



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
DEPUTY CHIEF OF STAFF, G-8  
700 ARMY PENTAGON  
WASHINGTON DC 20310-0700  
HSA-JCSG-D-05-437

DAPR-ZB

08 JUL 2005

MEMORANDUM FOR OSD BRAC CLEARINGHOUSE

SUBJECT: OSD BRAC Clearinghouse Tasker 0487C -- Joint Medical Command Headquarters

1. Reference e-Mail Query, Mr. Ethan Saxon - BRAC 2005 Commission Staff, 6 Jul 2005.
2. Issue/Question. Would the following recommendation yield any savings in military, civilian personnel or contractor personnel?

Joint Medical Headquarters Command:

- Skyline 1, 4 & 5: Relocate TMA from leased space to the National Naval Medical Center, Bethesda.
- Skyline 6: Relocate TMA and Army Office of the Surgeon General (OTSG) from leased space to the National Naval Medical Center, Bethesda.
- Hoffman 2: Relocate OTSG from leased space to the National Naval Medical Center, Bethesda.
- Bolling AFB: Relocate the AF Medical Support Agency to the National Naval Medical Center, Bethesda.
- Potomac Annex: Relocate the BUMED to the National Naval Medical Center, Bethesda.

I have looked through the COBRA run associated with this recommendation HSA0115 (Med Acts to NNMCC) and it does not seem to identify any reductions in personnel. Given that this recommendation would promote jointness among the commands, I am hoping that some reduction in at least contractor requirements can be identified.

Could you please provide a guidance level (i.e. a 5% personnel reductions) or some projected number of reductions for the recommendation by Saturday July 9, 2005?

Thank you for considering this request.

3. Response.
  - a. Background: The Headquarters and Support Activities Joint Cross Service Group (HSA JCSG) initially proposed a personnel reduction of 7% of all personnel, including contractors, in all smaller organizations contained in the recommendation to co-locate Medical Headquarters. This is consistent with the personnel reduction methodology used by the HSA JCSG. A decision paper entitled Common Support Personnel Savings Factors, dated March 31, 2005 is enclosed on CD, as are the briefing slides used at the deliberative session during which the JCSG Members approved the use of the factors. During the scenario data call for the recommendation, all involved Headquarters responded that they could not take personnel reductions; the certified data received from the Military Departments and TMC reflected same. The cost analysis was therefore completed without reductions.

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b. Inclusion of Additional Headquarters Elements. Following the Department's disapproval of the recommendation to co-locate Medical Headquarters, the JCSG realized that some Air Force (AF) elements had been inadvertently overlooked in the analysis. Parts of the AF Medical Support Agency (AFSMA) at Bolling AF Base, as well as the AFMSA, AF Medical Operations Agency and the AF Surgeon General's Office in leased space in Virginia should be included in the recommendation should the Commission consider adding it to the Secretary's recommendations. HSA JCSG will provide certified data, or do the analysis on the behalf of the Commission if the Commission cares to pursue further.

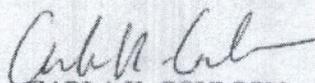
c. Proforma Analysis. The following table provides proforma analyses for several different co-location/consolidation options. Note, co-locate connotes merger of common support functions, but no merger of mission. Consolidation connotes merger of mission, or creation of a Joint Medical Command Headquarters. The figures below are based on application of HSA JCSG's deliberated personnel savings methodology; the Medical JCSG does not necessarily feel that personnel reductions can be achieved through a consolidation.

	<b>Initial Recommendation</b>	<b>Co-location - 7% of all smaller orgs (TMA excluded)</b>	<b>Consolidation - 14%</b>
One-Time Costs	\$108.32M	\$106.68M	\$103.09M
Net Implementation Costs / Savings	\$91.76M (Cost)	\$70.30M (Cost)	\$22.53M (Cost)
Annual Recurring Savings	\$5.98M	\$17.10M	\$41.45M
Payback Period / Year	24 Years (2034)	6 Years (2016)	2 Years (2012)
NPV	\$25.58M (Cost)	\$102.56M (Savings)	\$383.89M (Savings)
Eliminations (Off/ Enl / Civ / Ctr)	None, Total Realigned = 1,881	78 Total (26 / 4 / 20 / 28)	249 Total (67 / 9 / 74 / 99)
	<b>Initial Recommendation w/ new AF Data</b>	<b>Co-location - 7% to all smaller orgs (TMA excluded)</b>	<b>Consolidation - 14%</b>
One-Time Costs	\$111.66M	\$110.05M	\$106.37M
Net Implementation Costs / Savings	\$91.39M (Cost)	\$71.21M (Cost)	\$23.59M (Cost)
Annual Recurring Savings	\$7.32M	\$18.142M	\$42.723M
Payback Period / Year	19 Years (2029)	6 Years (2016)	2 Years (2012)
NPV	\$12.31M (Cost)	\$111.86M (Savings)	\$395.35M (Savings)
Eliminations (Off/ Enl / Civ / Ctr)	None, Total Realigned = 1,963	81 Total (34 / 6 / 22 / 19)	258 Total (84 / 13 / 78 / 83)

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4. Coordination. None required.



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