DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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DCN 8458

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Executive Director: Charles Battaglia

August 4, 2005

TO: Clearinghouse@wso.whs.mil

CC: Robert.Meyer.CTR@osd.mil, Robert.Dinsick@wso.whs.mil, Donald.Manuel.CTR@wso.whs.mil, Aaron.Butler@wso.whs.mil, Nathaniel.Sillin@wso.whs.mil,

FROM: BRAC Commission

SUBJECT: Request Comment on Fts Gillem and McPherson Closure Recommendations.

1. Please provide certified data on the cost to relocate the Defense Information Systems Agency (DISA) communications hub located at Fort McPherson, GA.

2. Please provide DoD's analysis of the attached community developed alternatives for Forts McPherson and Gillem.

Regards,

R. Gary Dinsick
Army Team Leader

DCN 8458

HURT, NORTON & ASSOCIATES, INC.

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HURT, NORTON & ASSOCIATES, INC.

TO: Mr. Don Manuel
Professional Staff Member
Base Realignment and Closure Commission

2 August 2005

Memorandum for Consideration: Alternative BRAC
Recommendation: Fort McPherson and Fort Gillem

Dear Mr. Manuel:

The following attachment is for consideration by the Staff and Commission as regarding the Department of Defense recommendations concerning Fort McPherson and Fort Gillem, GA.

Point-of-contact for this action is:
Mr. Phil Browning
404-656-9755

With Best Regards,
Frank Norton
202-543-9398

By Hand

DCN 8458

July 25, 2005

Subject: Alternative BRAC Recommendation—Ft McPherson and Ft Gillem

Purpose: To suggest an alternative to the current DOD recommendation to close Ft McPherson and Ft Gillem.

Scenario:

- Close Ft McPherson.
- Move 1st Army and 52dEOD from Ft Gillem.
- Move 3d Army, US Army Forces Command (Forscom), and US Army Reserve Command (USARC) to Ft Gillem.
- Ft Gillem remains open.

Assumptions:

- All other Ft Gillem units remain
- 3d Army occupies facility vacated by 1st Army
- Military construction for USARC and Forscom remain the same as in the Army recommendation.

Georgia COBRA Run:

Scenario	Payback Period (Years)	Costs/Savings ($K)			
		20 - Year NPV	1-Time	Total (2006 – 2011)	Annual Total Recurring
USA-0222R (McPherson)	2	-895,205	197,750	-111,393	-82,089
USA-0121R (Gillem)	1	-421,535	56,788	-34,460	-35,295
Total McPherson & Gillem Actions	-	**-1,316,740**	**254,538**	**-145,853**	**-117,384**
Georgia	1	-1,256,066	159,810	-237,429	-107,176

*A negative value equals savings

** 20-Year Net Present Value = Costs or Savings after 20 year

Advantages Between the Army Recommendation and the Georgia Alternative:

- For the Georgia Alternative, one time costs are less ($95M); six year savings are greater ($92M)
- NPV favors the Army by $3M per year for the 20 years. However if one considers additional annual travel costs plus costs of replicating the communications of the Army's recommendation, it would appear that any savings are a "wash". Last year the three headquarters used over $18M in travel (transport and per diem). Cost for communications vis-à-vis that Army recommendation not yet available
- Major workforce disruption avoided.

PLAN C (as of July 25, 2005)

Purpose: To offer an alternative to the Department of Defense proposal to close both Fort McPherson and Fort Gillem, Georgia.

General: The Department of Defense recommended to the 2005 BRAC Commission that Fort McPherson and Fort Gillem close and that co-located, major headquarters functions move to North Carolina, South Carolina, Tennessee, Alabama, and Illinois. In testimony given before the BRAC Commission at its regional hearing on June 30th, the community arguments for retaining the bases consisted of the following key points:

a. That cost savings, rather than other, pertinent military value criteria were the primary discriminator in closing the two bases even though, in the Army's analysis, cost was weighted at only 10% of the four BRAC military value selection criteria.
b. That the Army's COBRA analysis which cited cost savings in closing both installations should be reviewed for accuracy and completeness.
c. That the synergy between these headquarters activities for war planning, homeland defense, and Reserve Component training that has taken decades to develop would be adversely affected.
d. That command and control will be degraded by separating the headquarters, as recommended by the Army.

Primary Assumption: That the decision to retain major military headquarters functions in Atlanta will be made by the BRAC Commission if the Army's COBRA analysis can be counter-balanced with other, reasonable cost savings and other military value considerations. (Any cost savings comparison in this proposal must be measured against the combined, estimated savings from the proposed closure of both Fort McPherson and Fort Gillem).

Plan C: Two alternatives to the closure of Fort McPherson and Fort Gillem were developed and are presented below. They demonstrate cost efficiencies that will not degrade the military value of the headquarters' co-location synergy and that will reduce the required upfront, one-time cost of implementing the Army's recommendations.

Alternative #1: Close Fort McPherson and move Headquarters Forces Command (FORSCOM), US Army Reserve Command (USARC), and 3d Army to Fort Gillem. All current units remain at Fortt Gillem, and Fort Gillem does not close.

Alternative #1 Assumptions

a. Fort McPherson closes.
b. Fort Gillem remains open.
c. All Fort Gillem units and activities remain in place.
d. FORSCOM, USARC and 3rd Army relocate to Fort Gillem from Fort McPherson
e. This analysis used the personnel eliminations and realignments from the Army's recommendations for Fort McPherson to retain anticipated

efficiencies in operational and garrison activities to be realized by consolidation of functions and installations.

f. All costs and savings associated with relocating Fort McPherson activities to locations in the Army's recommendation were deleted.
g. One-Time and Information Technology Costs programmed for receiver bases were used to estimate the requirement to bed-down the additional activities on Fort Gillem.
h. The military construction (MILCON) requirements from the Army recommendation to support activities at receiver installations were used to bed-down the activities on Fort Gillem.

Alternative #1 COBRA Results

Scenario	Payback Period (Years)	Costs/Savings ($K)			
		20 - Year NPV	1-Time	Total (2006 – 2011)	Annual Total Recurring
USA-0222R (McPherson)	2	-895,205	197,750	-111,393	-82,089
USA-0121R (Gillem)	1	-421,535	56,788	-34,460	-35,295
Total McPherson & Gillem Actions	-	**-1,316,740**	**254,538**	**-145,853**	**-117,384**
Georgia 1	1	-1,195,428	156,856	-221,254	-102,487

*A negative value equals savings
** 20-Year Net Present Value = Costs or Savings after 20 years

Alternative #1 Summary

One-time costs for this alternative are $98M less than for the combined costs included in the Army's recommendations. Six year (2006-2011) implementation savings are $75M greater than the Army estimate. Recurring annual savings and the 20-year NPV favor the Army recommendation by $15M and $121M respectively

Alternative #2: Close Fort McPherson and move FORSCOM, USARC, and 3d Army to Fort Gillem. Move 1st US Army to Rock Island Arsenal, IL and the 52nd EOD Group to Ft Campbell, KY.

Alternative #2 Assumptions

a. Fort McPherson closes.
b. 1st Army realigns to Rock Island Arsenal per Army recommendation.
c. 52nd EOD Group realigns to Fort Campbell per the Army's recommendation.
d. Fort Gillem remains open.
e. All other Fort Gillem units and activities remain.

f. FORSCOM, USARC, and 3rd Army relocate to Fort Gillem.
g. 3rd Army occupies the facilities vacated by 1st Army at Ft Gillem.
h. This analysis used the Army personnel eliminations and realignments from the Army recommendation for Fort McPherson to retain anticipated efficiencies in operational and garrison activities to be realized by consolidation of functions and installations.
i. All costs and savings associated with relocating Fort McPherson activities to programmed locations were deleted.
j. One-Time and Information Technology Costs programmed for receiver bases were used to estimate the requirement to bed-down the additional activities on Fort Gillem.

k. The MILCON requirements programmed by the Army to support activities at receiver installations were used to bed-down the activities on Fort Gillem with the exception of one (1) "Large Headquarters Facility" and one (1) "Surface Parking Lot." These two projects were eliminated based on 3rd Army's relocation into the available 1st Army facilities.

Alternative #2 COBRA Results

Scenario	Payback Period (Years)	Costs/Savings ($K)			
		20 - Year NPV	1-Time	Total (2006 – 2011)	Annual Total Recurring
USA-0222R (McPherson)	2	-895,205	197,750	-111,393	-82,089
USA-0121R (Gillem)	1	-421,535	56,788	-34,460	-35,295
Total McPherson & Gillem Actions	-	**-1,316,740**	**254,538**	**-145,853**	**-117,384**
Georgia 2	1	-1,256,066	159,810	-237,429	-107,176

*A negative value equals savings
** 20-Year Net Present Value = Costs or Savings after 20 years

Alternative #2 Summary

One-time costs for this alternative are $95M less than for the combined costs included in the Army's recommendations. Six-year implementation savings are $92M greater than the Army estimate. Recurring annual savings and the 20-year NPV favor the Army recommendation by $10M and $61M respectively.

Critical Military Value Discussion

- Predicting Costs/Savings Effectively. DOD's ability to predict cost savings over a twenty-year time period is problematic. Predictions even for the five-year Defense Program are difficult especially in today's environment. In our opinion, COBRA one-time cost and costs over the six-year implementation period may be more realistic and should be used as the cost discriminators in BRAC Commission evaluations.

- Pain and Risk Versus Potential Gain. However, if the BRAC Commission relies on 20-year NPV as a cost discriminator, worst case is that there would be only a $3M-$6M per year difference--in favor of the Army--between the Army's 20-year NPV costs savings and the above alternatives. This advantage will be reduced because there has been no consideration of increased cost and time of travel from Fayetteville, NC or Sumter, SC, or the increased cost of establishing appropriate, yet-to-be-defined communications at the new locations. Those considerations plus avoiding the major workforce and work disruption from moving these headquarters functions to Pope or Shaw AFB are worth the estimated difference in savings.

- Budget Projection Versus Funding Requirement. The "OSD Wedge" budgeted to implement BRAC is only $13 billion for all services compared to the implementation cost of approximately $25 billion to implement the BRAC recommendations made by the Secretary of Defense. This means that the military services, undoubtedly, will have to use a portion of their Total Obligation Authority (TOA) to pay significant BRAC bills. Once the BRAC recommendations become law, there will be no way to avoid making the necessary funds available-even if it means raiding resources programmed for operational needs. Another question for the BRAC Commission to explore is, "Will funding, particularly for military construction, actually be available given other national security and DOD priorities?"

- Collocation Does Not Always Equal Jointness. Important consequences relating to the synergy between the headquarters functions currently in the Atlanta area were raised during the June 30, 2005 regional hearing. To divest 3d Army of the capability to coordinate directly and on-site with its "force providers" (FORSCOM and USARC) makes no sense. The contention that co-locating 3d Army with its Air Force counterpart at Shaw AFB for "jointness" sake is a specious argument especially when 9th Air Force already has a contingent on the 3d Army staff.

- Workforce Availability. During the Commission hearings on May 17-19, Commissioner Bilbray expressed concern that moving a facility from one geographic location to another might be problematic given the need to retain skilled professionals. The same analogy he was making applies to

the FORSCOM and USARC moves. Their capability to recruit professional, career-oriented, civilian managers and leaders in Fayetteville, NC may be problematic and take longer to accomplish. Additionally, Ft Bragg already has large, established headquarters that will compete for employees with the FORSCOM and USARC headquarters from a significantly smaller demographic base than is available in Atlanta.

- Enclaves Are Like Islands. It is troublesome that a large number of organizations, from both the Army and other Federal agencies, are scheduled to be enclaved at Fort Gillem with little/no rationale for their retention and no military organization charged with providing administrative and logistical support. This action supports the contention that the Army's focus on closing Forts McPherson and Gillem was based primarily on cost rather than on the other, very important military value criteria. Several organizations are moved to a so-called "Base X" awaiting a future basing decision; while others are unaccounted for, specifically the 3rd Medical Command, the Army Reserve Military Intelligence Center (Secure SCIF), and the Atlanta Military Entrance Processing Station. What remains at Fort Gillem is a closed installation with little, "island-like" enclaves, having little semblance of organization or appropriate security. It is assumed that these organizations are intended to remain on Fort Gillem temporarily, and their locations determined in a future enclave implementation decision. What is not clear is if there are sufficient funds to accomplish the reorganization and internal Fort Gillem movements and facility rehabilitations.

- Military Effectiveness Versus Cost Efficiency. It is clear that this Base Closure recommendation is heavily focused on activity consolidation to gain efficiency rather than the broader issues that enhance military effectiveness. This is an issue of particular concern for administrative headquarters that also have attributes that require military value considerations. It is more cost effective to consolidate bases; however, the action may not improve effectiveness and could actually degrade it. Currently, the Army is attempting to transform itself, bring troops back to the United States from overseas, and is heavily engaged in combat operations. The BRAC Commission should question if moving major, military headquarters is prudent at this time given that we do not know what our immediate and future challenges will be. What we do know is that existing headquarters structures work and can efficiently and effectively mobilize our military forces when required.

- Recruiting an Army. Currently we are experiencing significant challenges in recruiting for the National Guard, Reserves and active Army. The current conflicts are the first real test of the all-volunteer force in a sustained combat environment. In larger context, recruiting the all-

volunteer force is still in an experimental stage, a stage placing significant stress on the organizations and personnel responsible for making the experiment succeed. As with any experiment, we ought to be careful about making significant changes within the recruiting structure unless we can reasonably predict a successful outcome. This is particularly true of experiments in their most sensitive and dynamic stages of evolution.

Summary and Recommendation:

- Based on testimony given to the BRAC Independent Commission on June 30, 2005 Georgia's first recommendation is to keep all Army headquarters in Atlanta and specifically at Ft McPherson and Ft Gillem.

- If the BRAC Commission opinions that the Army's rationale as presented in their recommendation remains compelling, our second recommendation is for the BRAC Commission to adopt Alternative #2.