	4	\$ 293,648	\$ -	\$ 5,267	\$ 298,916
10. Army Community Services	2	\$ 173,708	\$ 338,455	\$ 14,722	\$ 526,884
11. Child and Youth	25	\$ 1,433,678	\$ 843,050	\$ 88,409	\$ 2,365,136
12. Sports, Recreation, and Libraries	8	\$ 405,130	\$ 50,082	\$ 572,368	\$ 1,027,580
<b>Subtotal</b>	<b>134</b>	<b>\$ 7,613,881</b>	<b>\$ 1,981,632</b>	<b>\$ 783,966</b>	<b>\$ 10,379,479</b>
<b>Information Support</b>					
13. Business Operations	4	\$ 246,344	\$ 578,061	\$ 4,437	\$ 828,842
14. Continuing Education Services	3	\$ 230,517	\$ 308,432	\$ 12,869	\$ 551,817
15. Communication Systems and Support	15	\$ 838,224	\$ 6,275,277	\$ 96,262	\$ 7,209,763
16. Visual Information Processes	3	\$ 185,090	\$ 2,670,232	\$ 11,259	\$ 2,866,581
17. Document Management	3	\$ 132,287	\$ 1,236,005	\$ 259,744	\$ 1,628,035
19. Automation	96.5	\$ 5,304,993	\$ 1,574,400	\$ 7,752	\$ 6,887,144
204. Non-DFAS Finance and Accounting	4	\$ 234,800	\$ 305,713	\$ 86,103	\$ 626,616
21. Installation Security Program Management Support	10	\$ 707,940	\$ 17,330	\$ 99,792	\$ 825,062
223. Global War on Terrorism (GWOT)	4	\$ 139,380	\$ 7,699,073	\$ 43,120	\$ 7,881,573
<b>Subtotal</b>	<b>142.5</b>	<b>\$ 8,019,574</b>	<b>\$ 20,664,522</b>	<b>\$ 621,337</b>	<b>\$ 29,305,432</b>
<b>Logistics and Transportation</b>					
24. Retail Supply	12	\$ 646,659	\$ 1,202,670	\$ 88,603	\$ 1,937,932
26. Asset Management	8	\$ 435,026	\$ 1,221,034	\$ -	\$ 1,656,060
28. Transportation Services	11	\$ 636,891	\$ 3,346,389	\$ 116,999	\$ 4,100,279
29. Food Services	1	\$ 88,983	\$ 698,363	\$ 20,177	\$ 807,523
<b>Subtotal</b>	<b>32</b>	<b>\$ 1,807,558</b>	<b>\$ 6,468,457</b>	<b>\$ 225,779</b>	<b>\$ 8,501,794</b>
<b>Utilities</b>					
46. Waste Water Services	1	\$ 78,576	\$ 689,501	\$ 12,387	\$ 780,464
<b>Subtotal</b>	<b>1</b>	<b>\$ 78,576</b>	<b>\$ 689,501</b>	<b>\$ 12,387</b>	<b>\$ 780,464</b>

Source: U.S. Army and Jeffrey Donohoe Associates

**SMART GROWTH STUDY  
FORT MONMOUTH HOST COMMUNITIES**

Table 16  
Detailed Budget Information by Budget Group  
Services Performed Primarily with In-House Staff (continued)

<b>Service</b>	<b>Civilian FTEs</b>	<b>Civillan Labor</b>	<b>Contract</b>	<b>Other</b>	<b>Total Costs</b>
<b>Facility Management and Minor Construction</b>					
50. Family Housing Management	8	\$ 407,789	\$ 2,472,778	\$ 47,688	\$ 2,928,256
52. UPH Management	1	\$ 51,496	\$ 65,556	\$ 45,500	\$ 162,552
53. Facilities Engineering Services Management	60	\$ 3,793,326	\$ 1,290,071	\$ 28,510	\$ 5,111,908
54. Master Planning	5	\$ 275,944	\$ -	\$ -	\$ 275,944
55. Real Estate/Real Property Admin.	2	\$ 98,909	\$ -	\$ -	\$ 98,909
Subtotal	76	\$ 4,627,464	\$ 3,828,406	\$ 121,699	\$ 8,577,568
<b>Security and Environment</b>					
65. Restoration Programs	1	\$ 33,000	\$ 758,100	\$ -	\$ 791,100
66. Compliance Programs	11	\$ 645,031	\$ 4,776,492	\$ 44,706	\$ 5,466,229
68. Fire and Emergency Response Svcs	49	\$ 3,436,188	\$ 116,990	\$ 23,959	\$ 3,577,137
69. Program/Budget	1	\$ 58,236	\$ 10,000	\$ 1,949	\$ 70,185
70. Support Agreement Management	1	\$ 77,474	\$ 62,098	\$ 6,551	\$ 146,123
77. Law Enforcement Services	64	\$ 4,192,247	\$ 5,991,826	\$ 119,939	\$ 10,304,012
78. Physical Security	7	\$ 513,298	\$ -	\$ -	\$ 513,298
79. Administrative & Civil Law	3	\$ 113,956	\$ -	\$ 1,081	\$ 115,037
80. Criminal Law & Discipline	1	\$ 47,825	\$ -	\$ 1,600	\$ 49,425
Subtotal	138	\$ 9,117,254	\$ 11,715,506	\$ 199,786	\$ 21,032,546
<b>Accounting and Special Programs</b>					
71. Management Accounting	61	\$ 3,374,979	\$ 15,000	\$ 64,304	\$ 3,454,283
72. Installation TDA Management	1	\$ 52,340	\$ 10,000	\$ 1,949	\$ 64,290
73. Management Analysis	5	\$ 229,458	\$ -	\$ 6,281	\$ 235,739
74. Contracting	24	\$ 1,321,249	\$ 61,200	\$ 27,461	\$ 1,409,910
75. Contracting Administration	4	\$ 221,017	\$ -	\$ 4,569	\$ 225,586
81. Client Services	2	\$ 84,567	\$ -	\$ 14,282	\$ 98,850
82. Religious Support	1	\$ 66,843	\$ 283,173	\$ 12,841	\$ 362,858
84. Community Relations	5	\$ 347,577	\$ 7,597	\$ 6,306	\$ 361,481
85. News Media Facilitation	0.5	\$ 22,756	\$ -	\$ -	\$ 22,756
86. Information Strategies	1	\$ 45,512	\$ 11,936	\$ -	\$ 57,447
Subtotal	104.5	\$ 5,766,298	\$ 388,906	\$ 137,994	\$ 6,293,198
<b>Installation Management</b>					
90. Protocol Services	1	\$ 66,875	\$ -	\$ 10,503	\$ 77,378
91. Installation Management	28	\$ 1,569,014	\$ 125,091	\$ 95,813	\$ 1,789,918
92. EEO (Equal Employment Opportunity)	1	\$ 66,846	\$ 6,475	\$ 6,514	\$ 79,836
94. Internal Review	1	\$ 38,654	\$ -	\$ 3,356	\$ 42,010
95. Installation Safety and Occupational Health	4	\$ 293,193	\$ 26,552	\$ 46,790	\$ 366,535
Subtotal	35	\$ 2,034,583	\$ 158,118	\$ 162,975	\$ 2,355,677

Source: U.S. Army and Jeffrey Donohoe Associates

**SMART GROWTH STUDY  
FORT MONMOUTH HOST COMMUNITIES**

Beyond the functions outlined above, there is a broad spectrum of services at Fort Monmouth which are provided exclusively by contractors. These services are summarized in Table 17 below.

**Table 17  
Summary of Services Performed by Contractors  
Fort Monmouth**

<b>Service</b>	<b>Materials</b>	<b>Contracted Services</b>	<b>Other</b>	<b>Total Costs</b>
<b>Information Support</b>	\$ 13,325	\$ 211,312	\$ 1,284	\$ 225,921
<b>Logistics and Transportation</b>	\$ 71,598	\$ 1,238,001	\$ 745	\$ 1,310,344
<b>Buildings and Grounds Maintenance</b>	\$ 88,168	\$ 18,828,299	\$ 9,149	\$ 18,925,615
<b>Utilities</b>	\$ 328,684	\$ 13,511,537	\$ -	\$ 13,840,221
<b>Facility Mgmt and Minor Construction</b>	\$ 16,616	\$ 5,922,378	\$ -	\$ 5,938,994
<b>Security and Environment</b>	\$ -	\$ 39,967	\$ -	\$ 39,967
<b>Accounting and Special Programs</b>	\$ 1,200	\$ -	\$ -	\$ 1,200
<b>Total Contracted Services</b>	\$ 519,591	\$ 39,751,493	\$ 11,178	\$ 40,282,262

Source: U.S. Army and Jeffrey Donohoe Associates

As shown in Table 17 above, Buildings and Grounds Maintenance makes up the largest category of services which are performed strictly by contractors. The annual cost of \$18.9 million equates to an average of \$3.74 per square foot of building area for Fort Monmouth's 5.1 million square feet of space, and represents 47% of the contracted services reviewed in this section. Utilities represents the next largest expenditure area, accounting for \$13.8 million in annual costs, or about \$2.74 for every square foot of building area at the Fort, while Facility Management and Minor Construction account for almost \$6 million in costs, or another \$1.17 per square foot of building area. Together, these three expenses categories total more than \$38.7 million in costs, an average of \$7.65 per square foot of building area.

More detailed budget information for line items within specific budget groupings is summarized in Table 18, which appears on the following pages.

**SMART GROWTH STUDY  
FORT MONMOUTH HOST COMMUNITIES**

**Table 18  
Summary of Services Provided by Contractors  
Fort Monmouth**

<b>Service</b>	<b>Materials</b>	<b>Contracted Services</b>	<b>Other</b>	<b>Total Costs</b>
<b>Information Support</b>				
18. Information Assurance	\$ -	\$ 160,000	\$ -	\$ 160,000
20. Information Technology (IT) Management	\$ -	\$ 13,188	\$ -	\$ 13,188
22. Anti-Terrorism Services	\$ 13,325	\$ 38,124	\$ 1,284	\$ 52,733
Subtotal	\$ 13,325	\$ 211,312	\$ 1,284	\$ 225,921
<b>Logistics and Transportation</b>				
27. Materiel Support Maintenance	\$ -	\$ -	\$ 1,310,344	\$ 1,310,344
Subtotal	\$ 71,598	\$ 1,238,001	\$ 745	\$ 1,310,344
<b>Buildings and Grounds Maintenance</b>				
30. Laundry & Dry Cleaning Services	\$ -	\$ 60,944	\$ -	\$ 60,944
31. Bldg. (Facilities) Maint. - Training & Ops	\$ -	\$ 115,674	\$ -	\$ 115,674
32. Bldg. (Facilities) Maint. - Maint. & Production	\$ -	\$ 242,680	\$ -	\$ 242,680
33. Bldg. (Facilities) Maint. - RDT&E	\$ -	\$ 1,792,260	\$ -	\$ 1,792,260
34. Bldg. (Facilities) Maint. - Supply	\$ -	\$ 536,000	\$ -	\$ 536,000
35. Bldg. (Facilities) Maint. - Administration	\$ 78,168	\$ 8,044,799	\$ 7,530	\$ 8,130,497
36. Bldg. (Facilities) Maint. - Housing	\$ 10,000	\$ 3,596,820	\$ -	\$ 3,606,820
37. Bldg. (Facilities) Maint. - UPH	\$ -	\$ 396,970	\$ -	\$ 396,970
38. Bldg. (Facilities) Maint. - Community	\$ -	\$ 799,410	\$ -	\$ 799,410
39. Bldg. (Facilities) Maint. - Medical/Hospital	\$ -	\$ 626,597	\$ 1,619	\$ 628,215
40. Maint. - Improved Grounds	\$ -	\$ 442,059	\$ -	\$ 442,059
41. Maint. - Unimproved Grounds	\$ -	\$ 55,000	\$ -	\$ 55,000
42. Bldg. (Facilities) Maint. - Other	\$ -	\$ 962,734	\$ -	\$ 962,734
43. Maint. - Surfaced Area	\$ -	\$ 1,155,352	\$ -	\$ 1,155,352
Subtotal	\$ 88,168	\$ 18,828,299	\$ 9,149	\$ 18,925,615
<b>Utilities</b>				
44. Heating/Cooling Services	\$ 328,684	\$ 2,149,454	\$ -	\$ 2,478,138
45. Water Services	\$ -	\$ 534,000	\$ -	\$ 534,000
47. Electrical Services	\$ -	\$ 6,832,321	\$ -	\$ 6,832,321
48. Other Utility Services	\$ -	\$ 3,995,762	\$ -	\$ 3,995,762
Subtotal	\$ 328,684	\$ 13,511,537	\$ -	\$ 13,840,221

Source: U.S. Army and Jeffrey Donohoe Associates

Table 18  
Summary of Services Provided by Contractors  
Fort Monmouth

Service	Materials	Contracted Services	Other	Total Costs
<b>Facility Management and Minor Construction</b>				
51. Army Lodging Management	\$ 4,986	\$ -	\$ -	\$ 4,986
53. Facilities Engineering Services Management	\$ -	\$ 16,605	\$ -	\$ 16,605
57. Custodial Services	\$ -	\$ 2,539,781	\$ -	\$ 2,539,781
58. Indoor Pest Control	\$ -	\$ 34,448	\$ -	\$ 34,448
59. Outdoor Pest Control	\$ -	\$ 38,392	\$ -	\$ 38,392
60. Refuse Removal (Housing)	\$ -	\$ 549,803	\$ -	\$ 549,803
60. Refuse Removal	\$ -	\$ 741,446	\$ -	\$ 741,446
61. Snow and Sand Removal	\$ -	\$ 430,961	\$ -	\$ 430,961
62. Minor Construction	\$ -	\$ 110,000	\$ -	\$ 110,000
63. Real Property Demolition (Housing)	\$ -	\$ 95,050	\$ -	\$ 95,050
63. Real Property Demolition	\$ 11,631	\$ 1,365,893	\$ -	\$ 1,377,524
<b>Subtotal</b>	<b>\$ 16,616</b>	<b>\$ 5,922,378</b>	<b>\$ -</b>	<b>\$ 5,938,994</b>
<b>Security and Environment</b>				
64. Conservation Programs	\$ -	\$ 39,967	\$ -	\$ 39,967
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 39,967</b>	<b>\$ -</b>	<b>\$ 39,967</b>
<b>Accounting and Special Programs</b>				
83. (Chaplain) Special Staff Work	\$ 1,200	\$ -	\$ -	\$ 1,200
<b>Subtotal</b>	<b>\$ 1,200</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,200</b>
<b>Total - Contracted Services</b>		<b>\$ -</b>	<b>\$ 40,282,262</b>	<b>\$ 40,282,262</b>

Source: U.S. Army and Jeffrey Donohoe Associates

As shown in Table 18 above, facilities maintenance for Administrative Facilities is the largest single expenditure area, accounting for \$8.1 million in costs, approximately 20% of the budget for contracted services evaluated in this section. Maintenance of Army Family Housing Units accounts for more than \$3.5 million in annual costs. Electrical costs are the largest single utility cost category, with an annual budget of more than \$6.8 million, or more than 15% of the \$40.3 million in contracted service costs evaluated in this section.

### Potential for Shared Services

Consideration was given to the possibility of the Fort sharing municipal services with one or more of the Host Communities. However, there are a variety of services that are simply not conducive to being shared. These services and functions are generally considered to be "inherently Federal" in nature. For example, it is unlikely that the Army secure telecommunications could be shared with the communities. Similarly, the Army's accounting and contracting functions do not readily lend themselves to being shared with the communities.

Some functions that the Army utilizes at Fort Monmouth are consistent with functions that the Host Communities presently provide for their residents and businesses. Specific consideration was given to three distinct areas: building and grounds maintenance, utilities, and fire protection services. However, this possibility was discounted since the size and scope of the Army's requirements are substantially above the level of service which the Host Communities presently provide. For example, the Host Communities spent a total of just over \$700,000 for fire protection services in 2003, as compared to the Fort's budget of \$3.6 million. Provision of police services was not considered, due to jurisdictional issues associated with the exclusive Federal jurisdiction on the Fort property.

During the preparation of this report, Fort Monmouth issued a request for proposals for the privatization of the on-site utility systems, including water, wastewater, and electric. However, the requirements of the RFP to essentially rebuild the entire utility infrastructure were considered beyond the capability of local municipal utilities.

Finally, consideration was given to the creation of a municipal entity to provide buildings and grounds maintenance. This approach has been used successfully by the City of Monterey, California, to provide maintenance services to the Presidio of Monterey. Under the contract, the City provides all facilities and grounds maintenance services for the Presidio, from plumbing and heating issues in the family housing area to more complex repairs in non-residential areas of the site. According to Fred Muerer, Monterey City Manager, this program saved the Presidio more than 40% over the costs of having these services provided in-house. Given the Army's maintenance costs for its facilities at Fort Monmouth of \$18.9 million, a savings of 40% would equate to an annual savings of \$7.5 million. However, if the Army's costs were reduced by \$7.5 million, the costs for maintaining the facilities and grounds would be \$11.4 million. An annual budget of \$11.4 million would require the creation of an organization comparable in size to the general government functions in all five of the Host Communities combined. This is considered a significant risk for any of the individual Host Communities, as it would represent an increase in the budget for Eatontown or Tinton Falls of more than 60%, and would more than double the budget for the other Host Communities.

Perhaps more importantly, the Monterey program was implemented through special legislation. Although the Army is authorizing three additional demonstration sites, the program was considered to be too risky from a fiscal perspective for the Fort Monmouth Host Communities to pursue.

### **Potential Economic Impacts**

In addition to the potential fiscal impacts on the Host Communities and the Impacted Communities, there will undoubtedly be some economic impacts on the communities in the Fort Monmouth area as a result of the closure of the Fort. In order to gain an understanding of these potential economic impacts, the consultants acquired data on consumer spending from Claritas, Inc., a private demographic research firm.

The Claritas Consumer Spending Patterns report summarizes household expenditures for households within a ten-mile radius of Fort Monmouth. For purposes of this analysis, this radius includes the Host Communities, as well as the majority of the Impacted Communities.

The Claritas data is summarized in Table 19 below. As shown in the Table, the average household in the region spends more than \$56,000 annually on goods and services. Transportation, food, entertainment and apparel are among the highest expenditure categories for the average household, accounting for more than 57% of total expenditures.

Table 19 Summary of 2004 Average Household Expenditures Fort Monmouth Area	
Annual Expenditures	Average Household 2004
Apparel	\$5,591
Entertainment	\$6,955
Food at Home	\$6,042
Health Care	\$3,918
Household Textiles	\$758
Furniture & Appliances	\$2,932
Miscellaneous Personal Items	\$3,854
Education	\$1,732
Miscellaneous Items	\$3,690
Food away from Home	\$5,952
Alcoholic Beverages	\$1,533
Shelter and Related Expenses	\$2,349
Housing Expenses	\$1,146
Transportation Expenses	\$7,824
Automotive Maintenance/Repair/Other	\$1,991
<b>Total</b>	<b>\$56,267</b>

Source: Claritas and Jeffrey Donohoe Associates

The loss of this spending will have an impact on the local economy. Claritas estimates the local retail trade potential in proximity to Fort Monmouth (10 mile radius) to be \$5.65 billion annually. Removing the Fort's 4,652 civilian employees from the regional economy would potentially take more than \$260 million from the economy, or about 4.6% of the local retail trade potential. This is considered to be the worst-case scenario.

If the 1,325 employees who reside in the Host Communities are removed from the economy, almost \$75 million in retail trade potential is eliminated. At an average of \$250 to \$500<sup>2</sup> in retail sales per square foot, this amount of retail trade would support between 150,000 and 300,000 square feet of retail space. The 787 employees who reside in the Impacted Communities account for another \$45 million in retail trade potential. At an average of \$250 to \$500 in retail sales per

<sup>2</sup> According to U.S. Business Reporter, the average sales per square foot for Walmart is \$422, while the average for Kmart is \$235.

square foot, this amount of retail trade would support between 90,000 and 180,000 square feet of retail space.

This analysis does not consider the retail impacts associated with the remaining Fort Monmouth employees, who spend a portion of their incomes in the local economy in proximity to Fort Monmouth. These employees spend at least some of their incomes buying lunch or dinner, purchasing fuel and other “convenience items” during their workday.

This analysis also does not consider the 620 military members associated with Fort Monmouth. Historically, military members spend proportionally less in the community than more traditional consumers. This is due to the availability of preferred pricing and propensity to shop at the on-site commissary and/or post exchange, as well as services such as barbers/beauty shops, tailors, officers clubs and restaurants.