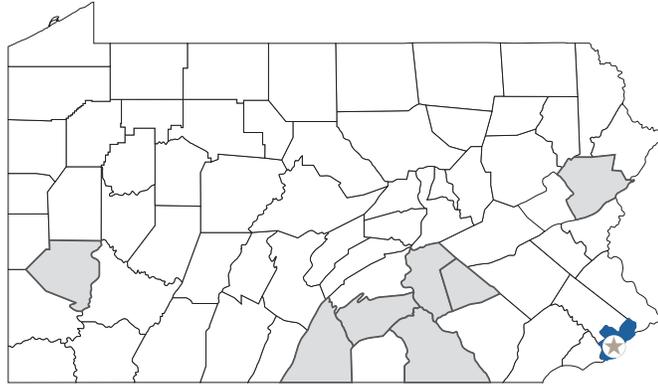
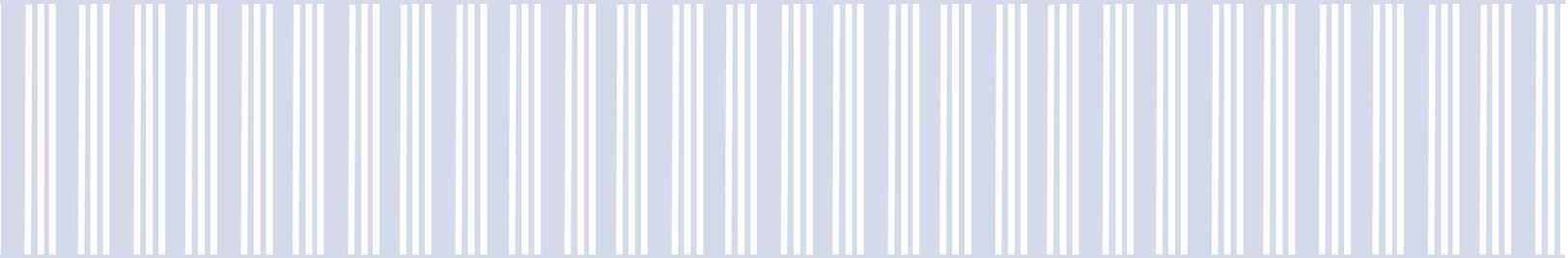

PENNSYLVANIA MILITARY INSTALLATIONS // IMPACTS



NAVAL SUPPORT ACTIVITY

PHILADELPHIA





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NAVAL SUPPORT ACTIVITY PHILADELPHIA

This report is part of the Pennsylvania Military Community Enhancement Commission-sponsored study of the economic impacts of Pennsylvania's military and defense installations. The aim of the project is to aid the Commission and the Commonwealth of Pennsylvania in understanding the economic and strategic value of its major military installations regionally and nationally, as well as their ties to surrounding communities and Pennsylvania industry.

INTRODUCTION

Naval Support Activity (NSA) Philadelphia is located on 135 acres in northeast Philadelphia. NSA Philadelphia and the Philadelphia Navy Yard Annex are component commands of NSA Mechanicsburg, which facilitates efficiency in installation operations. NSA Philadelphia is host to a broad range of tenant commands. Major tenants include multiple organizations within the Defense Logistics Agency (DLA) and Navy Supply Systems Command. Additional tenant commands include the headquarters for the Philadelphia region Navy Recruiting Command (NRD Philadelphia) and an operations center for the Navy's Office of Civilian Human Resources, among others.

DLA Troop Support specializes in delivering sustenance, clothing and textiles, construction equipment, and medical and industrial hardware supplies

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TABLE 1

MAJOR TENANT COMMANDS NAVAL SUPPORT ACTIVITY PHILADELPHIA

DLA Troop Support

DLA Aviation Procurement Operations

DLA Document Services

**Navy Supply Systems Command –
Weapons Systems Support**

Navy Supply Systems Command – Fleet Logistics Center

**Defense Contract Management Agency –
Navy Special Emphasis Operations**

Navy Recruiting District Philadelphia HQ

Army Office of Health and Heraldry

Navy Office of Human Resources



NSA Philadelphia provides common base operating and support services to Navy and DoD tenant activities as directed by Commander, Navy Region Mid-Atlantic. The installation, located in northeast Philadelphia, has 38 buildings totaling more than 2.25 million square feet of space on a 135-acre complex. The primary mission of the tenants is DoD logistics support.

Image courtesy of NSA Philadelphia

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to global warfighters. While Philadelphia is no longer a hub for the operating forces of the Naval Aviation enterprise, the Navy Supply Systems Command bases its Weapons Systems Support organization at the installation while the fleet logistics operations center supports Department of the Navy operations.

The Navy's Fleet Logistics Center provides wholesale and Navy-owned repairable and consumable material at ashore activities worldwide. NRD Philadelphia is responsible for recruiting new military accessions to the U.S. Navy from across eastern Pennsylvania, New Jersey, and Delaware. ★

BACKGROUND & HISTORY

The multifaceted missions of NSA Philadelphia derive from historic support of the Philadelphia region to both the Navy aviation enterprise and the role Philadelphia has played in supplying the nation's armed forces since their very inception. From the 1880s, the Schuylkill Arsenal, later renamed the Philadelphia Quartermaster Depot, operated at Grays Ferry Avenue and Washington Avenue, producing clothing and supplies for the military services. The Naval Aircraft Factory was constructed at the Philadelphia Navy Yard in 1917, which later expanded to include the Henry C. Mustin Naval Air Facility in 1926. The facility produced planes for the U.S. Navy during World War I and shifted into experimental research and design after the war. Regional expansion of the Navy during World War II included the commissioning of the Naval Air Station at Willow Grove (Horsham, Pennsylvania) in 1943, and the 1944 purchase of the Brewster aviation

factory in Philadelphia, subsequently converted into the Naval Air Development Center at Warminster, both north of Philadelphia. The Navy Aviation Supply Depot was moved out of the Philadelphia Navy Yard to Northeast Philadelphia in 1941 and became the center for Navy aviation logistics through World War II. The Philadelphia Quartermaster Depot expanded during World War I and relocated to South 20th Street in Philadelphia. Later renamed the Defense Personnel Support Center, operations were relocated to NSA Philadelphia following the final recommendations of the 1993 Base Realignment and Closure (BRAC) Commission.¹

Previous BRAC rounds have increased the workforce located at NSA Philadelphia, as consolidations and relocations added to the use of the facility. Table 2 provides an overview of the major changes to NSA Philadelphia that resulted from BRAC recommendations. ★

TABLE 2

MAJOR CHANGES – NAVAL SUPPORT ACTIVITY PHILADELPHIA²

BRAC 1993	Recommended relocating the Defense Personnel Support Center and tenant activities from downtown Philadelphia to the Aviation Supply Office compound at NSA Philadelphia.
BRAC 1995	Recommended disestablishing the Defense Industrial Supply Center and creating a single Inventory Control Point for the management of troop and general support items at the Defense Personnel Support Center at NSA Philadelphia.
BRAC 2005	Recommended realigning Human Resource Service Center-Northeast in downtown Philadelphia by relocating the Civilian Personnel Office to NSA Philadelphia.

ECONOMIC IMPACT

This economic impact analysis quantifies the potential impact on employment and economic output of all federal activities located at NSA Philadelphia. This could be interpreted as the result if the installation were to be disestablished and the operations of all tenant commands relocated outside of Pennsylvania. The IMPLAN model was used to estimate the total economic impact of NSA Philadelphia including direct, indirect, and induced impacts that accrue within Pennsylvania. Direct impacts are the employment and spending associated with tenants at NSA Philadelphia, while indirect impacts, sometimes called intermediate impacts, are

generated by the supply chain requirements and linkages of the activity being analyzed. Induced economic impacts derive from the spending patterns of employees and service members. Staff of NSA Philadelphia provided data on the employment of installation tenants in 2016; results reflect 2016 economic impact.

Table 3 is a summary of annual economic impacts of NSA Philadelphia broken down by direct, indirect, and induced sources.

- Overall, activities at NSA Philadelphia generate 7,533 jobs within Pennsylvania, and over \$653.8 million in labor income annually.

TABLE 3
ECONOMIC IMPACT SUMMARY – NAVAL SUPPORT ACTIVITY PHILADELPHIA

	IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
CITY OF PHILADELPHIA	Direct Effect	4,547	\$ 439,423,191	\$ 534,933,401	\$ 773,491,957
	Indirect Effect	903	\$ 92,019,998	\$ 132,924,866	\$ 197,112,755
	Induced Effect	1,678	\$ 96,089,704	\$ 160,824,751	\$ 255,789,775
	Total Effect	7,128	\$ 627,532,892	\$ 828,683,019	\$ 1,226,394,487
PENNSYLVANIA TOTAL	Direct Effect	4,547	\$ 439,423,191	\$ 534,933,401	\$ 773,491,957
	Indirect Effect	1,109	\$ 107,466,546	\$ 152,406,137	\$ 232,071,732
	Induced Effect	1,877	\$ 106,903,574	\$ 178,069,071	\$ 287,873,348
	Total Effect	7,533	\$ 653,793,310	\$ 865,408,610	\$ 1,293,437,037

Source: University of Pittsburgh Center for Social and Urban Research, 2018

TABLE 4

TOP 10 INDUSTRIES AFFECTED – NAVAL SUPPORT ACTIVITY PHILADELPHIA

SECTOR	DESCRIPTION	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
465	Business support services	2,333	\$ 67,216,899	\$ 60,628,560	\$ 138,944,555
461	Management of companies and enterprises	1,744	\$ 354,686,109	\$ 422,665,372	\$ 580,800,785
464	Employment services	340	\$ 14,860,078	\$ 20,620,156	\$ 26,268,199
536	Federal government, military	276	\$ 13,658,478	\$ 40,273,711	\$ 40,273,712
501	Full-service restaurants	210	\$ 4,559,918	\$ 5,123,668	\$ 9,899,251
440	Real estate	1965	\$ 5,398,827	\$ 37,560,139	\$ 47,923,248
482	Hospitals	194	\$ 15,442,279	\$ 17,089,373	\$ 29,799,009
502	Limited-service restaurants	154	\$ 2,945,375	\$ 7,265,672	\$ 12,622,823
503	All other food and drinking places	120	\$ 3,414,975	\$ 2,871,676	\$ 4,869,251
400	Retail - Food and beverage stores	117	\$ 3,377,524	\$ 4,496,261	\$ 7,043,715

Sector reflects IMPLAN industry category

Source: University of Pittsburgh Center for Social and Urban Research, 2018

- 7,128 of these jobs, and \$627.5 million in labor income annually, are estimated to be generated within the City of Philadelphia.

- Activities at NSA Philadelphia represent \$1.29 billion in economic output and generate \$865 million in Gross Regional Product (GRP), or value-added production, within Pennsylvania each year.

The direct, indirect, and induced economic impacts are spread across industries. While virtually all

staff at NSA Philadelphia are federal civilian employees or military service members, the actual operations of most tenants mirror the activity of civilian industries. The civilian employment of each tenant organization was characterized in this analysis as a private sector industry that most closely matched its operations. Table 4 highlights the top 10 industries impacted as estimated by the IMPLAN model. Highest on the list are business support services and management of companies and enterprises. ☆

COMPETITIVE ASSESSMENT

The sections that follow originate from an analysis of strengths, weaknesses, opportunities, and threats (SWOT) at NSA Philadelphia. Strengths and weaknesses include attributes, assets, or factors that are internal to the installation. Threats are external factors that are harmful to, or create vulnerabilities for, the installation. Opportunities offer ways to mitigate threats and weaknesses and/or reinforce and expand on the installation's strengths. The SWOT analysis is summarized in Table 5, and aspects of the analysis are described throughout the following sections.

Each of the major tenants at NSA Philadelphia have highly specialized missions that rely on an equally specialized workforce with deep expertise in their re-

spective fields. The mix of tenants at NSA Philadelphia makes it a major hub of Department of Defense (DoD) talent in critical fields of acquisition, logistics, and aviation program management, among others. The Navy Supply Systems Command bases its Weapons Systems Support organization at the installation, while the fleet logistics operations center supports Department of the Navy operations. The installation's largest tenant, DLA Troop Support, is responsible for supplying sustenance, clothing/textile, construction and engineering equipment, and medical supplies to combatant commands worldwide. DLA Troop Support is currently constructing a new headquarters building on the installation; its completion is expected in May 2019. The building will be a four-story LEED (Leadership in Energy and Envi-

TABLE 5

SWOT THEMES – NAVAL SUPPORT ACTIVITY PHILADELPHIA

STRENGTHS

- Career Federal Workforce in Multiple Specialized Fields
- Access to Philadelphia Regional Labor Force

WEAKNESSES

- Urban Location Limits Expansion Opportunities Beyond Current Size
- Force Protection Challenges of Urban Location

OPPORTUNITIES

- Cooperation with City and Other Partners
- Transportation, Distribution, and Logistics Cluster Enhancement
- Local Defense Group (Philadelphia Industrial Development Corporation)

THREATS

- Potential Consolidation of Navy Organizations in Fleet Concentration Areas

Rendering of the new DLA Troop Support headquarters building at NSA Philadelphia, to be completed in May 2019.

Image courtesy of NSA Philadelphia



ronmental Design) certified building using Low Impact Development features to manage stormwater runoff.

Smaller tenants, including the Defense Contract Management Agency’s office for Navy Special Emphasis Operations, have equally specialized missions. This one office supports federal contracting and acquisition in highly specialized fields of nuclear propulsion, deep submergence systems, aviation launch and recovery systems, and other programs. The smaller, but unique mission of the Army’s Office of Clothing and Heraldry provides services with all heraldry products including the presidential flag. Across the spectrum, these tenant commands have built a nearly irreplaceable core of talent located in Philadelphia and support a broad range of DoD missions.

As the workplace of over 4,500 people, NSA Philadelphia is a major part of a cluster of federal jobs that together represent the 3rd largest employer in Philadelphia County.³ The majority of these workers are career federal civilian employees who have built up decades of experience in their respective specialties and who have deep roots across the greater Philadelphia region. The stability of this workforce and its flexibility draws from the strength of the multi-state Philadelphia Metropolitan labor market. The nearly 3.2 million

workers in the Philadelphia Metropolitan Statistical Area make it the 8th largest labor market in the U.S.⁴ Sustaining this workforce will be a challenge — as it will be across the federal workforce nationally — as baby-boomers retire and will have to be replaced by new hires. The size and breadth of the Philadelphia regional labor market provides clear competitive advantages to the major tenants of NSA Philadelphia in their recruiting efforts toward sustaining their core workforces.

Easy access to the northeast corridor and the transportation options at the Philadelphia International Airport are additional advantages of the Philadelphia location — especially for the major commands at NSA Philadelphia in their broad missions supporting DoD operations worldwide. Several tenants’ strengths in logistics, combined with proximity to major transportation nodes, make NSA Philadelphia another vital piece of Pennsylvania’s core capabilities in military logistics, distribution, and transportation. Philadelphia is not only a major labor market, but home to a significant defense industry and multiple institutions of higher education that regularly partner for defense procurement as well as research and development. Expanded partnerships with these institutions

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can increase future workforce recruiting and procurement efforts supporting Navy missions in Philadelphia and across the nation.

NSA Philadelphia faces some challenges and external threats. Located in a densely populated neighborhood within the City of Philadelphia, NSA Philadelphia has limited expansion opportunities outside of its current footprint. Tenant commands have

been able to overcome this by ongoing improvement of existing structures on site. Additionally, with the closure of the Philadelphia Naval Station and the Philadelphia Naval Shipyard, the overall presence of the Navy in Philadelphia is much smaller than it was two decades ago. Any effort by the Navy to further consolidate operations at larger fleet concentration areas could affect the future of NSA Philadelphia.⁵ ★

A DLA Troop Support Flag Room embroiderer lets DLA Foreign Policy Advisor Dolores Brown sign a presidential flag in-the-making, while DLA Senior Enlisted Leader Army Command Sgt. Maj. Charles Tobin looks on during a visit to the organization in 2015. This is the only place where the flags of the president and vice president are made; 16 seamstresses hand-embroider U.S. presidential and vice presidential flags, just as it has been done for 150 years.

Photo by Ed Maldonado



NAVAL SUPPORT ACTIVITY & THE PHILADELPHIA REGION

The Philadelphia Industrial Development Corporation (PIDC), a non-profit economic development corporation, serves as the Local Defense Group (LDG) for both NSA Philadelphia and the Navy Yard Annex — the federal tenants that remain at the Philadelphia Navy Yard. PIDC was established in 1958 and took over development and management of the Navy Yard in the late 1990s after the 1991 and 1993 BRAC rounds required the closure of the shipyard and privatization of the site. With the support of the Pennsylvania Military Community Enhancement Commission (PMCEC), PIDC worked with state and federal representatives in preparing for the subsequent 2005 BRAC round. Its activities included: coordinating representatives' visits to facilities; contracting and/or authoring economic impact research, a SWOT analysis, and a case statement about the retention of military facilities in Philadelphia; and participating in BRAC summits at the federal and state level. More recently, PIDC has worked in conjunction with the Economy League of Greater Philadelphia and Econsult Solutions — again, with the support of PMCEC — to produce SWOT analyses and economic impact analyses of DoD in the Philadelphia region.⁶

NSA Philadelphia is located within a dense residential neighborhood and is involved with the surrounding community in a number of ways. Installation liaisons regularly attend monthly Lawncrest Community Association meetings and quarterly Rising Sun Avenue Business Association meetings. NSA Philadelphia engages with the Police District Advisory



Aerial view of NSA Philadelphia's 135-acre site located in northeast Philadelphia.

Image courtesy of NSA Philadelphia

Council and the Greater Northeast Philadelphia Chamber of Commerce. NSA Philadelphia staff participate in community events at the Philadelphia Protestant Home. The installation is part of the Tookany/Tacony Frankford Watershed Partnership, which is focused on stormwater management. 🌱



June 27, 2017 groundbreaking for the new \$47 million DLA Troop Support headquarters building at NSA Philadelphia which represents the installation's largest facility investment since the base's inception in 1942.

Image courtesy of NSA Philadelphia

LOOKING FORWARD

Fast consolidation of both Navy aviation and DoD logistics missions have added to the scale of operations and workforce at NSA Philadelphia. Limited space is available for expansion outside of the current installation footprint, and close proximity to residential neighborhoods presents ongoing security and force protection challenges. As it looks to the future, NSA Philadelphia will benefit from continuing to strengthen external partnerships, including those that will help tenants to maintain their uniquely skilled, specialized workforces.

- *Mitigating future security challenges, commuting and transportation challenges, and any future expansion efforts will require ongoing cooperation and coordination with the City of Philadelphia and the Police District Advisory Council.*
- *Sustaining the large federal workforce at NSA Philadelphia will be an ongoing challenge as the older cohort of baby boom era workers is expected to retire and must be replaced by new hires. Leveraging the large Philadelphia regional labor market will be key to these future recruiting efforts. Collaboration*

with Philadelphia labor force organizations, including Philadelphia Works — the former Philadelphia Workforce Investment Board — and other local workforce organizations, can support these efforts. Such efforts would also benefit from the creation of a Pennsylvania Logistics Center of Excellence, which would build a common orientation around the state's concentrated strength in transportation, distribution, and logistics. The center could support new education, training, and business development opportunities.

- *PIDC currently serves as the LDG for both the federal tenants at the Navy Yard Annex and at NSA Philadelphia. In that role, PIDC responded effectively to potential threats during the 2005 BRAC round, but it could boost ongoing engagement with NSA Philadelphia. Separate from its LDG role, PIDC is the executive agent for the management of the Navy Yard and its highly successful, and ongoing, privatization efforts. Current and future issues facing federal tenants at the Navy Yard are distinct from those affecting NSA Philadelphia. A new PIDC subgroup could be tasked with increasing the visibility of, and engagement with, NSA Philadelphia. ⚡*

Notes

¹ Defense Base Closure and Realignment Commission, *2005 Defense Base Closure and Realignment Commission Report*, vol. 2, 2005; *1995 Report to the President*, 1995; *1993 Report to the President*, 1993; Pennsylvania Military Community Enhancement Commission, 2015 Annual Report; Pennsylvania Base Development Committee, *Pennsylvania Military Installations Reference Manual*, March 2009

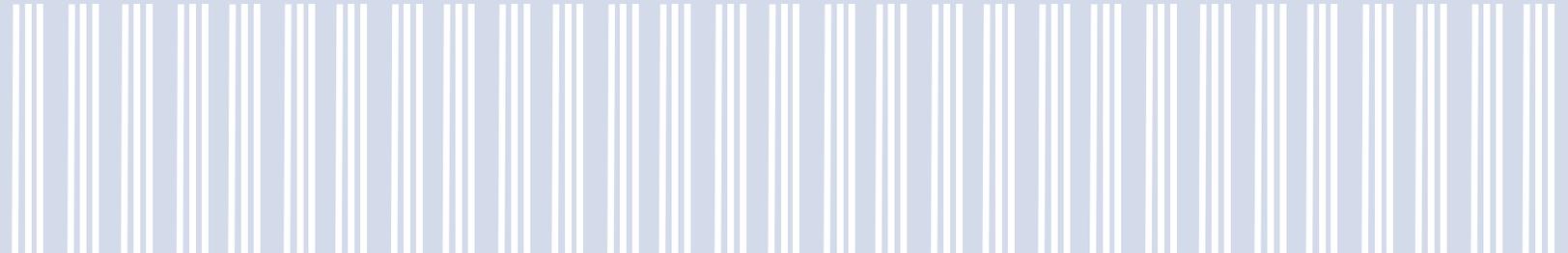
² Defense Base Closure and Realignment Commission, 2005; 1995; 1993; Pennsylvania Military Community Enhancement Commission, 2015; Pennsylvania Base Development Committee, 2009

³ Pennsylvania Department of Labor & Industry, Center for Workforce Information & Analysis, "Top 50 Employers 2nd Quarter, 2017, Philadelphia County," December 2017, workstats.dli.pa.gov/Documents/Top%2050/Philadelphia_County_Top_50.pdf

⁴ The greater Philadelphia MSA encompasses five counties in Pennsylvania, but also extends into parts of Maryland, New Jersey, and Delaware. As of October 2017, the Philadelphia MSA labor force included 3.089 million workers. See: "Civilian Labor Force and Unemployment by State and Metropolitan Area," Economic News Release, United States Department of Labor, last modified January 4, 2018, bls.gov/news.release/metro.t01.htm

⁵ For example, see the current relocation of the Navy's Military Sealift Command Headquarters from its location in the Washington Navy Yard (Washington, DC) to Norfolk, Virginia to be completed by 2019: "Military Sealift Command Consolidates Headquarters," *Navy Times*, November 6, 2014, navytimes.com/news/your-navy/2014/11/06/military-sealift-command-consolidates-headquarters

⁶ For example: Economy League of Greater Philadelphia, "The Military and Greater Philadelphia: Strengths, Weaknesses, Opportunities, & Threats" (PowerPoint, 2015); Economy League of Greater Philadelphia, "The Military in Greater Philadelphia: 2014 Economic Impact Analysis," December 2014



This report is part of a larger study of the economic and community impacts of Pennsylvania's military and defense installations. Visit the Pennsylvania Military Community Enhancement Commission's website at www.dced.pa.gov/pmcec to see other installation-specific reports and a statewide report.



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