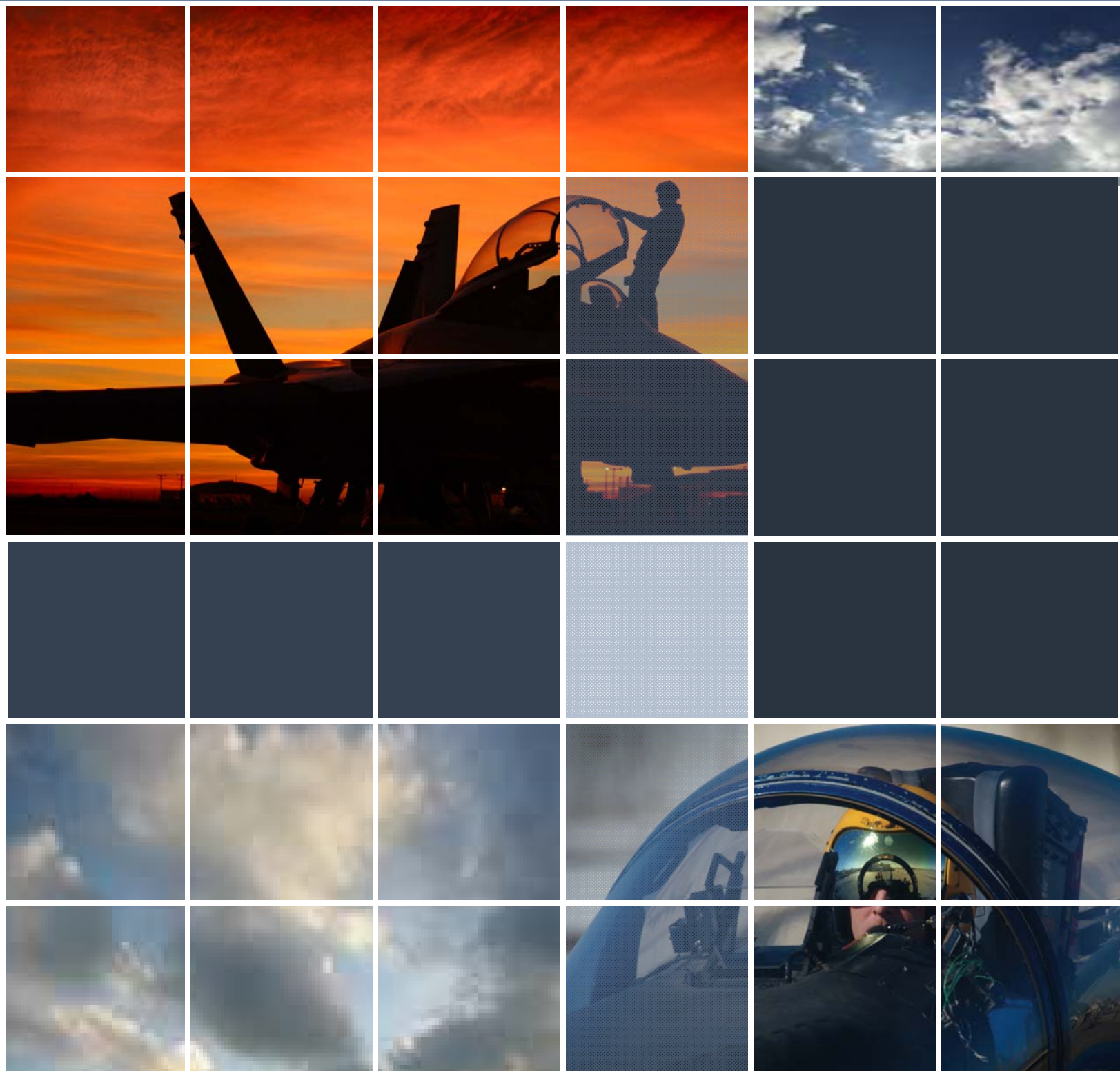


NAVAL AIR FACILITY EL CENTRO ECONOMIC IMPACT



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Leadership Welcome

We are pleased to present the following Economic Impact information for NAF El Centro. The following document provides unclassified key information about the economic contribution of the installation on the surrounding community.

NAF El Centro continues to enjoy an atmosphere of mutual respect, cooperation, strong teamwork, and common interest in economic enhancement with our local communities. Our mission is to provide base support to Naval Aviation Squadrons and maintain target ranges for their weapons and combat air training. The installation also supports Marine Aviation units, air elements from the US Army and US Air Force, and international units.

It is significant to note that the base's economic impact on our surrounding communities exceeds \$115.5 million. In fiscal year 2006, military and civilian payrolls, combined with various construction and service contracts, enhanced the local economic impact by generating 1,300 direct and indirect jobs.

We are proud of the enthusiastic relationship we enjoy with our local communities and throughout the Imperial Valley. The commitment of our people to the success of NAF El Centro will continue to exert a significant, positive economic influence for many years to come.



Captain James A. Hubbard
Commanding Officer
NAF El Centro

MISSION

“...to provide base support to Naval Aviation Squadrons and maintain target ranges for their weapons and combat air training. The installation also supports Marine Aviation units, air elements from the US Army and US Air Force, and international units”.

History

NAF El Centro's combination of climate, vast unobstructed desert terrain, limited non-military air traffic and our own dedicated gunnery and bomb ranges make it an ideal environment for aerial combat maneuvering, air-to-air gunnery and bombing practice, and electronic warfare training.

Originally the site of the Imperial County airport, the Navy leased the facility for use as a Marine Air Station in 1942. On January 1, 1943, Marine Base Defense Air Group 43, VMF-216, and VMSB-235 were commissioned and stationed at the installation. The formal commissioning of the installation took place on July 24, 1943. The installation operated as a Marine Corp air station until its decommissioning and subsequent re-commissioning to the Navy on May 1, 1946.

Taken over by the Navy, the facility was used primarily for aircraft storage, and gunnery and rocket training over the course of the next year. In 1947, the Navy acquired the leased land of the station for the purpose of making El Centro a permanent installation.

Attracted by the good weather, the installation has been home to a number of units and missions during its tenure. For the first 35 years, the mission of El Centro was devoted to aeronautical escape system testing, evaluation, and design. In November 1947, the Parachute Experimental Division from Lakehurst, New Jersey moved to El Centro. In 1951, the Joint Parachute Facility was established and consisted of the Naval Parachute Unit and Air Force 6511th Test Group (Parachute). The Air Force remained part of El Centro's test organization for the next 27 years.

In 1964, the US Naval Aerospace Recovery Facility was designated and on July 1, 1973, it was combined with El Centro to form the National Parachute Test Range. Six years later (1979), the parachute test mission was transferred to NAWS China Lake.

Today, NAF El Centro provides realistic training to active and reserve military units. Squadrons visit the installation and its associated ranges to practice gunnery, bombing, carrier landings and air combat.

Base Statistics

➤ Location

120 miles east of San Diego, California
60 miles west of Yuma, Arizona
12 miles north of Mexico border

➤ Acreage

2,700 acres inside the fence line
54,000 acres of nearby training ranges

**THE IMPERIAL VALLEY OFFERS IDEAL
CONDITIONS FOR TRAINING MILITARY
PILOTS**

1942 NAVY LEASED THE IMPERIAL COUNTY AIRPORT FOR USE AS A MARINE CORP AIR STATION

1946 NAVAL AIR FACILITY EL CENTRO COMMISSIONED

1947 PARACHUTE EXPERIMENTAL DIVISION MOVES FROM LAKEHURST, NEW JERSEY TO EL CENTRO

1949 NAVAL AIR TECHNICAL TRAINING UNIT, ENGAGED IN TARGET DRONE DEVELOPMENT AND TRAINING, MOVED TO EL CENTRO

1951 JOINT PARACHUTE FACILITY ESTABLISHED

1952 FLEET AIR GUNNERY UNIT ESTABLISHED



1964 US NAVAL AEROSPACE RECOVERY FACILITY DESIGNATED

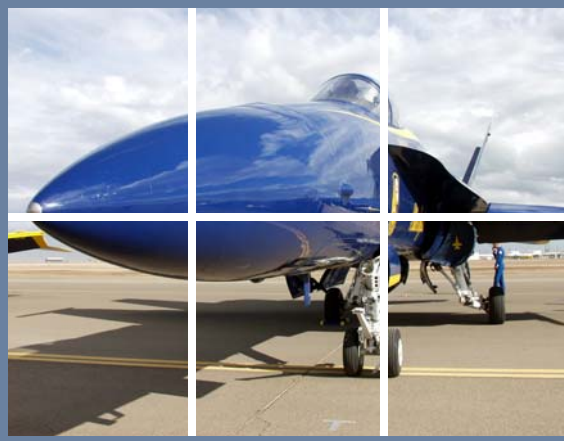
1967 BLUE ANGELS BEGIN USING EL CENTRO AS THEIR PERMANENT WINTER TRAINING BASE



1973 US NAVAL AEROSPACE RECOVERY FACILITY COMBINED WITH EL CENTRO TO FORM THE NATIONAL PARACHUTE TEST RANGE

1979 PARACHUTE TEST MISSION MOVED TO NAWS CHINA LAKE

Today NAF EL CENTRO SERVES AS A NAVAL TRAINING INSTALLATION



ECONOMIC BENEFIT SUMMARY

NAF El Centro is an integral fiber in the fabric of the Imperial Valley. The installation provides employment for more than 1,300 area residents and contributes over \$115.5 million to the local economy each year. Military personnel and their family members receive medical care from local health care providers, enroll in local school and colleges, and shop local retail and commercial establishments. Community support programs and events further connect the installation to the community and region.

An average of 468 US and foreign military personnel train at NAF El Centro each month. Many of these personnel are dependent on lodging, car rental, food, and entertainment provided by local businesses. The resulting economic and social impact benefits not only the Imperial Valley, but southern California and the state as a whole.

It is clear that NAF El Centro makes an important annual contribution to economic growth in Imperial County. This contribution serves to channel non-local spending into the production of goods, services, and income for the region. NAF El Centro represents a stable, consistent source of annual economic stimulus. This spending originating from outside the region, acts to offset impacts associated with regional and domestic business cycles.

Economic Impact Components

Output—Output describes the total economic activity (total business sales) of an entity. In this case, the total contribution of NAF El Centro to the Imperial Valley region.

Direct Impact—Direct impacts refer to the output, earnings, and jobs generated by business and government entities engaged in providing services to the installation. The sources of direct economic impact include labor costs (employee payroll), service contracts, annual operating and maintenance expenditures, annual spending from transient personnel, annual expenditures for tenant units, annual spending by individuals utilizing installation services (i.e., Branch Medical Clinic, RV Park, etc.), and direct spending associated with installation events.

Indirect Impact—Indirect impacts refers to the continuing flow of money as transactions take place after initially being put into the economy. Indirect impact captures the multiplicative or “ripple effects” accounting for the installation’s interdependence (or linkage) with the regional supply chain.

Induced Impact— Initial expenditures stimulate further economic activity as personnel spend their income on local goods and services, and local business purchase goods and services from other local businesses. The additional economic activity generated by successive rounds of local spending is called the induced impact.

2006

Total Economic Activity

In 2006, NAF El Centro operations generated a total annual economic impact to Imperial County, CA consisting of:

➤ **\$81.7 million** in industrial output (total business sales) - estimated 33% of Imperial County's annual personal income growth

- **\$1.6 million** in economic impact associated with the NAF El Centro Air Show

➤ **\$22.9 million** in direct (including NAF El Centro) plus indirect (other industries impacted) employee compensation

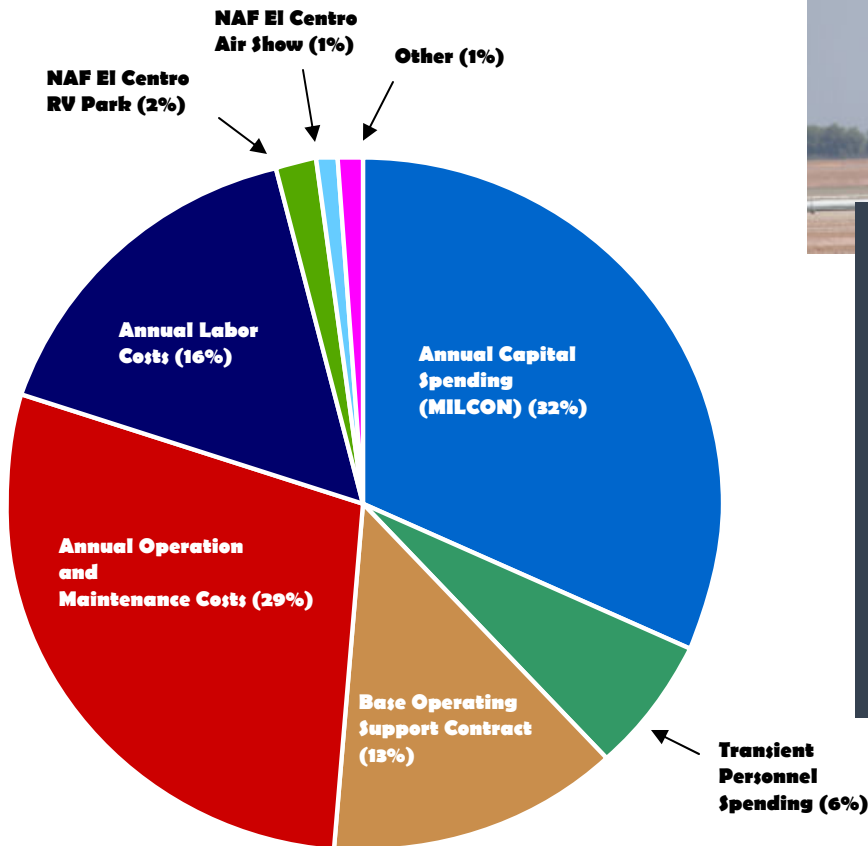
- **1,302 jobs** within Imperial County region

➤ **\$10.9 million** in federal, state and local tax revenues

- **\$5.8 million** in federal tax revenues
- **\$5.1 million** in state and local tax revenues

= \$115.5 million in total economic impact

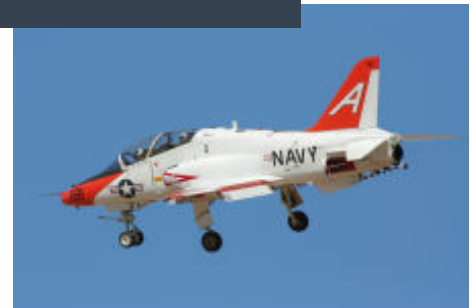
Total FY 2006 Industrial Output



NOTES:
 (1) Other = FRCSEFAC (0.3%), Branch Medical Clinic (0.1%), and Strike Fighter Maintenance Unit (0.2%)
 (2) FRCSEFAC = Fleet Readiness Center Support Equipment Facility
 (3) RV = Recreational Vehicle



NAF EL CENTRO CONTRIBUTED \$115.5 MILLION TO THE IMPERIAL VALLEY LOCAL ECONOMY IN 2006



NAF El Centro 2006 Total Industrial Output to Imperial County, CA

Total Industrial Output (Millions of \$)

Element	Direct		Indirect		Induced		Total	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Annual Labor Costs/Total Payroll	\$11.5	19.0%	\$0.9	8.3%	\$0.7	6.8%	\$13.1	16.0%
Annual Operations & Maintenance Costs (O&M)	\$17.2	28.4%	\$3.6	33.2%	\$3.1	30.2%	\$23.9	29.2%
Base Operating Support (BOS) Contract	\$7.3	12.0%	\$1.5	13.8%	\$1.4	13.6%	\$10.2	12.5%
Transient Personnel Spending	\$3.5	5.8%	\$0.7	6.5%	\$0.6	5.8%	\$4.8	5.9%
Annual Capital Spending (MILCON)	\$18.5	30.5%	\$3.8	35.1%	\$4.2	40.9%	\$26.5	32.4%
<i>NAF El Centro Tenants</i>								
FRCSEFAC	\$0.2	0.3%	\$0.03	0.3%	\$0.03	0.3%	\$0.3	0.3%
Strike Fighter Maintenance Unit	\$0.1	0.2%	\$0.02	0.2%	\$0.02	0.2%	\$0.2	0.2%
<i>Others</i>								
NAF El Centro RV Park	\$1.5	2.5%	\$0.1	0.9%	\$0.1	1.0%	\$1.7	2.1%
NAF El Centro Branch Medical Clinic	\$0.04	0.1%	\$0.01	0.1%	\$0.01	0.1%	\$0.1	0.1%
NAF El Centro Air Show (one day event)	\$0.8	1.3%	\$0.2	1.7%	\$0.1	1.2%	\$1.1	1.3%
Total	\$60.6	100%	\$10.8	100%	\$10.3	100%	\$81.7	100%

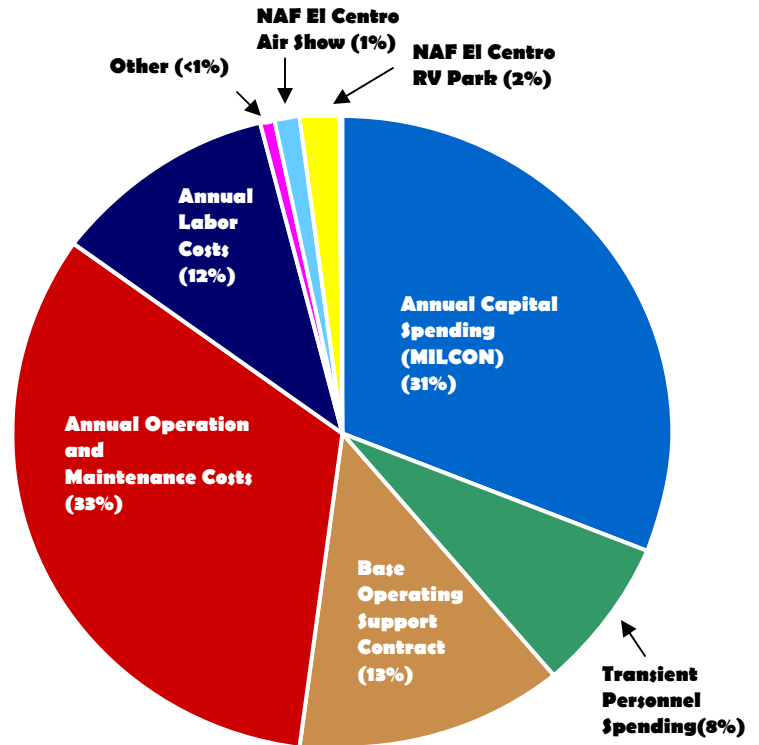


TAX REVENUES

Tax revenues generated from the economic activity of the installation provide additional revenue to local, state, and federal governmental entities. As a contributor, the installation generates approximately \$10.9 million in total tax revenue.

NAF EL CENTRO GENERATES APPROXIMATELY \$10.9 MILLION IN ANNUAL TAX REVENUE

Total 2006 Tax Revenues



NOTES:

(1) Other = FRCSEFAC (0.4%), Strike Fighter Maintenance Unit (0.3%), Branch Medical Clinic (0.1%)

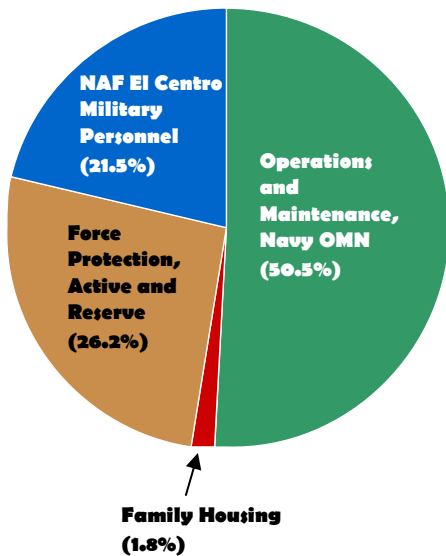
(2) FRCSEFAC = Fleet Readiness Center Support Equipment Facility

NAF El Centro 2006 Total Tax Revenue Impact to Imperial County, CA

Tax Revenues (Millions of \$)

Element	Federal		State and Local		Total	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Annual Labor Costs/Total Payroll	\$0.5	9.2%	\$0.7	14.0%	\$1.2	11.5%
Annual Operations & Maintenance Costs (O&M)	\$1.8	31.3%	\$1.8	35.2%	\$3.6	33.1%
Base Operating Support (BOS) Contract	\$0.8	13.4%	\$0.7	12.9%	\$1.4	13.1%
Transient Personnel Spending	\$0.4	6.4%	\$0.5	9.0%	\$0.8	7.6%
Annual Capital Spending (MILCON)	\$2.1	36.7%	\$1.3	24.8%	\$3.4	31.1%
<i>NAF EL Centro Tenants</i>						
FRCSEFAC	\$0.02	0.3%	\$0.02	0.4%	\$0.04	0.4%
Strike Fighter Maintenance Unit	\$0.01	0.2%	\$0.02	0.4%	\$0.03	0.3%
<i>Others</i>						
NAF El Centro RV Park	\$0.1	1.2%	\$0.1	1.8%	\$0.2	1.5%
NAF El Centro Branch Medical Clinic	\$0.0053	0.1%	\$0.0042	0.1%	\$0.01	0.1%
NAF El Centro Air Show (one day event)	\$0.1	1.2%	\$0.1	1.6%	\$0.2	1.4%
Total	\$5.8	100%	\$5.1	100%	\$10.9	100%

Payroll and Personnel Costs, 2006



NOTE: Reimbursable Labor contributes less than 1% of the Annual Labor Costs

Employment Impacts

In 2006, NAF El Centro operations generated the following impacts to regional employment:

- **1,302 jobs** within Imperial County region
 - Total Payroll—**96 jobs**
 - Annual Operations and Maintenance—**147 jobs**
 - Base Operating Support Contract—**166 jobs**
 - Transient Personnel Spending—**83 jobs**
 - Annual Capital Spending—**283 jobs**
 - Tenants—**479 jobs**
 - Other—**29 jobs**
 - NAF El Centro Air Show—**19 jobs**
- **\$22.9 million** in employee compensation
 - Total Payroll—**\$1.7 million**
 - Annual Operations and Maintenance—**\$7.1 million**
 - Base Operating Support Contract—**\$3.0 million**
 - Transient Personnel Spending—**\$1.4 million**
 - Annual Capital Spending—**\$9.0 million**
 - Tenants—**\$110,000**
 - Other—**\$240,000**
 - NAF El Centro Air Show—**\$310,000**

Although the Imperial Valley has a longstanding agricultural tradition, the economy has diversified and now reflects more dependence on retail trade, light manufacturing, logistics and warehousing operations. In addition, the proximity to Mexicali enables Imperial County to function as a conduit for cross border trade shipments; linking Maquiladora facilities (in northern Mexico) with US and Canadian markets.

Growth is prevalent within the Imperial Valley as the labor force and employment base expanded at a 3% annual average rate between 2000 and 2007. Unemployment rates have fallen from the historic high of 25% in 1990 to the current average of 14%. As one of Imperial County's larger employers, NAF El Centro is committed to continuing to support the Imperial Valley.

El Centro and its personnel have a role in providing essential support to the flying squadrons and units training at the installation. This includes flight operations, logistics, billeting, messing, aircraft hangars, ramps, aircraft parking space, administration, and supply transport.

**NAF EL CENTRO CONTRIBUTES
APPROXIMATELY \$22.9 MILLION
IN ANNUAL LABOR COSTS /
PAYROLL**

PAYROLL and PERSONNEL (LABOR)





BASE OPERATIONS and MAINTENANCE

NAF EL Centro is a major customer for construction companies and suppliers of goods and services within the Imperial Valley. For 2006, the installation contributed the following to the local economy:

- **\$7.3 million** in annual service contracts
- **\$5.7 million** in Capital Improvement Programs
- **\$18.5 million** in Military Construction Projects (MILCON)
- Between **\$214.4 to \$262.0 million** projected total between 2007 and 2011

IN FY 2006 NAF EL CENTRO CONTRIBUTED APPROXIMATELY \$31.4 MILLION IN ANNUAL BASE OPERATIONS AND MAINTENANCE

NAF El Centro MILCON Projects

Fiscal Year (FY) 2005-2011 (Millions of \$)

Contract	FY	Cost
Hangar Recapitalization, West Apron (INCR I)	2005	\$33.30
Bachelor Enlisted Quarters (RECAP)	2005	\$22.40
Apron and Hangar Recapitalization (INCR II)	2006	\$18.50
Future Potential MILCON Projects	2007 - 2011	\$214.4 - \$262.0

MILCON - Military Construction

NAF El Centro Service Contracts

FY 2006

Service Contract	Amount	Percent
Management and Administration	\$1,351,637	19%
Engineering Services	\$880,663	12%
Utilities Distribution	\$352,104	5%
Buildings and Structures	\$527,571	7%
HVAC, Refrigeration, & Compressed Air	\$243,468	3%
Transportation	\$598,688	8%
Pest Control	\$139,649	2%
Range Maintenance	\$150,724	2%
Ground Electronics	\$148,143	2%
Transient Aircraft Services	\$369,411	5%
Supply Services	\$283,076	4%
Morale, Welfare, and Recreation Services	\$47,928	1%
Swimming Pool Operation and Maintenance	\$47,826	1%
Food Service	\$447,952	6%
Fixed Price Davis Bacon Work	\$214,717	3%
Support Equipment Maintenance	\$399,915	5%
Housing Maintenance	\$422,899	6%
Combined Bachelor Housing Services	\$659,413	9%
Subtotal	\$7,285,784	100%



NAF El Centro's combination of climate, vast unobstructed desert terrain, limited non-military air traffic and convenient access to gunnery and bomb ranges make it an ideal environment for training. With no permanently stationed aircraft, NAF El Centro routinely provides service to Navy fleet air squadrons performing tactical air training, as well as other US and international units.

Each month, seven to twelve squadrons totaling 150 to 1,600 military transient personnel train at NAF El Centro. These military personnel come from Navy, Marine Corps, Army, and Air Force installations throughout the United States. Foreign military services also send personnel to train at NAF El Centro. Many of these training deployments extend over 30 days, and the military personnel are dependent on many local businesses and services during their long training deployments.

Transient Unit Statistics

Summary statistics on training operations at NAF El Centro for 2006s:

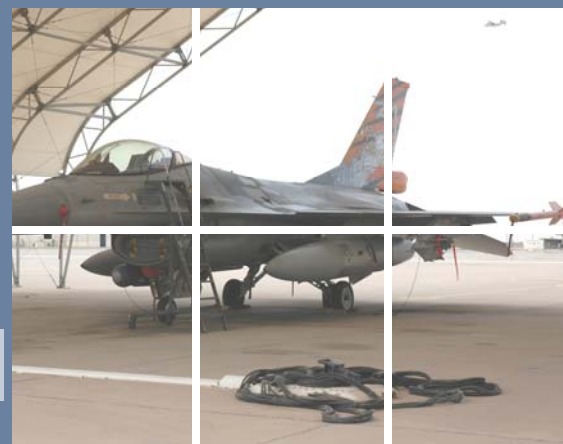
- **Total Number of Transients:** 8,302
- **Average Transients per Month:** 468
- **Total Number of Transient Aircraft:** 633
- **Longest Stay:** 131 days
- **Shortest Stay:** 4 days
- **Average Stay:** 16 days

Transient Unit Impacts

Transient units visiting NAF El Centro generated the following impacts to the regional economy:

- **\$3.4 million** in Average Annual Direct Spending
 - Hotels / Motels —**\$2.4 million**
 - Automotive Rental/Leasing—**\$228,800**
 - Food Establishments—**\$406,700**
 - Museums, Historical Sites, Parks—**\$135,600**
 - Fitness/Recreation—**\$135,600**
 - Other Entertainment—**\$135,600**
- Average Transient Spending/Day: **\$85.60**

TRANSIENT UNITS



SPECIAL COMMUNITY EVENTS

NAF El Centro Air Show

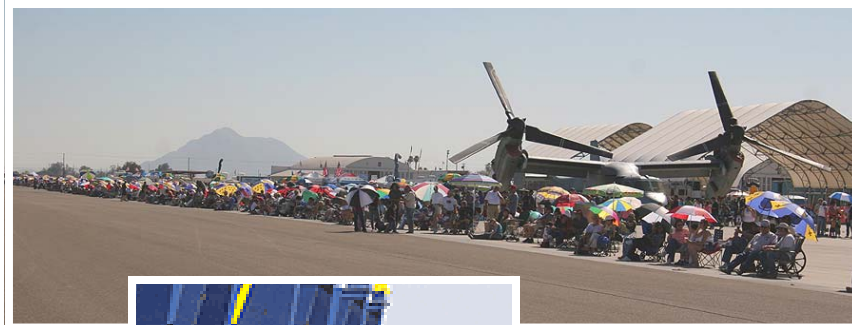
El Centro is the “winter home” of the Navy’s famous Blue Angels. Starting early every January, the “Blues” conduct over two months of intensive flight training operations prior to the start of their air show season. From January through March of every year, the officers and enlisted personnel hone their skills as a cohesive unit.

In March 2007, the NAF El Centro Air Show attracted over 40,000 people to the one day event. It is estimated that approximately half of those in attendance traveled from outside the Imperial Valley. Each year the air show contributes the following to the Imperial Valley economy:

- **\$1.06 million** in total economic impact (\$760,00 direct, \$180,000 in indirect, and \$120,000 in induced impacts)
- **19 jobs** within the Imperial County region
- **\$150,000** in total tax revenues

2007 Air Show Participants

- Budweiser Clydesdales
- Skydive Imperial
- Steve Cowell / Tuskegee AT-6
- Spencer Suderman / Pitts S2B
- Charles Aaron / Red Bull Helicopter
- Bill Cornick / Super Pitts S-2C
- V-22 Osprey Demo
- Peter Kline, MIG 15 & MIG 17 Pilots Dogfight
- Dan Buchanan / Power Hang Glider
- Steve Stavrakakis / Romanlan LAR-823
- Viper West F-16 / P-38
- John Colver, AT-6/SNJ
- Navy Blue Angels



Volunteers

NAF El Centro personnel routinely participate and volunteer to the following local organizations, events, and charities:

- Imperial Valley Food Bank
- El Centro Fire Pee Wee Football
- Sun Beam Tee Ball League
- Imperial Valley College Expo
- Imperial County Mentor Program
- Sea Cadets
- Court Appointed Special Advocates for Children
- Boy Scouts
- Girl Scouts
- Superstition Mountain Annual Clean-up Events

Community Service

- Vincennes University offers courses available to the community
- A-6E Intruder aircraft is used as a static display and/or float for local community events
- The Color Guard provides ceremonial and burial support approximately 18 times per year
- American Red Cross hosts blood drives at NAF El Centro several times a year
- NAF El Centro Chaplain is requested for prayer and speaking engagements in the local community approximately 30 times per year
- Chaplain participates in Imperial Valley Interfaith Council, El Centro Regional Medical Center chaplaincy, and the Department of Homeland Security I.C.E. detention facility chaplaincy
- NAF El Centro Chapel donates approximately \$2,000 in goods, services, and monetary contributions to local charities annually
- NAF El Centro provides Power-of-Attorney and Notary Public services for retired/civilian dependents/national guard/recruiters in the Valley, in addition to other various legal services
- NAF El Centro provides training for local law enforcement entities / first responders
- NAF El Centro Fire Department provides mutual aid to surrounding communities as requested
- NAF El Centro Commanding Officer regularly speaks at local events and participates in local civic organizations

NAF El Centro continues to enjoy an excellent relationship with the surrounding communities that benefits the installation as well as the Imperial Valley citizens and businesses.

**NAF EL CENTRO
CONTRIBUTIONS TO THE LOCAL
COMMUNITY INCLUDE NUMEROUS
VOLUNTEER EFFORTS,
DONATIONS AND CHARITY
EVENTS THAT EXTEND OUTSIDE
THE FENCELINE**



COMMUNITY SERVICE AND CHARITY FUND DRIVES



**For more information contact:
NAF El Centro Public Affairs Office
elcnpao@navy.mil**

760.339.2519

FAX—760.339.2699

<http://www.cnic.navy.mil/ELCentro/index.htm>

