

DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2010
BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
MAY 2009

NAVY WORKING CAPITAL FUND

NAVY WORKING CAPITAL FUND (NWCF)

The NWCF is a revolving fund which finances Department of the Navy activities that provide products and services on a reimbursable basis, primarily for other government entities. The revolving fund structure creates a customer-provider relationship between operating units and support organizations. After customers receive annual appropriations, funded orders are sent to the NWCF providers who furnish the services or products, pay for incurred expenses, and bill the customers who in turn authorize payment. Unlike profit-oriented commercial businesses, working capital fund activities strive to break even in prices charged to customers.

NWCF activity groups are essential enablers and support elements that are critical to the success of the DON and many DoD organizations across a number of DoD capability portfolio areas. They provide a wide range of goods and services to support the Department's ongoing operations to maintain overall military readiness and in support of Overseas Contingency Operations (OCO). There are five NWCF activity groups: Supply Management, Depot Maintenance, Research and Development, Base Support, and Transportation. The total annual cost of goods and services to be delivered by NWCF activity groups to their customers in FY 2010 approximates \$25 billion. No major changes to the business base are expected in FY 2010 over FY 2009 levels.

Supply Management

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, and consumables to a wide variety of customers. A key component of the logistics capability area, Supply Management is the central element to assuring that DON and DoD operating forces and their equipment are supported with the necessary availability of supplies, spare parts, and components to conduct OCO engagements, various types of training, and any potential contingencies, whether of an irregular nature or of a more conventional scope. Additionally, contracting, resale, transportation, food service, and other quality of life programs are also supported. Costs related to supplying material to customers are recouped through stabilized rate recovery elements such as prior year gains and losses, inventory maintenance, repair costs including attrition, and local elements. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining our warfighting units. To this end, the Department continues to pursue initiatives to control costs and improve readiness. A portion of Navy Supply went live on the Navy Enterprise

Resource Planning system in FY 2009 and the remainder is scheduled to go live in FY 2010.

Two new type/model/series aircraft were introduced to the fleet and are being supported by Navy supply management in FY 2010. They are the MH-60R "Seahawk" and the EA-18G "Growler". During this period, the largest cost drivers in the supply management inventory are aviation weapons systems for the F/A-18, H-60, and the H-53. Inventory supporting aircraft engines also continues to be a major component of the overall supply management inventory. The Marine Corps is leading a joint program for procurement of spares for the Mine Resistant Ambush Protected (MRAP) vehicles while also supporting increased customer provisioning and replenishment spares requirements for other systems.

The reduction in civilian personnel in FY 2010 reflects a transfer of 1,412 full-time equivalents to the Defense Logistics Agency.

Depot Maintenance

Depot Maintenance functions performed by the Fleet Readiness Centers (FRCs) and Marine Corps Depots ensure that the right types and quantities of weapons systems and support equipment are repaired, overhauled and updated on schedule so that deployed and soon-to-deploy units have the battle-ready items they need to fight and win both ongoing OCO engagements and any potential confrontations. Depot Maintenance personnel not only perform these functions at the major activity sites, there are also a number of forward-deployed individuals that perform time-critical repair and upgrade functions in-theater, enduring the same kinds of physical conditions as the service members they support.

The FRCs are a core industrial base essential for mobilization; repair of aircraft, engines, and components; and the manufacture of parts and assemblies. They provide engineering services in the development of hardware design changes and furnish technical and other professional services on maintenance and logistics issues. The FRCs provide important support to fleet operations by overhauling and repairing a wide range of equipment and components. Workload budgeted in FY 2010 is material intensive, requiring fewer direct labor hours to repair. Contractors are used to supplement the organic workforce during workload peaks.

Since the FY 2009 President's Budget, the MRAP vehicle workload has emerged at the Marine Corps Depots and includes upgrades to vehicles in-theater as well as some work at the depots. Current projection of other workload includes repair of combat-damaged equipment and weapons systems returning from the OCO theater.

The slightly reduced workload projection in FY 2010 is based on expected declines in both the quantity of inductions and in the expected levels of repair required (i.e. more inspect and repair only as necessary as opposed to the current experience with significant repairs due to battle damaged equipment) and reflects less OCO impact. If operational contingencies further extend, then the civilian workforce would be accordingly adjusted.

Research and Development

Research and Development includes the Warfare Centers and the Naval Research Laboratory. R&D activities are very heavily involved in the development, engineering, acquisition and in-service support of weapons systems and equipment for the air, land, sea, and space operating environments that are the key to DON and DoD success in the force application area now and in the future. Other capability areas where the R&D activities make major contributions are battlespace awareness, net-centric (connectivity and interoperability), and command and control. Their contributions are evidenced through their research, engineering and testing efforts in the fields of space, aerial, surface and sub-surface sensors, communications systems, multi-media data fusion, and battle management systems. R&D activities are also implementing improvements and greater standardization among their acquisition workforces, thereby contributing to the progression of overall acquisition process and execution improvement under the corporate management and support area.

Certain R&D activities support the logistics capability through the repair and maintenance of select items of operating forces weapons and equipment. This is done in those instances in which the work is limited in scope, irregular in schedule and/or very specialized (and therefore not sufficient to warrant fully dedicated depot facilities or commercial source interest). Success in the logistics area enables the achievement of force application capability area goals by the operating forces. Workload at R&D activities remains robust and relatively constant between FY 2008 and FY 2010, of approximately \$11 billion annually.

The current submission incorporates the impact of Base Realignment and Closure (BRAC) V recommendations to 1) consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and 2) consolidate Weapons & Armaments (W&A) Research, Development & Acquisition, and Test and Evaluation (RDAT&E) into a Naval Integrated RDAT&E center.

Additionally, NWCF R&D activities have been at the forefront of implementing Navy ERP. Navy ERP came on-line at Naval Air Warfare Center in FY 2008. Space and Naval Warfare Systems Centers are scheduled to go-live in FY 2010.

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of those systems that overarch platforms. The current estimate reflects the impact of the Base Realignment and Closure V recommendation to consolidate maritime command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) research, development and acquisition, test and evaluation functions.
- Naval Air Warfare Center provides fleet support for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Center provides fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Center provides fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.
- Naval Research Laboratory operates as the DON's full spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies.

Base Support

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC).

The FECs provide a broad range of services in the force support area by ensuring that DON and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam and natural gas and building/facilities repair, maintenance and modernization services. NFESC is a DON-wide technical center delivering quality products and services in energy and utilities, amphibious and expeditionary systems, environment and shore, and ocean and waterfront facilities. In addition, energy efficiency improvements in both buildings and support vehicles are being implemented by Base Support activities in order to conserve DON and DoD resources. Facility-related technology development and environmental testing are also performed by this group.

The FECs' FY 2009 operating results reflect the impact of changes in the dollar/euro exchange rate that have already occurred since the FECs' budget estimates were incorporated into the FY 2009 President's Budget. Even though the FECs are impacted by higher purchased utilities, they are implementing energy conservation measures that are reducing the quantities of electricity and natural gas consumed. Initiatives to standardize and lower vehicles and equipment operating costs have been incorporated into the FY 2010 base support vehicles and equipment rates. The decrease in the FECs' FY 2010 civilian workforce reflects the decline due to commercial activity and high performing organization studies.

Transportation

The DON cannot succeed in the logistics area without the contributions of the Transportation group. While over-ocean movement of supplies and provisions to the operating forces is a primary focus of this group, it also maintains prepositioned equipment and supplies as well as other special mission services, and thereby is another example of enabling the DON to achieve force application goals whenever and wherever necessary.

Transportation is comprised of the Military Sealift Command (MSC) which supports the fleets, Naval Sea Systems Command, Space and Naval Warfare Systems Command, Strategic Systems Program Office, and the Air Force with unique vessels and programs. The three programs budgeted by MSC through the NWCF are: 1) Naval Fleet Auxiliary Force which provides support utilizing civilian mariner manned non-combatant ships for material support and ocean going tugs and salvage ships; 2) Special Mission Ships which provide unique seagoing platforms, operation of Navy command ships, and contracted harbor tugs; and 3) Afloat Prepositioning Force Navy which deploys advance material for strategic lift for the Marine Expeditionary Forces.

Activation changes include delivery of two T-AKs in FY 2009 and two T-AKs in FY 2010. Deactivations and contract termination changes include three T-AK Marine Corps container ships and three Maersk ships in FY 2009 and three T-AFs combat stores ships in FY 2010.

NWCF Cash

The Department's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate plus a six month projection of outlays to procure capital investments. The cash forecast of collections and disbursements considers cyclical timing (i.e. payroll disbursements based on payroll periods; timing of major disbursements including capital purchases, vendor payments within

and outside government, long lead contract accruals, and transfers if known). The NWCF cash balance tends to trend toward the lower end of the cash goal due primarily to the cumulative effect of prior congressional actions, return of excess accumulated operating results due to prior year gains, and conservative cash projections due to business impacts in the budget year.

(Dollars in millions)

| <u>New Orders</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Supply - Navy | 5,253.1 | 5,703.3 | 5,740.2 |
| Supply - Marine Corps | 120.2 | 123.2 | 129.2 |
| Depot Maintenance - Ships | na | na | na |
| Depot Maintenance - Aircraft | 2,067.7 | 1,899.6 | 1,858.6 |
| Depot Maintenance - Marine Corps | 606.8 | 342.2 | 403.7 |
| R&D - Air Warfare Center | 3,194.1 | 3,139.9 | 3,230.4 |
| R&D - Surface Warfare Center | 3,732.6 | 3,568.2 | 3,608.8 |
| R&D - Undersea Warfare Center | 1,147.1 | 1,022.0 | 999.6 |
| R&D - SPAWAR Systems Center | 2,533.9 | 2,381.9 | 2,359.3 |
| R&D - Naval Research Laboratory | 667.3 | 658.6 | 675.4 |
| Transportation - MSC | 2,512.8 | 2,326.6 | 2,616.2 |
| Base Support - FECs | 2,582.6 | 2,591.7 | 2,712.8 |
| Base Support - NFESC | 80.5 | 107.7 | 104.2 |
| Totals | 24,498.7 | 23,865.0 | 24,438.5 |

(Dollars in millions)

| <u>Revenue</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Supply - Navy | 5,697.0 | 6,042.3 | 5,951.9 |
| Supply - Marine Corps | 117.8 | 118.6 | 123.3 |
| Depot Maintenance - Ships | 164.4 | 0.0 | 0.0 |
| Depot Maintenance - Aircraft | 2,067.3 | 1,970.5 | 1,847.6 |
| Depot Maintenance - Marine Corps | 552.6 | 509.7 | 469.5 |
| R&D - Air Warfare Center | 3,134.0 | 3,074.3 | 3,252.8 |
| R&D - Surface Warfare Center | 3,592.5 | 3,590.4 | 3,639.9 |
| R&D - Undersea Warfare Center | 1,068.5 | 1,033.0 | 1,003.2 |
| R&D - SPAWAR Systems Center | 2,423.1 | 2,513.4 | 2,397.2 |
| R&D - Naval Research Laboratory | 633.4 | 663.8 | 676.4 |
| Transportation - MSC | 2,465.8 | 2,326.6 | 2,616.2 |
| Base Support - FECs | 2,567.2 | 2,626.7 | 2,709.0 |
| Base Support - NFESC | 115.7 | 101.1 | 102.5 |
| Totals | 24,599.1 | 24,570.6 | 24,789.5 |

Cost of Goods Sold: (Operating)

Total obligations for supply functions and cost of good and services sold for industrial functions are as follows:

| | (Dollars in millions) | | |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| <u>Operating Costs</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| Supply - Navy | 5,941.5 | 6,636.4 | 6,585.3 |
| Supply - Marine Corps | 140.7 | 142.6 | 141.4 |
| Depot Maintenance - Ships | 167.1 | 0.0 | 0.0 |
| Depot Maintenance - Aircraft | 2,075.6 | 1,937.2 | 1,839.5 |
| Depot Maintenance - Marine Corps | 579.6 | 526.1 | 460.4 |
| R&D - Air Warfare Center | 3,152.3 | 3,088.4 | 3,246.6 |
| R&D - Surface Warfare Center | 3,561.3 | 3,608.4 | 3,667.5 |
| R&D - Undersea Warfare Center | 1,063.0 | 1,038.1 | 1,014.3 |
| R&D - SPAWAR Systems Center | 2,425.2 | 2,514.5 | 2,384.7 |
| R&D - Naval Research Laboratory | 636.6 | 670.5 | 686.1 |
| Transportation - MSC | 2,596.2 | 2,541.6 | 2,608.9 |
| Base Support - FECs | 2,700.2 | 2,585.9 | 2,661.4 |
| Base Support - NFESC | 115.7 | 101.8 | 102.5 |
| Totals | 25,155.1 | 25,391.6 | 25,398.5 |

Net Operating Results:

Revenue, excluding surcharge collections and extraordinary expenses, less the cost of goods and services sold to customers is as follows:

(Dollars in millions)

| <u>Net Operating Results</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| Supply - Navy | -33.2 | 26.2 | 6.7 |
| Supply - Marine Corps | -2.1 | 2.5 | 2.6 |
| Depot Maintenance - Ships | -2.7 | 0.0 | 0.0 |
| Depot Maintenance - Aircraft | -8.4 | 33.3 | 8.2 |
| Depot Maintenance - Marine Corps | -27.0 | -16.4 | 9.1 |
| R&D - Air Warfare Center | -18.3 | -14.1 | 6.1 |
| R&D - Surface Warfare Center | 31.2 | -18.0 | -27.6 |
| R&D - Undersea Warfare Center | 5.5 | -5.1 | -11.1 |
| R&D - SPAWAR Systems Center | -2.1 | -1.1 | 12.5 |
| R&D - Naval Research Laboratory | -5.8 | -6.7 | -9.7 |
| Transportation - MSC | -130.4 | -215.0 | 7.3 |
| Base Support - FECs | -133.0 | 40.8 | 47.6 |
| Base Support - NFESC | 0.0 | -0.7 | 0.0 |
| Totals | -326.3 | -174.3 | 51.7 |

(Dollars in millions)

| <u>Accumulated Operating Results</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Supply - Navy | -32.8 | -6.7 | 0.0 |
| Supply - Marine Corps | -5.1 | -2.6 | 0.0 |
| Depot Maintenance - Ships | 0.8 | 0.0 | 0.0 |
| Depot Maintenance - Aircraft | -41.5 | -8.2 | 0.0 |
| Depot Maintenance - Marine Corps | 7.3 | -9.1 | 0.0 |
| R&D - Air Warfare Center | 8.0 | -6.1 | 0.0 |
| R&D - Surface Warfare Center | 45.6 | 27.6 | 0.0 |
| R&D - Undersea Warfare Center | 16.2 | 11.1 | 0.0 |
| R&D - SPAWAR Systems Center | -11.4 | -12.5 | 0.0 |
| R&D - Naval Research Laboratory | 16.4 | 9.7 | 0.0 |
| Transportation - MSC | 207.7 | -7.3 | 0.0 |
| Base Support - FECs | -88.4 | -47.6 | 0.0 |
| Base Support - NFESC | 0.7 | 0.0 | 0.0 |
| Totals | 123.4 | -51.7 | 0.0 |

Workload:

Workload projections for NWCF activities are consistent with Navy force structure and attendant support levels as well as those factors unique to each group. The table below displays year-to-year percentage changes in transportation ship days for MSC, changes in program costs for Base Support – FECs, and change in direct labor hours for all other industrial activity groups. For supply business areas, workload changes are indicated by gross sales:

| <u>Workload</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------------------|-----------------------|-----------------------|
| Supply - Navy | 6.6% | 0.4% |
| Supply - Marine Corps | 2.4% | 3.8% |
| Depot Maintenance - Ships | na | na |
| Depot Maintenance - Aircraft | -7.7% | -5.7% |
| Depot Maintenance - Marine Corps | -7.2% | -22.3% |
| R&D - Air Warfare Center | 4.3% | 0.3% |
| R&D - Surface Warfare Center | -1.7% | -1.2% |
| R&D - Undersea Warfare Center | -2.0% | 0.4% |
| R&D - SPAWAR Systems Center | -6.3% | -2.8% |
| R&D - Naval Research Laboratory | 0.0% | 0.0% |
| Transportation - MSC | -2.8% | 4.5% |
| Base Support - FECs | -4.2% | 2.9% |
| Base Support - NFESC | -8.7% | 0.7% |

(Dollars in millions)

| <u>Treasury Cash</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------------|----------------|----------------|----------------|
| Beginning Cash Balance | 1,156.4 | 784.6 | 804.8 |
| Collections | 24,419.6 | 24,595.9 | 24,845.5 |
| Disbursements | 24,820.3 | 24,560.6 | 24,832.8 |
| Supplemental Appropriations | | | |
| Fuel | 250.7 | | |
| MSC Capital Hire Purchases | -53.0 | -16.6 | |
| Inventory Augmentation | 14.0 | 1.6 | |
| MDA Reprogramming | -102.8 | | |
| Congressional Action | -80.0 | | |
| Ending Cash Balance | 784.6 | 804.8 | 817.4 |

Customer Rate Changes:

Approved composite rate changes from FY 2007 to FY 2008 and from FY 2008 to FY 2009 are displayed below. Proposed composite rate changes FY 2009 to FY 2010 (designed to achieve an accumulated operating result of zero) are as follows:

| <u>Customer Rate Change</u> | (Percent Change) | | |
|------------------------------------|-------------------------|-----------------------|-----------------------|
| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| Supply: | | | |
| Navy - Aviation Consumables | 6.3% | 1.7% | -3.1% |
| Navy - Shipboard Consumables | 4.2% | 1.2% | 1.6% |
| Navy - Aviation Repairables | 1.9% | 1.9% | 2.2% |
| Navy - Shipboard Repairables | 4.2% | 1.2% | 1.6% |
| MARCORPS Repairables | 18.7% | 8.0% | 6.4% |
| Depot Maintenance - Ships | na | na | na |
| Depot Maintenance - Aircraft | 2.5% | 7.8% | -0.6% |
| Depot Maintenance - Marine Corps | 3.1% | 5.7% | 0.5% |
| R&D - Air Warfare Center | 1.4% | 4.2% | 2.7% |
| R&D - Surface Warfare Center | 1.8% | 2.9% | 2.2% |
| R&D - Undersea Warfare Center | 2.2% | 2.8% | 1.2% |
| R&D - SPAWAR Systems Center | 2.7% | 6.8% | 2.1% |
| R&D - Naval Research Laboratory | 2.3% | 3.8% | 4.6% |
| Transportation - MSC | | | |
| Fleet Auxiliary | 8.7% | 2.6% | 3.0% |
| Special Mission Ships | -3.4% | 18.8% | 4.0% |
| Afloat Prepositioning Ships | 42.9% | -33.1% | 11.4% |
| Base Support - FECs | | | |
| East Coast Utilities | 6.0% | 9.7% | 1.7% |
| East Coast - Other | 5.2% | 3.2% | -0.4% |
| West Coast Utilities | 8.5% | 6.2% | 4.4% |
| West Coast - Other | 4.2% | 0.3% | 1.5% |
| Base Support - NFESC | 6.8% | 1.5% | 1.9% |

Unit Costs:

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when their customers request additional services.

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Supply - Navy (cost per unit of sales ¹): | | | |
| Wholesale | 1.014 | 0.968 | 0.974 |
| Retail | 0.995 | 1.001 | 1.002 |
| Supply - Marine Corps (cost per unit of sales ¹): | | | |
| Wholesale | 0.932 | 0.903 | 0.796 |
| Retail | 0.953 | 0.925 | 0.982 |
| Depot Maintenance - Ships (\$/Direct Labor Hour ²) | na | na | na |
| Depot Maintenance - Aircraft (\$/Direct Labor Hour) | 175.75 | 175.89 | 177.31 |
| Depot Maintenance - Marine Corps (\$/Direct Labor Hour) | 130.89 | 127.93 | 144.17 |
| R&D - Air Warfare Center (\$/Direct Labor Hour ²) | 90.11 | 88.49 | 93.47 |
| R&D - Surface Warfare Center (\$/Direct Labor Hour ²) | 92.66 | 96.61 | 100.32 |
| R&D - Undersea Warfare Center (\$/Direct Labor Hour ²) | 94.48 | 99.01 | 102.17 |
| R&D - SPAWAR Systems Center (\$/Direct Labor Hour ²) | 100.32 | 104.04 | 109.09 |
| R&D - Naval Research Laboratory (\$/Direct Labor Hour ²) | 129.83 | 135.08 | 139.02 |
| Transportation - MSC | | | |
| Fleet Auxiliary (\$/day) | 92,733 | 88,448 | 95,195 |
| Special Mission Ships (\$/day) | 19,634 | 22,986 | 23,043 |
| Afloat Prepositioning Ships (\$/day) | 78,867 | 76,526 | 65,171 |
| Base Support - FECs Cost of Services | various | various | various |
| Base Support - NFESC (\$/direct Labor Hour ²) | 96.31 | 98.32 | 97.90 |

¹ excludes inventory augmentation and war reserve material obligations

² includes direct labor plus overhead costs

Staffing:

Total civilian and military personnel employed at NWCF activities are displayed in the following tables.

(Strength in Whole Numbers)

| <u>Civilian End Strength</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| Supply - Navy | 7,655 | 7,814 | 6,222 |
| Supply - Marine Corps | 24 | 24 | 24 |
| Depot Maintenance - Ships | 0 | 0 | 0 |
| Depot Maintenance - Aircraft | 9,259 | 8,917 | 8,660 |
| Depot Maintenance - Marine Corps | 2,105 | 2,429 | 2,343 |
| R&D - Air Warfare Center | 10,615 | 10,549 | 10,729 |
| R&D - Surface Warfare Center | 14,323 | 14,158 | 14,033 |
| R&D - Undersea Warfare Center | 3,984 | 3,980 | 3,992 |
| R&D - SPAWAR Systems Center | 6,431 | 6,133 | 6,062 |
| R&D - Naval Research Laboratory | 2,326 | 2,357 | 2,357 |
| Transportation - MSC | 6,119 | 5,997 | 6,150 |
| Base Support - FECs | 9,222 | 9,567 | 9,412 |
| Base Support - NFESC | 366 | 374 | 374 |
| Totals | 72,429 | 72,299 | 70,358 |

(Workyears in Whole Numbers)

| <u>Civilian Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Supply - Navy | 7,702 | 7,809 | 6,217 |
| Supply - Marine Corps | 24 | 24 | 24 |
| Depot Maintenance - Ships | 0 | 0 | 0 |
| Depot Maintenance - Aircraft | 9,152 | 9,022 | 8,733 |
| Depot Maintenance - Marine Corps | 2,099 | 2,395 | 2,381 |
| R&D - Air Warfare Center | 10,219 | 10,368 | 10,482 |
| R&D - Surface Warfare Center | 14,135 | 14,127 | 13,967 |
| R&D - Undersea Warfare Center | 3,945 | 3,945 | 3,950 |
| R&D - SPAWAR Systems Center | 6,233 | 6,082 | 5,979 |
| R&D - Naval Research Laboratory | 2,268 | 2,301 | 2,301 |
| Transportation - MSC | 7,905 | 7,926 | 7,865 |
| Base Support - FECs | 9,081 | 9,496 | 9,343 |
| Base Support - NFESC | 365 | 370 | 372 |
| Totals | 73,128 | 73,865 | 71,614 |

(Strength in Whole Numbers)

| <u>Military End Strength</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| Supply - Navy | 369 | 369 | 369 |
| Supply - Marine Corps | 0 | 0 | 0 |
| Depot Maintenance - Ships | 0 | 0 | 0 |
| Depot Maintenance - Aircraft | 107 | 121 | 122 |
| Depot Maintenance - Marine Corps | 16 | 13 | 11 |
| R&D - Air Warfare Center | 139 | 190 | 190 |
| R&D - Surface Warfare Center | 214 | 238 | 232 |
| R&D - Undersea Warfare Center | 41 | 39 | 39 |
| R&D - SPAWAR Systems Center | 74 | 78 | 78 |
| R&D - Naval Research Laboratory | 78 | 67 | 67 |
| Transportation - MSC | 389 | 377 | 358 |
| Base Support - FECs | 67 | 78 | 78 |
| Base Support - NFESC | 3 | 3 | 3 |
| Totals | 1,497 | 1,573 | 1,547 |

(Workyears in Whole Numbers)

| <u>Military Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Supply - Navy | 376 | 376 | 369 |
| Supply - Marine Corps | 0 | 0 | 0 |
| Depot Maintenance - Ships | 0 | 0 | 0 |
| Depot Maintenance - Aircraft | 98 | 121 | 122 |
| Depot Maintenance - Marine Corps | 12 | 11 | 11 |
| R&D - Air Warfare Center | 98 | 149 | 140 |
| R&D - Surface Warfare Center | 203 | 236 | 230 |
| R&D - Undersea Warfare Center | 36 | 38 | 38 |
| R&D - SPAWAR Systems Center | 76 | 78 | 78 |
| R&D - Naval Research Laboratory | 78 | 67 | 67 |
| Transportation - MSC | 384 | 377 | 348 |
| Base Support - FECs | 79 | 78 | 78 |
| Base Support - NFESC | 3 | 3 | 3 |
| Totals | 1,443 | 1,534 | 1,484 |

Performance Budgeting. The NWCF utilizes a wide range of cascading performance information in support of a broad spectrum of financial and program performance metrics employed in the Department of Defense. By its very nature as a revolving fund, the NWCF budget can be viewed as a performance budget that routinely identifies the full cost of specific business activity (such as Fleet Readiness Centers or Supply Management) including identification of all financing sources to meet customer driven workload. As such, performance indicators (financial and programmatic) listed throughout the NWCF justification book, as well as the myriad of performance information contained in the various appropriation justification books, have supported the hierarchical composition starting with the Department of the Navy Balanced Scorecard, and merging with the DoD Balanced Scorecard, the OMB Program Assessment Rating Tool (PART), and culminating with the President’s Management Agenda. Key financial/program indicators include: Net Operating Result (NOR), Accumulated Operating Result (AOR), Sources of Revenue, NWCF Cash, Manpower Staffing, Unit Cost, Cost of Goods Sold, and Capital Investment Program.

| <u>Key NWCF Performance Integration:</u> | | | | |
|--|--------------------------------|--------------------------------|---------------------------|--|
| | <u>DON</u> <u>Scorecard</u> | <u>DoD</u> <u>Scorecard</u> | <u>OMB</u> <u>PART</u> | <u>President’s</u> <u>Mgmt Agenda</u> |
| Fleet Readiness Centers: | Combat Capability | Operational Risk | Aircraft Maintenance | Budget Integration |
| Marine Corps Depots: | Combat Capability | Operational Risk | Depot Maintenance | Budget Integration |
| R&D Warfare Centers: | Tech Insertion | Future Challenges | Multiple R&D | Budget Integration |
| Military Sealift: | Combat Capability | Operational Risk | Ship Operations | Budget Integration |
| Facilities Engineering: | Improved Business | Institutional Risk | Base Support | Budget Integration |
| Supply Management: | Combat Capability | Operational Risk | Spares & Repair Parts | Budget Integration |

(Dollars in Millions)

| <u>Capital Purchase Program</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------------------|----------------|----------------|----------------|
| Supply - Navy | 14.8 | 10.2 | 9.1 |
| Supply - Marine Corps | 0.0 | 0.0 | 0.0 |
| Depot Maintenance - Ships | na | na | na |
| Depot Maintenance - Aircraft | 39.0 | 40.4 | 44.8 |
| Depot Maintenance - Marine Corps | 5.0 | 5.2 | 5.2 |
| R&D - Air Warfare Center | 36.6 | 34.3 | 38.1 |
| R&D - Surface Warfare Center | 32.5 | 30.6 | 33.6 |
| R&D - Undersea Warfare Center | 14.9 | 15.6 | 17.1 |
| R&D - SPAWAR Systems Center | 7.8 | 8.2 | 11.8 |
| R&D - Naval Research Laboratory | 10.6 | 14.8 | 14.5 |
| Transportation - MSC | 9.6 | 12.5 | 16.6 |
| Base Support - FECs | 14.5 | 20.7 | 28.1 |
| Base Support - NFESC | 0.0 | 0.0 | 0.0 |
| Totals | 185.3 | 192.4 | 218.8 |
| Equipment (Non-ADPE/Telecom) | 98.2 | 96.9 | 121.3 |
| ADPE and Telecommunications | | | |
| Equip | 31.4 | 33.6 | 42.7 |
| Software Development | 25.7 | 17.2 | 14.6 |
| Minor Construction | 30.1 | 44.7 | 40.2 |
| Totals | 185.3 | 192.4 | 218.8 |

DEPARTMENT OF THE NAVY
COMPONENT: TOTAL NAVY WORKING CAPITAL FUND DEPOTS
DEPOT MAINTENANCE - SIX PERCENT CAPITAL INVESTMENT PLAN
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
(\$ in Millions)

| | <u>Revenue 3-Year Average</u> | | | <u>Budgeted Capital</u> | | | <u>Difference</u> | | |
|---|-------------------------------|--------------|--------------|-------------------------|----------------|----------------|----------------------------------|----------------|----------------|
| | <u>05-07</u> | <u>06-08</u> | <u>07-09</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| | | | | | | | <u>5%</u> | <u>6%</u> | <u>6%</u> |
| Revenue | | | | | | | | | |
| Working Capital F | 2,361.1 | 2,468.1 | 2,513.4 | 118.0 | 134.9 | 115.5 | | | |
| Appropriations | 0.0 | 0.0 | 0.0 | | | | | | |
| Total Revenue | 2,361.1 | 2,468.1 | 2,513.4 | | | | | | |
| Working Capital Fund Depot Maintenance Investment | | | | | | | | | |
| WCF Capital Investment Program | | | | 44.0 | 45.6 | 50.0 | | | |
| Maintenance & Repair | | | | 52.5 | 44.6 | 40.7 | | | |
| Lean Equipment | | | | 6.3 | 12.7 | 9.7 | | | |
| Depot Maintenance Transformation | | | | 0.0 | 0.0 | 0.0 | | | |
| Total WCF Investment | | | | 102.7 | 102.9 | 100.3 | | | |
| Appropriated Funding | | | | | | | | | |
| Aircraft Procurement, Navy (APN) | | | | 15.2 | 15.2 | 15.2 | | | |
| Military Construction, Navy (MILCON) | | | | 0.0 | 16.8 | 0.0 | | | |
| Total Appropriated Funding | | | | 15.2 | 32.1 | 15.2 | | | |
| Component Total | | | | 118.0 | 134.9 | 115.5 | <u>Budget Minus % Difference</u> | | |
| | | | | | | | -0.1 | -13.2 | -35.3 |

The table above reflects data for two NWCF activity groups: the Fleet Readiness Centers and the Marine Corps Depots. The six percent threshold is applicable at the Department of the Navy level, to include both NWCF and appropriated fund (shipyard) activities. When shipyard results are added to the NWCF profile, the DON exceeds the threshold.

This page intentionally blank

NAVAL SHIPYARDS

This page intentionally blank

DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
NAVAL SHIPYARDS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009

ACTIVITY GROUP FUNCTION:

Naval Shipyards provide logistics support for assigned ships and service craft; perform authorized work in connection with construction, overhaul, repair, alteration, drydocking and outfitting of ships and craft as assigned; perform design, manufacturing, refit and restoration, research, development and test work, and provide services and material to other activities and units as directed by competent authority.

ACTIVITY GROUP COMPOSITION:

On 1 October 2006, Portsmouth and Norfolk Naval Shipyards transferred to mission funding as Atlantic Fleet activities. All four public shipyards (Portsmouth Naval Shipyard, Norfolk Naval Shipyard, Puget Sound Naval Shipyard / Intermediate Maintenance Facility) and Pearl Harbor Naval Shipyard / Intermediate Maintenance Facility) are mission funded for fiscal years 2008 through 2010. The costs reflected in this Navy Working Capital Fund (NWCF) submission are residual NWCF costs.

OVERVIEW FOR NAVAL SHIPYARDS: Estimated revenue, costs, and operating results are:

Financial Profile:

| <u>Revenue/Expense/Operating Results (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$164.4 | \$0.0 | \$0.0 |
| Cost of Goods and Services | \$167.1 | \$0.0 | \$0.0 |
| Operating Results | -\$2.7 | \$0.0 | \$0.0 |
| Other Changes Affecting AOR | +\$138.3 | -\$0.8 | \$0.0 |
| Accumulated Operating Results (AOR) | \$0.8 | \$0.0 | \$0.0 |

Revenue/Expense/Operating Results

This budget reflects FY 2008 residual NWCF costs of \$167.1 million and estimated costs of \$0.0 million in FY 2009 and FY 2010. Residual NWCF costs are for work that was funded and inducted at Portsmouth, Norfolk, and Puget Sound Naval Shipyards prior to their transition to mission funding.

FY 2008 operating results of -\$2.7 million are \$1.2 million below the estimate in the FY 2009 President's Budget. The -\$1.2 million variance is primarily due to accounting adjustments incurred during the close-out of NWCF financial records at Puget Sound Naval Shipyard.

Revenue and Expenses
Department of the Navy
Depot Maintenance - Naval Shipyards
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 CON | FY 2009 CON | FY 2010 CON |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 164.4 | .0 | .0 |
| Surcharges | .0 | .0 | .0 |
| Depreciation excluding Major Construction | .0 | .0 | .0 |
| Other Income | | | |
| Total Income | 164.4 | .0 | .0 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | .0 | .0 | .0 |
| Civilian Personnel | -2.4 | .0 | .0 |
| Travel and Transportation of Personnel | .2 | .0 | .0 |
| Material & Supplies (Internal Operations) | -3.6 | .0 | .0 |
| Equipment | .0 | .0 | .0 |
| Other Purchases from Revolving Funds | .0 | .0 | .0 |
| Transportation of Things | .0 | .0 | .0 |
| Depreciation - Capital | .0 | .0 | .0 |
| Printing and Reproduction | .0 | .0 | .0 |
| Advisory and Assistance Services | .0 | .0 | .0 |
| Rent, Communication & Utilities | .0 | .0 | .0 |
| Other Purchased Services | 166.6 | .0 | .0 |
| Total Expenses | 160.9 | .0 | .0 |
| Work in Process Adjustment | 1.0 | 19.8 | .0 |
| Work for Activity Retention Adjustment | 5.3 | -19.8 | .0 |
| Cost of Goods Sold | 167.1 | .0 | .0 |
| Operating Result | -2.7 | .0 | .0 |
| Less Surcharges | .0 | .0 | .0 |
| Plus Appropriations Affecting NOR/AOR | .0 | .0 | .0 |
| Other Changes Affecting NOR/AOR | .0 | .0 | .0 |
| Extraordinary Expenses Unmatched | .0 | .0 | .0 |
| Net Operating Result | -2.7 | .0 | .0 |
| Other Changes Affecting AOR | 138.3 | -.8 | .0 |
| Accumulated Operating Result | .8 | .0 | .0 |

Exhibit Fund-14 Revenue and Expenses

Changes in the Cost of Operations
Department of the Navy
Depot Maintenance - Naval Shipyards
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>Cost</u> |
|---|----------------|
| FY 2008 Actual Execution | \$167.1 |
| FY 2009 Estimate in FY 2009 President's Budget | \$0.0 |
| <u>Estimated Impact in FY 2009 of Actual FY 2008 Experience</u> | \$0.0 |
| <u>Price Changes</u> | \$0.0 |
| <u>Program Changes</u> | \$0.0 |
| FY 2009 Current Estimate | \$0.0 |
| <u>Price Changes:</u> | |
| Annualization of Prior Year Pay Raises | |
| Military | \$0.0 |
| Civilian | \$0.0 |
| FY 2010 Pay Raise | |
| Military Personnel | \$0.0 |
| Civilian Personnel | \$0.0 |
| Fuel Price Changes | \$0.0 |
| Working Capital Fund Price Changes | \$0.0 |
| General Purchase Inflation | \$0.0 |
| <u>Program Changes</u> | \$0.0 |
| FY 2010 Current Estimate | \$0.0 |

Capital Investment Summary
Department of the Navy
Depot Maintenance - Naval Shipyards
Fiscal Year (FY) 2010 Budget Estimates

May 2009

(\$ in Millions)

| Line # | Description | FY 2008 | | FY 2009 | | FY 2010 | |
|--------|--|----------|----------------|----------|----------------|----------|----------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADPE and Telecom Equipment >or = \$.250M | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Replacement Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Productivity Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - New Mission Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Environmental Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 2 | ADPE and Telecom Equipment > or = \$.250M | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Computer Hardware (Production) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Computer Software (Operating) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Telecommunications | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Oth Computer & Telecom Spt Equip | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 3 | Software Development > or = \$.250M | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Projects = or > \$1M (List Separately) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Projects < \$1M | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 4 | Minor Construction (>= \$.100M and < or = \$.750M) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Replacement Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Productivity Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - New Mission Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Environmental Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | Grand Total | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | Total Capital Outlays | | \$7.382 | | \$6.894 | | \$0.000 |
| | Total Depreciation Expense | | \$0.000 | | \$0.000 | | \$0.000 |

Fleet Readiness Centers

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE – FLEET READINESS CENTERS
NARRATIVE SUMMARY OF OPERATIONS
MAY 2009

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Naval Aviation Enterprise (NAE). The Fleet Readiness Centers (FRCs) ensure a core industrial resource base essential for mobilization; repair aircraft, engines, and components, and manufacture parts and assemblies; provide engineering services in the development of hardware design changes, and furnish technical and other professional services on maintenance and logistics problems.

ACTIVITY GROUP COMPOSITION

| <u>Activities</u> | <u>Location</u> |
|-------------------|------------------|
| FRC, EAST | Cherry Point, NC |
| FRC, SOUTHEAST | Jacksonville, FL |
| FRC, SOUTHWEST | San Diego, CA |

BUDGET HIGHLIGHTS

General

The FRCs provide significant support to Fleet operations by overhauling and repairing a wide range of equipment and components. Their efforts include important workload related to Overseas Contingency Operations (OCO) such as the repair of crash damaged AV-8B and F/A-18 aircraft. The FRCs are also restoring “mothballed” CH-53 helicopters to operational status. The FY 2009 budget estimate reflects a positive \$33 million NOR and FY 2010 is budgeted for a zero AOR.

Summary of Operations – Fleet Readiness Centers

(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|------------------------------------|----------------|----------------|----------------|
| Orders | 2,067.7 | 1,899.6 | 1,858.6 |
| Revenue | 2,067.3 | 1,970.5 | 1,847.6 |
| Cost of Goods and Services Sold | 2,075.6 | 1,937.2 | 1,839.5 |
| Revenue less Costs | -8.4 | 33.3 | 8.2 |
| Other Adjustments | 0 | 0 | 0 |
| Net Operating Result (NOR) | -8.4 | 33.3 | 8.2 |
| Accumulated Operating Result (AOR) | -41.5 | -8.2 | 0 |

Orders. New Reimbursable Orders for FY 2008, FY 2009, and FY 2010 are \$2,067.7M, \$1,899.6M, and \$1,858.6M respectively. FY 2008 New Orders increased \$316.3M from the FY 2009 President's Budget. The FY 2008 New Orders increase is mainly attributed to the Airframes (\$129.8M) and the Engines (\$16.2M) programs due to the receipt of OCO funding. FY 2009 New Orders have decreased by \$44M from the President's Budget mainly due to the Components program. The FY 2009 New Orders also include \$31M for AOR recovery from FY 2007 NOR losses, which does not reflect any change from the FY 2009 President's Budget.

Revenue. Revenue is \$2,067.3M for FY 2008, \$1,970.5M for FY 2009, and \$1,847.6M for FY 2010. FY 2009 Revenue decreased \$12M from the President's Budget and FY 2010 Revenue includes \$4.3M to achieve a zero AOR.

Cost of Goods & Services Sold. Cost of Goods and Services Sold is \$2,075.6M in FY 2008, \$1,937.2M in FY 2009, and \$1,839.5M in FY 2010. Cost is primarily influenced by pay raise and general inflation factors along with changes in customer program such as the reductions in components and airframe workload.

Revenue Less Cost of Goods and Services Sold. Revenue less cost of goods and services sold for FY 2008, FY 2009, and FY 2010 is -\$8.4M, \$33.3M, and \$8.2M, respectively.

Net Cash Outlays.

| | (\$ in Millions) | | |
|---------------|------------------|----------------|----------------|
| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| Collections | \$2,045.6 | \$1,998.6 | \$1,844.6 |
| Disbursements | \$2,040.3 | \$2,009.8 | \$1,838.9 |
| Net Outlays | -\$5.3 | \$11.2 | -\$5.7 |

Stabilized Customer Rates.

(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------|----------------|----------------|----------------|
| Composite Hourly Rate | \$179.40 | \$193.44 | \$192.20 |
| Percent Year to Year Change | | 7.8% | -0.64% |

The FY 2010 hourly composite rate reflects a decrease of \$1.24 from FY 2009.

Unit Cost Goals. The budget reflects the following FY 2008-2010 unit cost goals:

| | (\$ and DLHs in Millions) | | |
|--------------------------|---------------------------|----------------|----------------|
| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| Total Operating Cost | \$2,092.82 | \$1,934.18 | \$1,839.26 |
| Direct Labor Hours (DLH) | 11.909 | 10.996 | 10.373 |
| Unit Cost | \$175.73 | \$175.90 | \$177.31 |
| % Change Workload/DLHs | | -7.67% | -5.67% |
| % Change Unit Cost | | 0.10% | 0.80% |

- DLH includes direct labor hours worked by civilians, contractors and military personnel.

SUMMARY OF PERSONNEL RESOURCES

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------|----------------|----------------|----------------|
| Civilian Personnel: | | | |
| End Strength | 9,259 | 8,917 | 8,660 |
| FTE Workyears | 9,152 | 9,022 | 8,733 |
| Military Personnel: | | | |
| End Strength | 107 | 121 | 122 |
| Workyears | 98 | 121 | 122 |
| Contractor Personnel: | | | |
| Workyears | 1,031 | 1,299 | 1,120 |

The FRCs budget reflects civilian workforce levels necessary to accommodate firm workload without the use of excessive overtime. Contract personnel are used by the FRCs to support perturbations in workload.

SUMMARY OF WORKLOAD INDICATORS:

(Inducted Units)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|------------------|----------------|----------------|----------------|
| AIRFRAMES | 520 | 493 | 410 |
| O&M,N | 458 | 435 | 350 |
| O&M,NR | 54 | 36 | 41 |
| RDT&E | 5 | 18 | 16 |
| Other | 3 | 4 | 3 |
| ENGINES | 1,242 | 1,428 | 1,464 |
| O&M,N | 1,174 | 1,383 | 1,395 |
| O&M,NR | 24 | 11 | 13 |
| RDT&E | 16 | 14 | 13 |
| Other | 28 | 20 | 43 |

SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP)

(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|------------------------------|----------------|----------------|----------------|
| Equipment-Non ADPE & TELECOM | 26.8 | 26.7 | 35.9 |
| Minor Construction | 4.1 | 6.2 | 3.6 |
| Equipment-ADPE & TELECOM | 4.6 | 4.5 | 5.3 |
| Software Development | <u>3.4</u> | <u>3.0</u> | <u>0.0</u> |
| Total | 39.0 | 40.4 | 44.8 |

CARRYOVER:

The FRCs are above the outlay-based carryover ceiling for FY 2008 due to OCO related workload. FY 2009 and FY 2010 are below the ceiling.

(\$ in Millions)

Depot Maintenance – Fleet Readiness

| Centers | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|----------------|----------------|----------------|
| New Orders | \$2,067.7 | \$1,899.6 | \$1,858.6 |
| Less Exclusions: | | | |
| Foreign Military Sales | \$26.9 | \$29.6 | \$30.1 |
| Base Realignment & Closure | \$3.9 | \$2.4 | \$0.9 |
| Other Federal Depts & Agencies | \$1.4 | \$5.4 | \$3.0 |
| Non-Federal & Others | \$79.3 | \$94.8 | \$101.3 |
| Major Range & Test Facility Base | <u>\$0.0</u> | <u>\$0.0</u> | <u>\$0.0</u> |
| Orders for Carryover Calculation | \$1,956.2 | \$1,767.4 | \$1,723.3 |
| Composite Outlay Rate | 64.2% | 67.4% | 65.9% |
| Carryover Ceiling Rate | 35.7% | 32.5% | 34.0% |
| Carryover Ceiling | \$699.4 | \$575.5 | \$586.6 |
| Balance of Customer Orders at Year End | \$812.8 | \$741.8 | \$752.8 |
| Less WIP | \$39.1 | \$35.9 | \$35.9 |
| Less Exclusions: | | | |
| Foreign Military Sales | \$24.5 | \$47.9 | \$67.1 |
| Base Realignment & Closure | \$3.3 | \$5.4 | \$5.5 |
| Other Federal Depts & Agencies | \$12.7 | \$14.5 | \$8.0 |
| Non-Federal & Others | \$24.1 | \$66.9 | \$58.4 |
| Major Range & Test Facility Base | \$0.0 | \$0.0 | \$0.0 |
| Carryover Budget | \$709.1 | \$571.2 | \$577.9 |

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND
ACTIVITY GROUP / DEPOT MAINTENANCE - FLEET READINESS CENTERS
SOURCE of REVENUE
AMOUNT IN MILLIONS

| | FY 2008 CCN | FY 2009 CCN | FY 2010 CCN |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 2,023.0 | 1,926.9 | 1,802.8 |
| Surcharges | .0 | .0 | .0 |
| Depreciation excluding Major Construction | 44.3 | 43.6 | 44.8 |
| Other Income | | | |
| Total Income | 2,067.3 | 1,970.5 | 1,847.6 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 9.4 | 9.7 | 10.1 |
| Civilian Personnel | 795.6 | 800.5 | 790.7 |
| Travel and Transportation of Personnel | 20.2 | 23.2 | 23.5 |
| Material & Supplies (Internal Operations) | 555.5 | 418.8 | 347.5 |
| Equipment | 295.5 | 309.9 | 296.2 |
| Other Purchases from NMCF | 17.4 | 17.4 | 17.7 |
| Transportation of Things | 2.9 | 2.7 | 3.0 |
| Depreciation - Capital | 44.3 | 43.6 | 44.8 |
| Printing and Reproduction | 2.3 | 2.3 | 2.2 |
| Advisory and Assistance Services | 9.8 | .2 | .2 |
| Rent, Communication & Utilities | 43.7 | 43.2 | 42.2 |
| Other Purchased Services | 296.3 | 262.7 | 261.2 |
| Total Expenses | 2,092.8 | 1,934.2 | 1,839.3 |
| Work in Process Adjustment | -12.9 | 3.0 | .2 |
| Comp Work for Activity Reten Adjustment | -4.3 | .0 | .0 |
| Cost of Goods Sold | 2,075.6 | 1,937.2 | 1,839.5 |
| Operating Result | -8.4 | 33.3 | 8.2 |
| Less Surcharges | .0 | .0 | .0 |
| Plus Appropriations Affecting NOR/AOR | .0 | .0 | .0 |
| Other Changes Affecting NOR/AOR | .0 | .0 | .0 |
| Extraordinary Expenses Unmatched | .0 | .0 | .0 |
| Net Operating Result | -8.4 | 33.3 | 8.2 |
| Other Changes Affecting AOR | .6 | .0 | .0 |
| Accumulated Operating Result | -41.5 | -8.2 | .0 |

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND
ACTIVITY GROUP / DEPOT MAINTENANCE - FLEET READINESS CENTERS
SOURCE OF REVENUE
AMOUNT IN MILLIONS

| | FY 2008 CCN | FY 2009 CCN | FY 2010 CCN |
|--|----------------|----------------|----------------|
| | ----- | ----- | ----- |
| 1. New Orders | 2,068 | 1,900 | 1,859 |
| a. Orders from DoD Components | 1,325 | 1,188 | 1,160 |
| Department of the Navy | 1,312 | 1,170 | 1,122 |
| O & M, Navy | 970 | 857 | 777 |
| O & M, Marine Corps | 2 | 0 | 1 |
| O & M, Navy Reserve | 49 | 50 | 47 |
| O & M, Marine Corp Reserve | 0 | 0 | 0 |
| Aircraft Procurement, Navy | 268 | 233 | 269 |
| Weapons Procurement, Navy | 0 | 0 | 0 |
| Ammunition Procurement, Navy/MC | 1 | 0 | 1 |
| Shipbuilding & Conversion, Navy | 0 | 0 | 1 |
| Other Procurement, Navy | 1 | 0 | 0 |
| Procurement, Marine Corps | 0 | 0 | 0 |
| Family Housing, Navy/MC | 0 | 0 | 0 |
| Research, Dev., Test, & Eval., Navy | 22 | 29 | 28 |
| Military Construction, Navy | 0 | 0 | 0 |
| National Defense Sealift Fund | 0 | 0 | 0 |
| Other Navy Appropriations | 0 | 0 | 0 |
| Other Marine Corps Appropriations | 0 | 0 | 0 |
| Department of the Army | 1 | 1 | 1 |
| Army Operation & Maintenance | 0 | 0 | 1 |
| Army Res, Dev, Test, Eval | 0 | 0 | 0 |
| Army Procurement | 0 | 0 | 1 |
| Army Other | 0 | 0 | 0 |
| Department of the Air Force | 8 | 11 | 29 |
| Air Force Operation & Maintenance | 6 | 9 | 27 |
| Air Force Res, Dev, Test, Eval | 0 | 0 | 0 |
| Air Force Procurement | 2 | 2 | 2 |
| Air Force Other | 0 | 0 | 0 |
| DOD Appropriation Accounts | 4 | 7 | 8 |
| Base Closure & Realignment | 4 | 2 | 1 |
| Operation & Maintenance Accounts | 1 | 2 | 2 |
| Res, Dev, Test & Eval Accounts | 0 | 0 | 0 |
| Procurement Accounts | 0 | 3 | 5 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DOD Other | 0 | 0 | 0 |
| b. Orders from other WCF Activity Groups | 635 | 581 | 564 |
| c. Total DoD | 1,960 | 1,770 | 1,724 |
| d. Other Orders | 108 | 130 | 134 |
| Other Federal Agencies | 1 | 5 | 3 |
| Foreign Military Sales | 27 | 30 | 30 |
| Non Federal Agencies | 79 | 95 | 101 |
| 2. Carry-In Orders | 813 | 813 | 742 |
| 3. Total Gross Orders | 2,881 | 2,712 | 2,600 |
| a. Funded Carry-Over before Exclusions | 813 | 742 | 753 |
| b. Total Gross Sales | 2,068 | 1,971 | 1,848 |
| 4. End of Year Work-In-Process (-) | -39 | -36 | -36 |
| 5. Non-DoD, BRAC, FMS, Inst. MRIFB (-) | -65 | -135 | -139 |
| 6. Net Funded Carryover | 709 | 571 | 578 |

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRIFB

**Fiscal Year (FY) 2010 Budget Estimates
Navy Working Capital Fund
Depot Maintenance / Fleet Readiness Centers
Changes in the Cost of Operations
May 2009
Dollars in Millions**

| | Total Costs |
|--|--------------------|
| FY 2008 Actuals | 2,092.8 |
| FY 2009 President's Budget | 1,952.5 |
| Pricing Adjustments: | 1.6 |
| Annualization of Pay Raises | 0.0 |
| Civilian Personnel | 0.0 |
| Military Personnel | 0.0 |
| Pay Raise | 5.6 |
| Civilian Personnel | 5.6 |
| Military Personnel | 0.0 |
| Fuel Changes | -1.7 |
| Material/Supplies/Equipment | -0.3 |
| Intrafund | 0.0 |
| Travel/Transportation | -0.1 |
| Other Purchases | -1.9 |
| Efficiency Initiatives | -5.6 |
| Program Changes: | -24.0 |
| Airframes work | 1.0 |
| Engines work | -2.6 |
| Components work | -30.0 |
| Other Support work | -8.6 |
| Modification work | 14.8 |
| Logistics/Engineering work | 1.4 |
| Other Changes (incl Depreciation): | 9.7 |
| Depreciation | 0.7 |
| VERA/VSIP | -0.2 |
| FECA | -0.1 |
| Defense Printing Service | 0.1 |
| Defense Megacenters (DISA) | -0.1 |
| DFAS | 2.1 |
| Sustain, Restoration & Modernization | 5.4 |
| Other Indirect (Matl, Other Purchases, etc.) | 1.8 |
| FY 2009 Estimate: | 1,934.2 |

Fiscal Year (FY) 2010 Budget Estimates
Navy Working Capital Fund
Depot Maintenance / Fleet Readiness Centers
Changes in the Cost of Operations
May 2009
Dollars in Millions

| | Total Costs |
|--|--------------------|
| FY 2009 Estimate: | 1,934.2 |
| Pricing Adjustments: | 32.7 |
| Annualization of Pay Raises | 9.7 |
| Civilian Personnel | 9.6 |
| Military Personnel | 0.1 |
| Pay Raise | 10.9 |
| Civilian Personnel | 10.7 |
| Military Personnel | 0.2 |
| Fuel Changes | 0.1 |
| Material/Supplies/Equipment | 7.8 |
| Intrafund | 0.8 |
| Travel/Transportation | 0.1 |
| Other Purchases | 3.3 |
| Productivity Initiatives | 0.0 |
| Program Changes: | -122.4 |
| Airframes work | -105.3 |
| Engines work | 12.5 |
| Components work | -10.1 |
| Other Support work | -6.2 |
| Modification work | -6.2 |
| Logistics/Engineering work | -7.1 |
| Other Changes (incl Depreciation): | -5.2 |
| Depreciation | 1.1 |
| VERA/VSIP | -4.2 |
| FECA | -0.1 |
| Defense Megacenters (DISA) | 0.1 |
| Sustain, Restoration & Modernization | 0.6 |
| Other Indirect (Matl, Other Purchases, etc.) | -2.7 |
| FY 2010 Estimate: | 1,839.3 |

Activity Group Capital Investment Summary
Department of the Navy
FLEET READINESS CENTERS
Fiscal Year (FY) 2010 Budget Estimates
May 2009
\$ in Millions

| Line # | Description | FY 2008 | | FY 2009 | | FY 2010 | |
|--------|--|-----------|-----------------|-----------|-----------------|-----------|-----------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADPE and Telecom Equipment Total | | <u>\$26.826</u> | | <u>\$26.696</u> | | <u>\$35.870</u> |
| | - Replacement Capability | 47 | 26.326 | 45 | 26.046 | 29 | 28.115 |
| | - Productivity Capability | 1 | 0.500 | | | 3 | 2.250 |
| | - New Mission Capability | | | 2 | 0.650 | 4 | 5.505 |
| | - Environmental Capability | | | | | | |
| 2 | ADPE and Telecom Equipment Total | | <u>\$4.626</u> | | <u>\$4.530</u> | | <u>\$5.275</u> |
| | - Computer Hardware (Production) | | | | | | |
| | - Computer Software (Operating) | 3 | 1.612 | 3 | 1.280 | 3 | 2.075 |
| | - Telecommunications | | | | | 2 | 2.400 |
| | - Other Computer & Telecom Spt Equip | 4 | 3.014 | 3 | 3.250 | 2 | 0.800 |
| 3 | Software Development Total | | <u>3.406</u> | | <u>3.000</u> | | <u>0.000</u> |
| | - Projects = or > \$1M (List Separately) | 3 | 3.006 | 3 | 3.000 | | |
| | - Projects < \$1M | 1 | 0.400 | | | | |
| 4 | Minor Construction Total | | <u>\$4.111</u> | | <u>\$6.182</u> | | <u>\$3.630</u> |
| | - Replacement Capability | 11 | 2.411 | 18 | 5.347 | 19 | 3.500 |
| | - Productivity Capability | | | | | | |
| | - New Mission Capability | 7 | 1.700 | 4 | 0.835 | 5 | 0.130 |
| | - Environmental Capability | | | | | | |
| | Grand Total | 77 | \$38.969 | 78 | \$40.408 | 67 | \$44.775 |
| | Total Capital Outlays | | \$22.876 | | \$40.717 | | \$47.151 |
| | Total Depreciation Expense | | \$44.264 | | \$43.628 | | \$44.775 |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | FISCAL YEAR (FY) 2010 BUDGET ESTIMATES MAY 2009 | | | | | | | | |
|--|--|--|--|--|-----------|------------|---------|-----------|------------|-------------------------|-----------|------------|
| Department of the Navy Depot Maintenance - Fleet Readiness Centers | | | | #001 - Non-ADPE and Telecommunications | | | | | | Fleet Readiness Centers | | |
| | | | | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Non-ADPE and Telecommunications Equipment | | | | | | | | | | | | |
| <i>Replacement Capability Equipment</i> | | | | 47 | 560 | 26,326 | 45 | 579 | 26,046 | 29 | 969 | 28,115 |
| <i>Productivity Capability Equipment</i> | | | | 1 | 500 | 500 | | | | 3 | 750 | 2,250 |
| <i>New Mission Capability Equipment</i> | | | | | | | 2 | 325 | 650 | 4 | 1,376 | 5,505 |
| <i>Environmental Capability Equipment</i> | | | | | | | | | | | | |
| Total | | | | 48 | 559 | 26,826 | 47 | 568 | 26,696 | 36 | 996 | 35,870 |
| Justification: | | | | | | | | | | | | |
| <p>Item 1). Applies to all equipment capabilities</p> <p>1) The existing equipment allows the three Fleet Readiness Centers(FRCs) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine Corps aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.</p> <p>REPLACEMENT EQUIPMENT</p> <p>2) The proposed capital investments maintain the FRCs' equipment infrastructure by replacing existing plant equipment that has reached the end of their economic life due to age and wear. This equipment includes such items as lathes, mills, test stands, and foundry equipment. Replacement of this equipment will continue to maintain the Depots' infrastructure and their capability to achieve their individual missions.</p> <p>3) Economic analyses have been performed.</p> <p>4) There are no savings or cost avoidances.</p> <p>5) If the equipment is not replaced the Fleet Readiness Centers would lose the capability to perform their mission.</p> <p>PRODUCTIVITY EQUIPMENT</p> <p>2) The new equipment will provide productivity enhancements that are not achievable with current equipment and facilities. Items to be procured are a CNC Punch Press, a Rapid Prototyping System to quickly prove-out CAD models, an F414 Main Fuel Pump Test Stand, and an upgrade to an Ion Vapor Deposition Sputtering Machine.</p> <p>3) Economic analyses have been performed.</p> <p>4) There are no savings, just cost avoidances. The new equipment will provide capabilities that are not currently available in the depot.</p> <p>5) If the equipment is not replaced the Fleet Readiness Centers will not gain the new capabilities.</p> <p>NEW MISSION EQUIPMENT</p> <p>2) The new equipment will provide new capability and capacity that cannot be met with current equipment and facilities. Additional cranes will be added to work areas and noise suppression equipment for engine testing, a vertical milling machine, a 5-axis machining center, and an electron microscope will be procured.</p> <p>3) Economic analyses have been performed.</p> <p>4) There are no cost savings or avoidances as the projects are based upon capability or capacity requirements, not dollar savings.</p> <p>5) If the projects are not implemented, the FRCs' capability and capacity will be restricted resulting in longer turn-around-times to provide aircraft and parts to the fleet.</p> | | | | | | | | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | FISCAL YEAR (FY) 2010 BUDGET ESTIMATES MAY 2009 | | | | | | | | |
|---|--|--|--|--|-----------|------------|-------|-----------|------------|-------------------------|-----------|------------|
| Department of the Navy Depot Maintenance - Fleet Readiness Centers | | | | #002 - ADPE and Telecommunications Capabilities | | | | | | Fleet Readiness Centers | | |
| | | | | FY 2008 | | FY 2009 | | FY 2010 | | | | |
| | | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| ADPE and Telecommunications Equipment | | | | | | | | | | | | |
| Computer Hardware (Production) | | | | | | | | | | | | |
| Computer Software (Operating System) | | | | 3 | 537 | 1,612 | 3 | 427 | 1,280 | 3 | 692 | 2,075 |
| Telecommunications | | | | | | | | | | 2 | 1,200 | 2,400 |
| Other Computer & Telecommunications Spt Equipment | | | | 4 | 754 | 3,014 | 3 | 1,083 | 3,250 | 2 | 400 | 800 |
| Total | | | | 7 | 661 | 4,626 | 6 | 755 | 4,530 | 7 | 754 | 5,275 |
| Justification: | | | | | | | | | | | | |
| Projects above \$1M: (All in Other Computer & Telecommunications Spt Equipment capability) | | | | | | | | | | | | |
| FY 2008 | | | | | | | | | | | | |
| 1. WEB SERVER CONSOLIDATION (CARZ) \$1.2M FRC SW-NORTH ISLAND | | | | | | | | | | | | |
| 1) The existing system provides Data Management (DM) services to the Fleet Readiness Center. | | | | | | | | | | | | |
| 2) The purpose of the project is to reduce the Navy's Information Technology (IT) footprint as mandated by Cyber Asset Reduction condition Zebra (CARZ). | | | | | | | | | | | | |
| 3) An economic analysis has not been performed. This is a mandated project. | | | | | | | | | | | | |
| 4) Cost savings have not been determined. | | | | | | | | | | | | |
| 5) If not acquired, the mandated project will not be executed. | | | | | | | | | | | | |
| 2. DEFENSE MAINTENANCE SYSTEM UPGRADE PHASE II \$1.51M FRC EAST-CHERRY POINT | | | | | | | | | | | | |
| 1) The existing system provides Data Management (DM) services to the Fleet Readiness Center. | | | | | | | | | | | | |
| 2) The purpose of project is to phase the upgrade of the DM high capacity server systems with higher speed processors and to increase the memory, disk space, and storage space. | | | | | | | | | | | | |
| 3) An economic analysis has been performed. | | | | | | | | | | | | |
| 4) There will be no cost savings or avoidances. There is no alternative but to upgrade the equipment. | | | | | | | | | | | | |
| 5) If not acquired, the systems will become overloaded and reach critical capacity rendering them unable to handle the volumes of data from a variety of DM applications. | | | | | | | | | | | | |
| FY 2009 | | | | | | | | | | | | |
| 1. UPGRADE UNIX SERVER #2 \$1.5M FRC SW-NORTH ISLAND | | | | | | | | | | | | |
| 1) The existing system provides DM services to the Fleet Readiness Center. | | | | | | | | | | | | |
| 2) This project will replace the Central Processing Unit (CPU) and memory boards on the RP8400 servers which will stabilize the computer environment, increase processing power, and refresh servers that have reached end-of-life. | | | | | | | | | | | | |
| 3) An economic analysis has been performed. | | | | | | | | | | | | |
| 4) There will be no cost savings or avoidances. There is no alternative but to upgrade the equipment. | | | | | | | | | | | | |
| 5) If not acquired, there will be increased maintenance and server downtime which will have an adverse effect on F/A-18 C/D and E/F aircraft. | | | | | | | | | | | | |
| 2. STORAGE ARRAY EXPANSION \$1.25M FRC SW-NORTH ISLAND | | | | | | | | | | | | |
| 1) The existing equipment provides inventory and labor management data to the Fleet Readiness Center. | | | | | | | | | | | | |
| 2) This project will increase the storage array by 23 terabytes. | | | | | | | | | | | | |
| 3) An economic analysis has been performed. | | | | | | | | | | | | |
| 4) There will be no cost savings or avoidances. There is no alternative but to increase the storage capacity. | | | | | | | | | | | | |
| 5) If not acquired, important DM systems will not function properly. | | | | | | | | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | FISCAL YEAR (FY) 2010 BUDGET ESTIMATES MAY 2009 | | | | | | | | |
|--|--|--|--|-----------|----------------|-------|-------------------------|-------|-------|-----------|------|
| Department of the Navy Depot Maintenance - Fleet Readiness Centers | | | #003 - Software (I & D INTEGRATION, PHASE II) | | | | Fleet Readiness Centers | | | | |
| | | | FY 2008 | | FY 2009 | | FY 2010 | | | | |
| | | | Total | | Total | | Total | | | | |
| Software | | | Quant | Unit Cost | Cost | Quant | Unit Cost | Cost | Quant | Unit Cost | Cost |
| <i>I & D INTEGRATION, PHASE II</i> | | | 3 | 1,002 | 3,006 | 3 | 1,000 | 3,000 | | | |
| TOTAL | | | 3 | 1,002 | 3,006 | 3 | 1,000 | 3,000 | | | |
| Justification: | | | | | | | | | | | |
| <p>1) The existing system provides Navy Depot Management Systems (NDMS) for the Fleet Readiness Centers (FRCs).</p> <p>2) This project supports Depot migration toward a single set of Business Rules and Processes and continues the effort to support, interface and merge the Depot level management information systems into a comprehensive Naval Aviation Enterprise (NAE) maintenance and repair solution.</p> <p>3) An economic analysis has been performed.</p> <p>4) The total combined Phase I and Phase II project is expected to show savings of \$349,376 and cost avoidance of \$107,503 per year to begin in FY 2010.</p> <p>5) The impact of not completing this effort will be to impair the ability of the NAE community to make time-critical supply chain management and production decisions resulting in aircraft entering a Not Mission Capable Maintenance/Supply (NMCM/NMCS) status.</p> <p>6) Integration is expected to be completed by end of FY 2009.</p> <p>7) Not Applicable.</p> <p>8) The software is internally developed with contractor support services.</p> <p>9) There are no applicable license fees.</p> | | | | | | | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | FISCAL YEAR (FY) 2010 BUDGET ESTIMATES MAY 2009 | | | | | |
|--|--|--|--|-----------|----------------|-------|-------------------------|------------|
| Department of the Navy Depot Maintenance - Fleet Readiness Centers | | | #003 - Software (Various Projects < \$1M) | | | | Fleet Readiness Centers | |
| | | | FY 2008 | | FY 2009 | | FY 2010 | |
| | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Software | | | | | | | | |
| <i>Various Projects < \$1M</i> | | | 1 | 400 | 400 | | | |
| TOTAL | | | 1 | 400 | 400 | | | |
| Justification: | | | | | | | | |
| <p>1) The existing financial reporting systems are a combination of various different applications at each Fleet Readiness Center (FRC). This makes it extremely difficult to generate the common reports needed to assess the financial health of the enterprise.</p> <p>2) This project is the Jacksonville portion to upgrade the current systems to deploy the Corporate Automated Financial Information System (CAFIS) to all 3 FRCs which will standardize the A-11 planning and execution budget processes.</p> <p>3) An Economic Analysis has not been performed. This project was necessary to make it possible to achieve financial report standardization.</p> <p>4) Projected savings and/or cost avoidances have not been calculated.</p> <p>5) Not implementing this effort would have adversely impacted the reporting of financial information to the Commander Naval Air Forces (CNAF) Command.</p> <p>6) The projected system delivery date was 1st/2nd quarter FY 2009.</p> <p>7) Not Applicable.</p> <p>8) The software is a combination of internally and externally developed.</p> <p>9) Separately identify license fees. Not Applicable.</p> | | | | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | FISCAL YEAR (FY) 2010 BUDGET ESTIMATES MAY 2009 | | | | | | |
|--|--|---------------------------|-----------|--|-------|-------------------------|------------|-------|-----------|------------|
| Department of the Navy Depot Maintenance - Fleet Readiness Centers | | #004 - Minor Construction | | | | Fleet Readiness Centers | | | | |
| | | FY 2008 | | FY 2009 | | FY 2010 | | | | |
| | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Minor Construction | | | | | | | | | | |
| <i>Replacement Capability</i> | | 11 | 219 | 2,411 | 18 | 297 | 5,347 | 19 | 184 | 3,500 |
| <i>Productivity Capability</i> | | | | | | | | | | |
| <i>New Mission Capability</i> | | 7 | 243 | 1,700 | 4 | 209 | 835 | 5 | 26 | 130 |
| <i>Environmental Capability</i> | | | | | | | | | | |
| Total | | 18 | 228 | 4,111 | 22 | 281 | 6,182 | 24 | 151 | 3,630 |
| Justification: | | | | | | | | | | |
| <p>1) The existing facilities allows the three Naval Air Fleet Readiness Centers (FRCs) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.</p> <p>2) New minor construction projects will allow the FRCs to design, construct, upgrade, restore, and replace the facilities and structures that are required to achieve their mission. No project is greater than the \$750,000 maximum threshold.</p> <p>3) Economic analyses were performed to determine the least costly method to achieve the desired results.</p> <p>4) No cost avoidance or savings were estimated. Minor construction projects provide the facilities in which work is to be performed, not to provide savings.</p> | | | | | | | | | | |

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION FLEET READINESS CENTERS
CAPITAL BUDGET EXECUTION
MAY 2009
(DOLLARS IN MILLIONS)
FY 2009

| ITEM LINE # | ITEM DESCRIPTION | Original Request | Change | Revised Request | Classification of Change | Explanation/Reason for Change |
|---|--|------------------|----------------|-----------------|--------------------------|--|
| 1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M) | | | | | | |
| 6 DF 8 EL 0225 P R | UPGRADE T400 TEST CELL #6 | .022 | (.011) | .011 | Price Decrease | Cost estimate lower than originally estimated. |
| 6 DF 8 EL 0092 P R | REPLACE WHIRLTOWER ROTOR HEAD | .022 | (.019) | .003 | Price Decrease | Cost estimate lower than originally estimated. |
| 6 DF 8 EL 0207 P R | REPLACE TEST CELL DATA ACQUISITION SYSTEM | .022 | (.011) | .011 | Price Decrease | Cost estimate lower than originally estimated. |
| 6 DF 8 EL 0341 P R | REPLACE JIG GRINDER | .022 | (.019) | .003 | Price Decrease | Cost estimate lower than originally estimated. |
| 6 DF 9 EL 0186 P R | SANDING BOOTH/DUST COLLECTOR REPLACEMENT B4224 | 1.600 | .000 | 1.600 | | |
| 6 DF 9 EL 0251 P R | REPLACE HORIZONTAL BORING MILL | 1.425 | (1.025) | .400 | Price Decrease | Project review resulted in major scope decrease to replace controls only. |
| 6 DF 9 EL 0232 P R | REPLACE VERTICAL GRINDER | 1.100 | .000 | 1.100 | | |
| 6 DF 9 EL 0277 P R | REPLACE HORIZONTAL JIG BORING MACHINE | .000 | 1.144 | 1.144 | New | Deteriorating condition necessitates replacement. |
| 6 DE 9 EL 0476 P R | REPLACE CNC LASER PUNCH PRESS | 1.410 | (1.410) | 0.000 | Cancellation | Project cancelled due to workload changes. |
| 6 DE 9 EL 0479 P R | REPLACE WALK-IN BLAST BOOTH B794 (2) | 1.520 | .000 | 1.520 | | |
| SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M) | | 7.143 | (1.351) | 5.792 | | |
| DN EU 0000 | 1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M) | 18.470 | 2.434 | 20.904 | | 7 projects had price increases, 2 had price decreases, 2 were cancelled, 4 were new. |
| 1. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM | | 25.613 | 1.083 | 26.696 | | |
| DN MC 0000 | 4. MINOR CONSTRUCTION | 6.702 | (0.520) | 6.182 | | 3 projects had price decreases, 3 had price increases, 5 were cancelled, 6 were new. |
| TOTAL NON-ADP CAPITAL PURCHASES PROGRAM | | 32.315 | 0.563 | 32.878 | | |
| 2a. ADPE & TELECOMMUNICATIONS (>\$1M) | | | | | | |
| 6 DF 8 KL 0238 G R | DEFENSE MAINT SYSTEM UPGRADE PHASE II & III | 1.510 | -1.510 | .000 | Deferral | Project deferred to FY11. |
| 7 DC 9 KL 0588 G R | UPGRADE UNIX SERVER #2 | 1.500 | .000 | 1.500 | | |
| 7 DC 9 KL 0587 G R | STORAGE ARRAY EXPANSION | 1.250 | .000 | 1.250 | | |
| SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M) | | 4.260 | (1.510) | 2.750 | | |
| DN KU 0000 | 2b. ADPE & TELECOMMUNICATIONS (<\$1M) | 1.260 | 0.520 | 1.780 | | 1 project had a price increase, 1 was cancelled, 2 were added for a net increase. |
| 2. TOTAL ADPE & TELECOMMUNICATIONS | | 5.520 | (0.990) | 4.530 | | |
| 7 DC 8 DL 0585 G R | I & D INTEGRATION, PHASE II | 1.000 | .000 | 1.000 | | |
| 7 DE 8 DL 0585 G R | I & D INTEGRATION, PHASE II | 1.000 | .000 | 1.000 | | |
| 7 DF 8 DL 0585 G R | I&D INTEGRATION, PHASE II | 1.000 | .000 | 1.000 | | |
| 3. TOTAL SOFTWARE DEVELOPMENT | | 3.000 | 0.000 | 3.000 | | |
| TOTAL ADP CAPITAL PURCHASES PROGRAM | | 8.520 | (0.990) | 7.530 | | |
| GRAND TOTAL CAPITAL PURCHASES PROGRAM | | 40.835 | (0.427) | 40.408 | | |

Fiscal Year (FY) 2010 Budget Estimates
 Navy Working Capital Fund
 Depot Maintenance / Fleet Readiness Centers
 Material Inventory Data
 May 2009

(\$ in Millions)

| | FY 2008 | | ----- Peacetime ----- | |
|--|----------|--------------|-----------------------|-------|
| | Total | Mobilization | Operating | Other |
| Material Inventory BOP | \$ 45.1 | \$ - | \$ 45.1 | \$ - |
| <u>Purchases</u> | | | | |
| A. Purchases to Support Customer Orders | \$ 848.9 | \$ - | \$ 848.9 | \$ - |
| B. Purchase of long lead items in advance of customer orders | - | - | - | - |
| C. Other Purchases | - | - | - | - |
| D. Total Purchases | \$ 848.9 | \$ - | \$ 848.9 | \$ - |
| <u>Material Inventory Adjustments</u> | | | | |
| A. Material Used in Maintenance | \$ 851.0 | \$ - | \$ 851.0 | \$ - |
| B. Disposals, theft, losses due to damages | - | - | - | - |
| C. Other reductions | - | - | - | - |
| D. Total inventory adjustments | \$ 851.0 | \$ - | \$ 851.0 | \$ - |
| Material Inventory EOP | \$ 43.0 | \$ - | \$ 43.0 | \$ - |

**Fiscal Year (FY) 2010 Budget Estimates
Navy Working Capital Fund
Depot Maintenance / Fleet Readiness Centers
Material Inventory Data
May 2009**

(\$ in Millions)
FY 2009

| | <u>Total</u> | | <u>Mobilization</u> | | ----- Peacetime ----- | | | | |
|--|--------------|-------|---------------------|---|-----------------------|--------------|----|---|--|
| | | | | | <u>Operating</u> | <u>Other</u> | | | |
| Material Inventory BOP | \$ | 43.0 | \$ | - | \$ | 43.0 | \$ | - | |
| <u>Purchases</u> | | | | | | | | | |
| A. Purchases to Support Customer Orders | \$ | 729.9 | \$ | - | \$ | 729.9 | \$ | - | |
| B. Purchase of long lead items in advance of customer orders | | - | | - | | - | | - | |
| C. Other Purchases | | - | | - | | - | | - | |
| D. Total Purchases | \$ | 729.9 | \$ | - | \$ | 729.9 | \$ | - | |
| <u>Material Inventory Adjustments</u> | | | | | | | | | |
| A. Material Used in Maintenance | \$ | 728.7 | \$ | - | \$ | 728.7 | \$ | - | |
| B. Disposals, theft, losses due to damages | | - | | - | | - | | - | |
| C. Other reductions | | - | | - | | - | | - | |
| D. Total inventory adjustments | \$ | 728.7 | \$ | - | \$ | 728.7 | \$ | - | |
| Material Inventory EOP | \$ | 44.2 | \$ | - | \$ | 44.2 | \$ | - | |

**Fiscal Year (FY) 2010 Budget Estimates
Navy Working Capital Fund
Depot Maintenance / Fleet Readiness Centers
Material Inventory Data
May 2009**

(\$ in Millions)
FY 2010

| | <u>Total</u> | | <u>Mobilization</u> | | ----- Peacetime ----- | | | | |
|--|--------------|-------|---------------------|---|-----------------------|--------------|----|---|--|
| | | | | | <u>Operating</u> | <u>Other</u> | | | |
| Material Inventory BOP | \$ | 44.2 | \$ | - | \$ | 44.2 | \$ | - | |
| <u>Purchases</u> | | | | | | | | | |
| A. Purchases to Support Customer Orders | \$ | 643.1 | \$ | - | \$ | 643.1 | \$ | - | |
| B. Purchase of long lead items in advance of customer orders | | - | | - | | - | | - | |
| C. Other Purchases | | - | | - | | - | | - | |
| D. Total Purchases | \$ | 643.1 | \$ | - | \$ | 643.1 | \$ | - | |
| <u>Material Inventory Adjustments</u> | | | | | | | | | |
| A. Material Used in Maintenance | \$ | 643.7 | \$ | - | \$ | 643.7 | \$ | - | |
| B. Disposals, theft, losses due to damages | | - | | - | | - | | - | |
| C. Other reductions | | - | | - | | - | | - | |
| D. Total inventory adjustments | \$ | 643.7 | \$ | - | \$ | 643.7 | \$ | - | |
| Material Inventory EOP | \$ | 43.6 | \$ | - | \$ | 43.6 | \$ | - | |

DEPARTMENT OF THE NAVY
COMPONENT: FLEET READINESS CENTERS (FRCs)
DEPOT MAINTENANCE - SIX PERCENT CAPITAL INVESTMENT PLAN
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
(\$ in Millions)

Total

| | <u>Revenue 3-Year Average</u> | | | <u>Budgeted Capital</u> | | | <u>Percent of Revenue</u> | | |
|--|-------------------------------|----------------|----------------|-------------------------|----------------|----------------|--|----------------|----------------|
| | <u>05-07</u> | <u>06-08</u> | <u>07-09</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| | | | | | | | <u>5%</u> | <u>6%</u> | <u>6%</u> |
| Revenue | | | | | | | | | |
| Working Capital Fund | 1,875.4 | 1,958.2 | 2,002.7 | 104.9 | 108.8 | 97.8 | | | |
| Appropriations | 0.0 | 0.0 | 0.0 | | | | | | |
| Total Revenue | 1,875.4 | 1,958.2 | 2,002.7 | | | | 93.8 | 117.5 | 120.2 |
| Working Capital Fund Depot Maintenance Investment | | | | | | | | | |
| Facilities Sustainment, Restoration and Modernization | | | | 44.4 | 29.5 | 30.0 | | | |
| Equipment | | | | 6.3 | 6.9 | 7.8 | | | |
| Equipment purchase by Depots under Expense/Investment Threshold | | | | 6.3 | 6.9 | 7.8 | | | |
| Equipment purchase by Other Organizations under Expense/Investment Threshold | | | | 0.0 | 0.0 | 0.0 | | | |
| Equipment purchase by Other Organizations above Expense/Investment Threshold | | | | 0.0 | 0.0 | 0.0 | | | |
| Capital Investment Program | | | | 39.0 | 40.4 | 44.8 | | | |
| Productivity Enhancements | | | | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | | | |
| Total WCF Investment | | | | 89.6 | 76.8 | 82.6 | | | |
| Appropriated Funding | | | | | | | | | |
| Facilities Sustainment, Restoration and Modernization | | | | 0.0 | 0.0 | 0.0 | | | |
| Equipment | | | | 15.2 | 15.2 | 15.2 | | | |
| Equipment purchase by Depots under Expense/Investment Threshold | | | | 0.0 | 0.0 | 0.0 | | | |
| Equipment purchase by Other Organizations under Expense/Investment Threshold (Aircraft Procurement, Na | | | | 6.3 | 6.3 | 6.3 | | | |
| Equipment purchase by Other Organizations above Expense/Investment Threshold (Aircraft Procurement, Na | | | | 8.9 | 8.9 | 8.9 | | | |
| Capital Investment Program | | | | 0.0 | 0.0 | 0.0 | | | |
| Productivity Enhancements | | | | 0.0 | 0.0 | 0.0 | | | |
| Military Construction (MILCON) | | | | <u>0.0</u> | <u>16.8</u> | <u>0.0</u> | | | |
| Total Appropriated Funding | | | | 15.2 | 32.1 | 15.2 | | | |
| Component Total | | | | 104.9 | 108.8 | 97.8 | 11.1 | -8.7 | -22.4 |
| | | | | | | | <u>Budget Minus Percent Difference</u> | | |

Marine Corps Depots

This page intentionally blank

**FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE – MARINE CORPS DEPOTS
NARRATIVE SUMMARY OF OPERATIONS
MAY 2009**

Activity Group Functions:

To provide quality products and responsive maintenance support services required to maintain a core industrial base in support of mobilization, surge and reconstitution requirements. The maintenance functions, performed by the Depot Maintenance Activity Group (DMAG) include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. Marine Corps, other Department of Defense (DOD) activities, as well as Foreign Military Sales (FMS) customers utilize the DMAG maintenance services. Performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment are examples of other functions performed.

Activity Group Composition:

| <u>Activities</u> | <u>Location</u> |
|-----------------------|-----------------|
| MC Maintenance Center | Albany, GA |
| MC Maintenance Center | Barstow, CA |

Significant Changes in Activity Group:

There are no significant changes in the activity group or composition since the FY 2009 President's Budget.

BUDGET HIGHLIGHTS

General

The DMAG Fiscal Year (FY) 2010 President's Budget submission continues to reflect significant fluctuations in workload as a result of battle-damaged equipment and weapons systems returning from the current Overseas Contingency Operations (OCO). Marine Corps equipment requires timely repair in order to reconstitute the Operating Forces and the Marine Corps' Maritime Prepositioning Forces (MPF) Program. This additional demand is expected to continue through FY 2009 and FY 2010.

FY 2009 Net Operating Results (NOR) is projected to be -\$16.4 million, an increase of \$2.5 million from the FY 2009 President's Budget that occurred primarily due to increased workload in support of OCO. In FY 2010 a positive \$9.1 million is the budgeted NOR to achieve a zero AOR.

Summary of Operations

| | (\$ in Millions) | | |
|------------------------------------|------------------|----------------|----------------|
| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| Orders | 606.8 | 342.2 | 403.7 |
| Revenue | 552.6 | 509.7 | 469.5 |
| Cost of Goods Sold | 579.6 | 526.1 | 460.4 |
| Revenue less Costs (NOR) | -27.0 | -16.4 | 9.1 |
| Accumulated Operating Result (AOR) | 7.3 | -9.1 | 0.0 |

Orders. New reimbursable orders for FY 2008, FY 2009, and FY 2010 are \$606.8 million, \$342.2 million, and \$403.7 million respectively. FY 2008 new reimbursable orders increased \$366.9 million from the FY 2009 President's Budget mainly attributed to receipt of unplanned funding for the repair of combat-ravaged equipment and weapons systems returning from the current OCO. FY 2009 new orders funding declines \$18.3 million from the FY 2009 President's Budget. The change in FY new orders is mainly attributed to change in program due to current operating tempo in theater.

Revenue. Revenue is \$552.6 million for FY 2008, \$509.7 million for FY 2009, and \$469.5 million for FY 2010.

Costs. Cost of Operations is \$579.6 million in FY 2008, \$526.1 million in FY 2009, and \$460.4 million in FY 2010.

Revenue less cost. Revenue less cost for FY 2008, FY 2009, and FY 2010 is -\$27.0 million, -\$16.4 million, and \$9.1 million respectively.

Net Cash Outlays

| | (\$ in Millions) | | |
|---------------|------------------|----------------|----------------|
| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| Collections | \$560.1 | \$509.2 | \$469.7 |
| Disbursements | \$527.0 | \$509.5 | \$466.6 |
| Net Outlays | -\$33.1 | \$0.3 | -\$3.0 |

Performance Indicators

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------------|----------------|----------------|----------------|
| Schedule Conformance | 99.8% | 99.5% | 99.8% |
| Quality Deficiency Reports | 0.1% | 0.1% | 0.1% |
| Inventory Turnover Ratio | 4:3:1 | 4:6:1 | 4:5:1 |

Stabilized Customer Rates

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------|----------------|----------------|----------------|
| Composite Hourly Rate | \$123.87 | \$130.88 | \$131.47 |
| Percent Year to Year Change | 3.10% | 5.66% | 0.45% |

Unit Cost Goals. The budget reflects the following FY 2008-2010 unit cost goals:

(\$ and DLHs in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--------------------------|----------------|----------------|----------------|
| Total Operating Cost | \$579.7 | \$526.0 | \$460.3 |
| Direct Labor Hours (DLH) | 4.429 | 4.112 | 3.193 |
| Unit Cost | \$130.89 | \$127.93 | \$144.17 |
| % Change Workload/DLHs | 38.5% | -7.2% | -22.3% |
| % Change Unit Cost | -3.1% | -2.3% | 12.7% |

DLH includes direct labor hours worked by civilian and contractor personnel.

SUMMARY OF PERSONNEL RESOURCES

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---------------------|----------------|----------------|----------------|
| Civilian Personnel: | | | |
| End Strength | 2,105 | 2,429 | 2,343 |
| FTE Workyears | 2,099 | 2,395 | 2,381 |
| Military Personnel: | | | |
| End Strength | 16 | 13 | 11 |
| Workyears | 12 | 11 | 11 |

The DMAG budget reflects civilian workforce levels necessary to accommodate planned workload without the use of excessive overtime. The Maintenance Centers are using contract personnel to address demand fluctuations in workload.

SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP).

(\$ in Millions)

| | FY 2008 | FY 2009 | FY 2010 |
|--------------------------------|---------|---------|---------|
| Equipment-non ADPE &TELECOM | \$4.2 | \$1.7 | \$2.6 |
| Equipment-ADPE &TELECOM | \$0.0 | \$0.0 | \$0.0 |
| Software Development | \$0.0 | \$0.0 | \$0.0 |
| Minor Construction | \$0.7 | \$3.5 | \$2.6 |
| Total | \$4.9 | \$5.2 | \$5.2 |

CARRYOVER

Marine Corps DMAG is above the outlay-based carryover ceiling for FY 2008 due to OCO related workload. FY 2009 and FY 2010 is below the ceiling \$74.3 million.

(Dollars in Millions)

| Carryover (\$M) | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| New Orders | \$606.8 | \$342.2 | \$403.7 |
| Less Exclusions: | | | |
| FMS | \$0.8 | \$0.0 | \$0.0 |
| BRAC | \$0.0 | \$0.0 | \$0.0 |
| Other Federal Depts. & Agencies | \$0.0 | \$0.0 | \$0.0 |
| Non-Federal & Others | \$1.5 | \$0.1 | \$0.0 |
| Orders for Carryover Calculation | \$604.5 | \$342.2 | \$403.7 |
| | | | |
| Composite Outlay Rate (SSRCO) | 52.9% | 54.1% | 58.9% |
| Carryover Ceiling Rate | 47.0% | 45.8% | 41.1% |
| Carryover Ceiling | \$284.4 | \$156.9 | \$166.0 |
| | | | |
| Balance of Customer Orders at Yr End | \$325.5 | \$158.1 | \$92.3 |
| Less Work in Process | \$0.2 | \$0.2 | \$0.1 |
| Less Exclusions | | | |
| FMS | \$1.3 | \$0.8 | \$0.3 |
| BRAC | \$0.0 | \$0.0 | \$0.0 |
| Other Federal Depts. & Agencies | \$0.0 | \$0.0 | \$0.0 |
| Non-Federal & Others | \$0.4 | \$0.4 | \$0.1 |
| Carryover Budget | \$323.6 | \$156.7 | \$91.8 |

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND
ACTIVITY GROUP / DEPOT MAINTENANCE - MARINE CORPS DEPOTS
SOURCE OF REVENUE
AMOUNT IN MILLIONS

| | FY 2008 CCN | FY 2009 CCN | FY 2010 CCN |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 549.5 | 504.4 | 464.0 |
| Surcharges | .0 | .0 | .0 |
| Depreciation excluding Major Construction | 3.1 | 5.4 | 5.5 |
| Other Income | | | |
| Total Income | 552.6 | 509.7 | 469.5 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 1.0 | 1.0 | .9 |
| Civilian Personnel | 186.3 | 211.2 | 209.6 |
| Travel and Transportation of Personnel | 4.0 | 3.6 | 3.5 |
| Material & Supplies (Internal Operations) | 255.0 | 189.5 | 164.4 |
| Equipment | .0 | 8.0 | 6.1 |
| Other Purchases from NWC | 2.6 | 2.0 | 1.9 |
| Transportation of Things | .0 | .0 | .0 |
| Depreciation - Capital | 3.1 | 5.4 | 5.5 |
| Printing and Reproduction | .1 | .1 | .1 |
| Advisory and Assistance Services | .0 | .0 | .0 |
| Rent, Communication & Utilities | 10.4 | 10.2 | 10.3 |
| Other Purchased Services | 117.3 | 95.0 | 58.1 |
| Total Expenses | 579.7 | 526.0 | 460.3 |
| Work in Process Adjustment | -.1 | .1 | .1 |
| Comp Work for Activity Reten Adjustment | .0 | .0 | .0 |
| Cost of Goods Sold | 579.6 | 526.1 | 460.4 |
| Operating Result | -27.0 | -16.4 | 9.1 |
| Less Surcharges | .0 | .0 | .0 |
| Plus Appropriations Affecting NOR/AOR | .0 | .0 | .0 |
| Other Changes Affecting NOR/AOR | .0 | .0 | .0 |
| Extraordinary Expenses Unmatched | .0 | .0 | .0 |
| Net Operating Result | -27.0 | -16.4 | 9.1 |
| Other Changes Affecting AOR | .2 | .0 | .0 |
| Accumulated Operating Result | 7.3 | -9.1 | .0 |

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND
ACTIVITY GROUP / DEPOT MAINTENANCE - MARINE CORPS DEPOTS
SOURCE OF REVENUE
AMOUNT IN MILLIONS

| | FY 2008 CCN | FY 2009 CCN | FY 2010 CCN |
|--|----------------|----------------|----------------|
| 1. New Orders | 607 | 342 | 404 |
| a. Orders from DoD Components | 587 | 332 | 393 |
| Department of the Navy | 549 | 327 | 356 |
| O & M, Navy | 1 | 0 | 0 |
| O & M, Marine Corps | 430 | 302 | 314 |
| O & M, Navy Reserve | 0 | 0 | 0 |
| O & M, Marine Corp Reserve | 10 | 12 | 16 |
| Aircraft Procurement, Navy | 1 | 0 | 0 |
| Weapons Procurement, Navy | 0 | 0 | 0 |
| Ammunition Procurement, Navy/MC | 0 | 0 | 0 |
| Shipbuilding & Conversion, Navy | 0 | 0 | 0 |
| Other Procurement, Navy | 6 | 0 | 0 |
| Procurement, Marine Corps | 99 | 12 | 24 |
| Family Housing, Navy/MC | 0 | 0 | 0 |
| Research, Dev., Test, & Eval., Navy | 1 | 0 | 0 |
| Military Construction, Navy | 0 | 0 | 0 |
| National Defense Sealift Fund | 0 | 0 | 0 |
| Other Navy Appropriations | 0 | 1 | 1 |
| Other Marine Corps Appropriations | 0 | 1 | 0 |
| Department of the Army | 30 | 5 | 36 |
| Army Operation & Maintenance | 30 | 3 | 35 |
| Army Res, Dev, Test, Eval | 0 | 0 | 0 |
| Army Procurement | 0 | 0 | 0 |
| Army Other | 0 | 2 | 1 |
| Department of the Air Force | 6 | 0 | 1 |
| Air Force Operation & Maintenance | 6 | 0 | 1 |
| Air Force Res, Dev, Test, Eval | 0 | 0 | 0 |
| Air Force Procurement | 0 | 0 | 0 |
| Air Force Other | 0 | 0 | 0 |
| DOD Appropriation Accounts | 2 | 0 | 0 |
| Base Closure & Realignment | 0 | 0 | 0 |
| Operation & Maintenance Accounts | 0 | 0 | 0 |
| Res, Dev, Test & Eval Accounts | 0 | 0 | 0 |
| Procurement Accounts | 0 | 0 | 0 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DOD Other | 2 | 0 | 0 |
| b. Orders from other WCF Activity Groups | 18 | 10 | 11 |
| c. Total DoD | 605 | 342 | 404 |
| d. Other Orders | 2 | 0 | 0 |
| Other Federal Agencies | 0 | 0 | 0 |
| Foreign Military Sales | 1 | 0 | 0 |
| Non Federal Agencies | 2 | 0 | 0 |
| 2. Carry-In Orders | 271 | 326 | 158 |
| 3. Total Gross Orders | 878 | 668 | 562 |
| a. Funded Carry-Over before Exclusions | 326 | 158 | 92 |
| b. Total Gross Sales | 552 | 510 | 470 |
| 4. End of Year Work-In-Process (-) | 0 | 0 | 0 |
| 5. Non-DoD, ERAC, FMS, Inst. MRIFB (-) | -2 | -1 | 0 |
| 6. Net Funded Carryover | 324 | 157 | 92 |

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, ERAC & FMS
and Institutional MRIFB

Fiscal Year (FY) 2010 Budget Estimates
Navy Working Capital Fund
Depot Maintenance / Marine Corps Depots
Changes in the Cost of Operations
May 2009
Dollars in Millions

| | | Total Cost |
|-----|--|-------------------|
| 1. | FY 2008 Actuals | 579.7 |
| 2. | FY 2009 President's Budget: | 393.5 |
| 3. | Estimated Impact in FY2009 of Actual FY 2008 Experience | 3.4 |
| 4. | Price Change: | |
| | a. Change in FY 2009 Pay Raise Assumptions | 1.5 |
| | b. Change in FY 2009 Fuel Price Assumptions | -0.4 |
| | c. Change in FY 2009 General Inflation Assumptions | -1.0 |
| 5. | Program Changes: | |
| | a. Workload Changes | |
| | (1) Direct Labor | 23.6 |
| | (2) Direct Materiel & Supplies | 31.0 |
| | (3) Direct Contract/Other Purchases | 39.1 |
| 6. | Other Changes | |
| | a. Indirect Labor | 17.3 |
| | b. Indirect Materiel | 3.7 |
| | c. Depreciation | -0.2 |
| | d. Contract Services | 14.6 |
| | e. VERA/VSIP | 0.0 |
| 7. | FY 2009 Current Estimate: | 526.1 |
| 8. | Pricing Adjustments: | |
| | a. Annualization of Prior Year Pay Raise | |
| | (1) Military Personnel | 0.0 |
| | (2) Civilian Personnel | 2.0 |
| | b. FY 2010 Pay raise | |
| | (1) Military Personnel | 0.0 |
| | (2) Civilian Personnel | 3.1 |
| | c. Fuel Price Changes | 0.0 |
| | d. Working Capital Fund Price Changes | 0.0 |
| | e. General Purchases Inflation | 4.2 |
| 9. | Program Changes: | |
| | a. Workload Changes | |
| | (1) Direct Labor | -5.7 |
| | (2) Direct Material & Supplies | -24.0 |
| | (3) Direct Contract/Other Purchases | -33.1 |
| 10. | Other Changes | |
| | a. Indirect Labor | -1.1 |
| | b. Indirect Materiel | -6.7 |
| | c. Depreciation | 0.1 |
| | d. Contract Services | 0.1 |
| | e. VERA/VSIP | 0.0 |
| | f. Other | -4.6 |
| 11. | FY 2010 Current Estimate | 460.4 |

DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
Activity Group Capital Investment Summary
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
\$ in Millions

| Line # | Description | FY 2008 | | FY 2009 | | FY 2010 | |
|--------|--|-----------|----------------|-----------|----------------|-----------|----------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADPE and Telecom Equipment | | <u>\$4.213</u> | | <u>\$1.679</u> | | <u>\$2.595</u> |
| | - Replacement Capability | 6 | \$2.434 | 1 | \$0.500 | 2 | \$0.600 |
| | - Productivity Capability | 4 | \$1.779 | 3 | \$1.179 | 3 | \$1.995 |
| | - New Mission Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Environmental Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 2 | ADPE and Telecom Equipment | | <u>\$0.000</u> | | <u>\$0.000</u> | | <u>\$0.000</u> |
| | - Computer Hardware (Production) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Computer Software (Operating) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Telecommunications | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Oth Computer & Telecom Spt Equip | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 3 | Software Development | | <u>\$0.000</u> | | <u>\$0.000</u> | | <u>\$0.000</u> |
| | - Projects = or > \$1M (List Separately) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Projects < \$1M | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 4 | Minor Construction | | <u>\$0.740</u> | | <u>\$3.515</u> | | <u>\$2.600</u> |
| | - Replacement Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Productivity Capability | 0 | \$0.000 | 5 | \$2.776 | 6 | \$2.600 |
| | - New Mission Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Environmental Capability | 1 | \$0.740 | 1 | \$0.739 | 0 | \$0.000 |
| | Grand Total | 11 | \$4.953 | 10 | \$5.194 | 11 | \$5.195 |
| | Total Capital Outlays | 0 | \$3.696 | 0 | \$5.142 | 0 | \$5.395 |
| | Total Depreciation Expense | 0 | \$3.103 | 0 | \$5.391 | 0 | \$5.511 |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | FISCAL YEAR (FY) 2010 BUDGET ESTIMATE MAY 2009 | | | | | | | |
|--|--|--|--|---|------------|---------|-----------|------------|---------------------------------------|-----------|------------|
| Department of the Navy / Depot Maintenance - Marine Corps Depots | | | #001 - Non-ADPE and Telecommunications Equipment | | | | | | Marine Corps Depot Maintenance (DMAG) | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| Non-ADPE and Telecommunications Equipment | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Replacement Capability | | | 6 | 406 | 2,434 | 1 | 500 | 500 | 2 | 300 | 600 |
| Productivity Capability | | | 4 | 445 | 1,779 | 3 | 393 | 1,179 | 3 | 665 | 1,995 |
| New Misison Capability | | | | | | | | | | | |
| Environmental Capability | | | | | | | | | | | |
| Total | | | 10 | 421 | 4,213 | 4 | 420 | 1,679 | 5 | 519 | 2,595 |
| Justification: | | | | | | | | | | | |

FY 2008

Upgrade Inline Transmission Dynamometer (MCA, Replacement)-Dynamometer will include state of the art control system for 150 HP EDECT (Eddy Current Tester). The eddy current tester eliminates the need for a hydrostatic pump, motor, and cooling system as found on earlier models.

Traumatic L 3050 CO2 Laser (MCB, Replacement)- Traumatic Co2 Laser Cutting Center is a state of the art high-speed sheet metal fabrication machine. This Laser Cutting Center will be used to replace two "Strippit Super 30/40" punch press machines

Full Floor Recovery System (MCB, Productivity)-This procurement and installation of a new full floor recovery system will dramatically increase the overall efficiency of the abrasive cleaning operations.

Model 13370 Aperture IR System (MCB, Replacement) -The 13370 system combines high resolution optics, precision differential blackbody, visible illuminator, and motorized target wheel to provide the most reliable and accurate test system available.

Cincinnati 2512G Mechanical Shear (MCB, Replacement)-Cincinnati 2512 G Mechanical Sheet Metal Shear, is a state of the art high-speed metal shear used in the fabrication of raw metal blanks.

XYLON MG-452 X-Ray System (MCB, Replacement)-The Geit Isovolt Titan 320 X-Ray System will be used to perform on Welder Qualification/Certification plates, LAV plate replacement and/or any other future projects that require X-Ray.

35 Ton Crane in Annex (Qty2) (MCA, Productivity)-The two 35- ton cranes will consist of a main 35-ton capacity hoist and a 5-ton auxiliary hoist to lift smaller loads of 5 tons or less without engaging the main hoist.

Omax Water Jet (MCB, Replacement)-The water jet cutting system is used to cut metal plate, including protective armor, used in the repairs modifications and fabrication of Marine Corps equipment.

7.5 trolley System (MCB, Productivity)-7.5 Ton overhead crane and trolley lifting system.

FY 2009

General Hone Model 3V-310 Vertical Hone (MCB, Productivity)-A major advantage in using a vertical hone rather than a horizontal hone is the cutting head is held in perfect alignment with the cylinder.

In-Line Dyno (Qty2) (MCA, Productivity)-Dynamometer is for the express purpose of testing the military vehicle transmissions.

100 ton Crane (MCA, Replacement)-100- ton crane will consist of a main 100-ton capacity hoist and a 15-ton auxiliary hoist to lift smaller loads of 15 tons or less without engaging the main hoist.

FY 2010

Procure 300 HP Hyd Test Benches (Qty2) (MCA, Replacement)

Additional CNC Machine (MCA, Productivity)

Dyno for Large Engines (MCA, Productivity)

Caustic Cleaning System (MCB, Productivity)

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | FISCAL YEAR (FY) 2010 BUDGET ESTIMATE MAY 2009 | | | | | | | | | |
|--|--|--|---------------------------|---|------------|---------|------|--------------------------------|---------|------|------------|--|--|
| Department of the Navy / Depot Maintenance - Marine Corps Depots | | | #004 - Minor Construction | | | | | Marine Corps Depot Maintenance | | | | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | | | |
| | | | Unit | | Unit | | Unit | | | | | | |
| Minor Construction | | | Quant | Cost | Total Cost | Quant | Cost | Total Cost | Quant | Cost | Total Cost | | |
| Productivity | | | | | | 5 | 555 | 2,776 | 6 | 433 | 2,600 | | |
| New Mission | | | | | | | | | | | | | |
| New Misison Capability | | | | | | | | | | | | | |
| Replacement | | | | | | | | | | | | | |
| Environmental | | | 1 | 740 | 740 | 1 | 739 | 739 | | | | | |
| Total | | | 1 | 740 | 740 | 6 | 586 | 3,515 | 6 | 433 | 2,600 | | |

Justification:

Minor Construction:

FY 2008

Hazmat Storage Building (MCA, Environmental)- Facility will be used for bulk storage of new chemicals/hazardous material used by the Maintenance Center for anodizing, chemical cleaning, phosphate coating, conversion coating and other chemical based processes performed in the Maintenance Center.

FY 2009

Automotive Facility (MCB, Productivity) : for disassembly, repair, overhaul, modification and assembly for some of the automotive lines.

Construct CRS Shop (MCA, Productivity) ;

B2203 /addition for /two In-Line Dynos (MCA, Productivity); 2203 building addition will be a butler type metal frame building used to a provide additional

Decontamination Facility (MCB, Environmental) : Due to the possible exposure of toxic metal dust during sandblast operations, OSHA regulations and the Code of Federal Regulations (Title 29 part 1910 and 1926) mandate that we provide our sandblast workforce a controlled area specifically designed to facilitate personal decontamination at the end of each work period.

Addition to Program Management (MCA, Productivity)

Light Armor Building (MCB, Productivity)

FY 2010

Construct Work Facility for Graphic Arts Lab (MCA, Productivity)

Construct TMDE Branch Administrative Space (MCA, Productivity)

Forward Kit Staging Facility(MCB, Productivity)

Nondestructive Testing Facility(MCB,Productivity)

Security Control Facility(MCB Productivity)

2233 Comp. Paint Expansion(MCA; Productivity)

DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
CAPITAL BUDGET EXECUTION
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
(Dollars in Millions)

| <u>FY</u> | <u>Approved Project Title</u> | <u>Amount</u> | <u>Reprogs</u> | <u>Approved Project Cost</u> | <u>Current Project Cost</u> | <u>Asset/Deficiency</u> | <u>Explanation</u> |
|--|---|---------------|----------------|------------------------------|-----------------------------|-------------------------|---|
| Equipment except ADPE and TELECOM | | | | | | | |
| | 2009 DITMICO Machine (MCA) | 0.200 | -0.200 | 0.000 | 0.000 | 0.000 | Cancelled |
| | 2009 Cranes for Machine Shop (2) (MCA) | 0.400 | -0.400 | 0.000 | 0.000 | 0.000 | Cancelled |
| | 2009 CNC Equipment (MCA) | 0.400 | -0.400 | 0.000 | 0.000 | 0.000 | Cancelled |
| | 2009 General Hone Model 3V-310 Vertical Hone (MCB) | 0.279 | 0.000 | 0.279 | 0.279 | 0.000 | Productivity |
| | 2009 Omax Abrasive Jet Table (MCB) | 0.400 | -0.400 | 0.000 | 0.000 | 0.000 | Reprogrammed to FY08 |
| | 2009 7.5T Trolley (MCB) | 0.323 | -0.323 | 0.000 | 0.000 | 0.000 | Reprogrammed to FY08 |
| | 2009 In-Line Dyno (2) MCA | 0.000 | 0.900 | 0.900 | 0.900 | 0.000 | New Requirement;Productivity |
| | 2009 100 Ton Crane(MCA) | 0.000 | 0.500 | 0.500 | 0.500 | 0.000 | Moved from FY 08; ch to 100 ton;Replacement |
| | Subtotal Equipment | 2.002 | -0.323 | 1.679 | 1.679 | 0.000 | |
| Equipment - ADPE and TELECOM | | | | | | | |
| | Subtotal Equip - ADPE and TELECOM | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | |
| Software Development | | | | | | | |
| | Subtotal Software | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | |
| Minor Construction | | | | | | | |
| | 2009 Decontamination Facility (MCB) | 0.739 | 0.000 | 0.739 | 0.739 | 0.000 | Environmental |
| | 2009 Construct CRS Shop (MCA) | 0.400 | 0.000 | 0.400 | 0.400 | 0.000 | Productivity |
| | 2009 Install 35T Crane(2) (MCA) | 0.500 | -0.500 | 0.000 | 0.000 | 0.000 | Moved to FY 08 |
| | 2009 Construct Work Facility for Graphic Arts Lab (MCA) | 0.300 | -0.300 | 0.000 | 0.000 | 0.000 | Moved to FY 10 |
| | 2009 Construct TMDE Branch Admin Space (MCA) | 0.300 | -0.300 | 0.000 | 0.000 | 0.000 | Moved to FY 10 |
| | 2009 Automotive Bldg (MCB) | 0.625 | 0.000 | 0.625 | 0.625 | 0.000 | Productivity |
| | 2009 Addition to Program Management(MCA) | 0.000 | 0.626 | 0.626 | 0.626 | 0.000 | New Project Productivity |
| | 2009 B2203 Addition for Two InLine Dynos (MCA) | 0.000 | 0.375 | 0.375 | 0.375 | 0.000 | New Requirement;Productivity |
| | 2009 Light Armor Building(MCB) | 0.000 | 0.750 | 0.750 | 0.750 | 0.000 | New Project;Productivity |
| | Sub-total Minor Construction | 2.864 | 0.651 | 3.515 | 3.515 | 0.000 | |
| FY 2009 Estimate | | 4.866 | 0.328 | 5.194 | 5.194 | 0.000 | |

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2010 PRESIDENT'S BUDGET
(Dollars in Millions)
Fiscal Year 2008

| | Total | Mobilization | Peacetime | |
|---|-------|--------------|-----------|-------|
| | | | Operating | Other |
| Material Inventory BOP | 156.4 | 0.0 | 156.4 | 0.0 |
| <hr/> | | | | |
| <u>Purchases</u> | | | | |
| A. Purchases to Support Customer Orders | 182.4 | 0.0 | 182.4 | 0.0 |
| B. Purchases of long lead times in advance of customer orders (+) | 0.0 | 0.0 | 0.0 | 0.0 |
| C. Other Purchases (list) (+) | | | | |
| Materials & Supplies | 0.0 | 0.0 | 0.0 | 0.0 |
| D. Total Purchases | 182.4 | 0.0 | 182.4 | 0.0 |
| <hr/> | | | | |
| <u>Material Inventory Adjustment</u> | | | | |
| A. Material Used in Maintenance (and billed/charged to customer orders) (-) | 224.2 | 0.0 | 224.2 | 0.0 |
| B. Disposals, theft, losses due to damage (-)* | 0.0 | 0.0 | 0.0 | 0.0 |
| C. Other reductions (list) (-) | 0.0 | 0.0 | 0.0 | 0.0 |
| D. Total inventory adjustment | 224.2 | 0.0 | 224.2 | 0.0 |
| <hr/> | | | | |
| Material Inventory EOP* | 114.6 | 0.0 | 114.6 | 0.0 |

*Inventory (DBC 1400) less Work In Process (DBC 1414)

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2010 PRESIDENT'S BUDGET
(Dollars in Millions)
Fiscal Year 2009

| | Total | Mobilization | Peacetime | |
|---|-------|--------------|-----------|-------|
| | | | Operating | Other |
| Material Inventory BOP* | 114.6 | 0.0 | 114.6 | 0.0 |
| <u>Purchases</u> | | | | |
| A. Purchases to Support Customer Orders | 154.0 | 0.0 | 154.0 | 0.0 |
| B. Purchases of long lead times in advance of customer orders (+) | 0.0 | 0.0 | 0.0 | 0.0 |
| C. Other Purchases (list) (+) | | | | |
| Materials & Supplies | 0.0 | 0.0 | 0.0 | 0.0 |
| D. Total Purchases | 154.0 | 0.0 | 154.0 | 0.0 |
| <u>Material Inventory Adjustment</u> | | | | |
| A. Material Used in Maintenance (and billed/charged to customer orders) (-) | 171.9 | 0.0 | 171.9 | 0.0 |
| B. Disposals, theft, losses due to damage (-)* | 0.0 | 0.0 | 0.0 | 0.0 |
| C. Other reductions (list) (-) | 0.0 | 0.0 | 0.0 | 0.0 |
| D. Total inventory adjustment | 171.9 | 0.0 | 171.9 | 0.0 |
| Material Inventory EOP* | 96.7 | 0.0 | 96.7 | 0.0 |

*Inventory (DBC 1400) less Work In Process (DBC 1414)

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2010 PRESIDENT'S BUDGET
(Dollars in Millions)
Fiscal Year 2010

| | Total | Mobilization | Peacetime | |
|---|-------|--------------|-----------|-------|
| | | | Operating | Other |
| Material Inventory BOP* | 96.7 | 0.0 | 96.7 | 0.0 |
| <u>Purchases</u> | | | | |
| A. Purchases to Support Customer Orders | 132.3 | 0.0 | 132.3 | 0.0 |
| B. Purchases of long lead times in advance of customer orders (+) | 0.0 | 0.0 | 0.0 | 0.0 |
| C. Other Purchases (list) (+) | | | | |
| Materials & Supplies | 0.0 | 0.0 | 0.0 | 0.0 |
| D. Total Purchases | 132.3 | 0.0 | 132.3 | 0.0 |
| <u>Material Inventory Adjustment</u> | | | | |
| A. Material Used in Maintenance (and billed/charged to customer orders) (-) | 151.2 | 0.0 | 151.2 | 0.0 |
| B. Disposals, theft, losses due to damage (-)* | 0.0 | 0.0 | 0.0 | 0.0 |
| C. Other reductions (list) (-) | 0.0 | 0.0 | 0.0 | 0.0 |
| D. Total inventory adjustment | 151.2 | 0.0 | 151.2 | 0.0 |
| Material Inventory EOP* | 77.8 | 0.0 | 77.8 | 0.0 |

*Inventory (DBC 1400) less Work In Process (DBC 1414)

Naval Air Warfare Center

This page intentionally blank

**DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
May 2009**

Mission Statement / Overview

The Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (AD) and the Weapons Division (WD). The NAWCAD mission is to remain the Navy's principal RDT&E, engineering and Fleet support activity for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations. The scope of the Aircraft Division mission includes the acquisition and in-service support of manned and unmanned air vehicles (UAVs) as well as air operations ashore and afloat. The NAWCWD mission is to be the Navy's full spectrum research, development, test, evaluation, and in-service engineering center for weapons systems associated with air warfare (except antisubmarine warfare systems), missiles and missile subsystems, aircraft weapons integration, and assigned airborne electronic warfare systems, and to maintain and operate the air, land, and sea Naval Western Test Range complex. NAWC receives Major Range Test Facility Base funding (RDT&E,N appropriation) to maintain and support designated range facilities.

Financial Highlights/Assumptions

- The Budget reflects workload changes as indicated from NAWC customers. The increase of workload over the FY 2009 President's Budget required increases to direct workforce, direct costs, revenue, and cash.
- Cash management continues to be a high priority within NAWC. NAWC has established realistic and sustainable treasury cash balances.
- Carryover estimates are within the allowable ceilings. Management of carryover continues to be a high priority of the NAWC.

Activity Group Composition:

The NAWC is comprised of two business units, the Aircraft Division (AD), with the primary location at Patuxent River, MD, and the Weapons Division (WD), with the primary location at China Lake, CA and Point Mugu, CA.

Significant Changes Since the FY 2009 President's Budget:

There are no significant changes in the activity group or composition since the FY 2009 President's Budget.

Financial Profile:

| <u>Revenue/Expense/NOR/AOR (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$3,134.0 | \$3,074.3 | \$3,252.8 |
| Expense | \$3,152.3 | \$3,088.4 | \$3,246.7 |
| Operating Results | -\$18.3 | -\$14.1 | \$6.1 |
| Other Changes Affecting AOR | 6.6 | 0.0 | 0.0 |
| Accumulated Operating Results (AOR) | \$8.0 | -\$6.1 | \$0.0 |

Revenue and Expense: The trend in revenue and expense across the budget years reflects updated estimates for workload and pricing adjustments.

| <u>Collections/Disbursements/Outlays (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Collections | \$3,119.3 | \$3,166.1 | \$3,256.6 |
| Disbursements | \$3,151.8 | \$3,068.3 | \$3,226.5 |
| Outlays | \$32.5 | \$-97.8 | \$-30.0 |

| <u>Reimbursable Orders (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$3,194.1 | \$3,139.9 | \$3,230.4 |

| <u>Direct Labor Hours (000)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Estimate | 14,763 | 15,400 | 15,445 |

Performance Indicators:

The Naval Air Warfare Center's primary performance indicators include: Net Operating Results (NOR), Accumulated Operating Results (AOR), and Unit Cost.

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Total Stabilized Cost (\$M) | \$1,330.2 | \$1,362.7 | \$1,443.7 |
| Workload (DLHs) (000) | 14,763 | 15,400 | 15,445 |
| Unit cost (per DLH) | \$90.11 | \$88.49 | \$93.47 |

Unit cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when their customers request additional services.

| <u>Stabilized / Composite Rates</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Stabilized Rate | \$94.28 | \$102.57 | \$108.29 |
| Change from Prior Year | | +8.79% | +5.57% |
| Composite Rate Change | | +4.2% | +2.72% |

Rate changes reflect adjustments to direct workload and pricing changes.

Staffing:

| <u>Civilian/Military ES & Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Civilian End Strength | 10,615 | 10,549 | 10,729 |
| Civilian Workyears (Straighttime) | 10,219 | 10,368 | 10,482 |
| Military End Strength | 139 | 190 | 190 |
| Military Workyears | 98 | 149 | 140 |

Civilian Personnel: Civilian end strength and workyear data is based on coordination with customers. Hiring actions are also synchronized with customer demand.

Military Personnel: Military end strength and workyear numbers are relatively stable across the budget period.

Capital Investment Program (CIP) Budget Authority:

| <u>Capital Investment Program (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Equipment, Non-ADP / Telecom | \$22.8 | \$18.1 | \$19.0 |
| Equipment, ADPE / Telecom | 10.7 | 8.1 | 7.7 |
| Software Development | 0.4 | 0.8 | 1.8 |
| Minor Construction | <u>2.7</u> | <u>7.3</u> | <u>9.6</u> |
| Total | <u>\$36.6</u> | <u>\$34.3</u> | <u>\$38.1</u> |

Carryover Compliance:

| <u>Carryover (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| New Orders | \$3,194.1 | \$3,139.9 | \$3,230.4 |
| Less Exclusions: | | | |
| Foreign Military Sales | 130.1 | 132.2 | 100.0 |
| Base Realignment and Closure | 4.4 | 1.0 | 2.5 |
| Other Federal Departments & Agencies | 59.6 | 29.6 | 38.8 |
| Non-Federal Agencies & others | 5.6 | 6.9 | 10.2 |
| Major Range & Test Facility Base | <u>294.7</u> | <u>297.0</u> | <u>338.2</u> |
| Orders for Carryover Calculation | \$2,699.7 | \$2,673.2 | \$2,740.6 |
| | | | |
| Composite Outlay Rate | 53.9% | 53.8% | 54.6% |
| Carryover Ceiling Rate | 46.0% | 46.1% | 45.3% |
| Carryover Ceiling | \$1,243.1 | \$1,234.8 | \$1,243.9 |
| | | | |
| Balance of Customer Orders at Year End | \$1,571.6 | \$1,637.2 | \$1,614.7 |
| Less Work-in-Process | 0.0 | 0.0 | 0.0 |
| Less Exclusions | | | |
| Foreign Military Sales | 133.0 | 213.3 | 195.0 |
| Base Realignment and Closure | 1.2 | 0.7 | 0.4 |
| Other Federal Departments & Agencies | 42.6 | 54.4 | 67.1 |
| Non-Federal Agencies & Others | 23.3 | 25.2 | 22.8 |
| Major Range & Test Facility Base | <u>137.0</u> | <u>128.0</u> | <u>106.6</u> |
| Carryover Budget | <u>\$1,234.5</u> | <u>\$1,215.6</u> | <u>\$1,222.8</u> |

Budgeted carryover is within the ceiling in all years.

Revenue and Expenses
Department of the Navy
Research and Development - Naval Air Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 3,087.9 | 3,041.3 | 3,214.2 |
| Surcharges | 0.0 | 0.0 | 0.0 |
| Depreciation excluding Major Construction | 46.1 | 33.0 | 38.5 |
| Other Income | | | |
| Total Income | 3,134.0 | 3,074.3 | 3,252.8 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 9.2 | 9.9 | 9.5 |
| Civilian Personnel | 1,193.3 | 1,257.6 | 1,310.9 |
| Travel and Transportation of Personnel | 69.9 | 61.0 | 61.3 |
| Material & Supplies (Internal Operations) | 269.1 | 313.4 | 317.9 |
| Equipment | 23.5 | 14.0 | 15.4 |
| Other Purchases from NWC | 76.4 | 108.8 | 109.7 |
| Transportation of Things | 3.1 | 2.8 | 2.9 |
| Depreciation - Capital | 46.1 | 33.0 | 38.5 |
| Printing and Reproduction | 1.6 | 1.0 | 1.1 |
| Advisory and Assistance Services | 0.6 | 0.7 | 0.7 |
| Rent, Communications & Utilities | 69.4 | 67.7 | 69.1 |
| Other Purchased Services | 1,318.2 | 1,218.4 | 1,309.6 |
| Total Expenses | 3,080.2 | 3,088.4 | 3,246.6 |
| Work in Process Adjustment | 72.1 | 0.0 | 0.0 |
| Comp Work for Activity Retention Adjustment | 0.0 | 0.0 | 0.0 |
| Cost of Goods Sold | 3,152.3 | 3,088.4 | 3,246.6 |
| Operating Result | -18.3 | -14.1 | 6.1 |
| Less Surcharges | 0.0 | 0.0 | 0.0 |
| Plus Appropriations Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Other Changes Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Extraordinary Expenses Unmatched | 0.0 | 0.0 | 0.0 |
| Net Operating Result | -18.3 | -14.1 | 6.1 |
| Other Changes Affecting AOR | 6.6 | 0.0 | 0.0 |
| Accumulated Operating Result | 8.0 | -6.1 | 0.0 |

Sources of New Orders and Revenue
Department of the Navy
Research and Development - Naval Air Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 | FY 2009 | FY 2010 |
|--|---------|---------|---------|
| 1. New Orders | 3,194 | 3,140 | 3,230 |
| a. Orders from DoD Components | 2,918 | 2,918 | 3,016 |
| Department of the Navy | 2,430 | 2,615 | 2,617 |
| O & M, Navy | 558 | 478 | 478 |
| O & M, Marine Corps | 3 | 5 | 5 |
| O & M, Navy Reserve | 1 | 1 | 1 |
| O & M, Marine Corp Reserve | 0 | 0 | 0 |
| Aircraft Procurement, Navy | 453 | 587 | 514 |
| Weapons Procurement, Navy | 45 | 77 | 46 |
| Ammunition Procurement, Navy/MC | 31 | 28 | 28 |
| Shipbuilding & Conversion, Navy | 50 | 39 | 38 |
| Other Procurement, Navy | 101 | 91 | 69 |
| Procurement, Marine Corps | 5 | 3 | 1 |
| Family Housing, Navy/MC | 0 | 0 | 0 |
| Research, Dev., Test, & Eval., Navy | 1,183 | 1,307 | 1,439 |
| Military Construction, Navy | 0 | 0 | 0 |
| National Defense Sealift Fund | 1 | 0 | 0 |
| Other Navy Appropriations | 0 | 0 | 0 |
| Other Marine Corps Appropriations | 0 | 0 | 0 |
| Department of the Army | 73 | 49 | 67 |
| Army Operation & Maintenance | 30 | 24 | 28 |
| Army Res, Dev, Test, Eval | 35 | 12 | 25 |
| Army Procurement | 8 | 12 | 13 |
| Army Other | 0 | 1 | 0 |
| Department of the Air Force | 124 | 78 | 115 |
| Air Force Operation & Maintenance | 20 | 9 | 14 |
| Air Force Res, Dev, Test, Eval | 44 | 17 | 34 |
| Air Force Procurement | 60 | 51 | 67 |
| Air Force Other | 0 | 1 | 0 |
| DOD Appropriation Accounts | 291 | 176 | 217 |
| Base Closure & Realignment | 4 | 1 | 3 |
| Operation & Maintenance Accounts | 57 | 38 | 46 |
| Res, Dev, Test & Eval Accounts | 104 | 58 | 79 |
| Procurement Accounts | 119 | 76 | 84 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DOD Other | 7 | 3 | 5 |
| b. Orders from other WCF Activity Groups | 80 | 53 | 66 |
| c. Total DoD | 2,999 | 2,971 | 3,081 |
| d. Other Orders | 196 | 169 | 149 |
| Other Federal Agencies | 60 | 30 | 39 |
| Foreign Military Sales | 130 | 132 | 100 |
| Non Federal Agencies | 6 | 7 | 10 |
| 2. Carry-In Orders | 1,501 | 1,572 | 1,637 |
| 3. Total Gross Orders | 4,695 | 4,711 | 4,868 |
| a. Funded Carry-Over before Exclusions | 1,572 | 1,637 | 1,615 |
| b. Total Gross Sales | 3,124 | 3,074 | 3,253 |
| 4. End of Year Work-In-Process (-) | 0 | 0 | 0 |
| 5. Non-DoD, ERAC, FMS, Inst. MRIFB (-) | -337 | -422 | -392 |
| 6. Net Funded Carryover | 1,234 | 1,216 | 1,223 |

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DoD, ERAC & FMS and Institutional MRIFB

Changes in the Cost of Operations
Department of the Navy
Research and Development - Naval Air Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>Total Cost</u> |
|--|--------------------------|
| FY 2008 Actual | \$3,080.2 |
| FY 2009 President's Budget | \$3,028.9 |
| <u>Price Changes</u> | |
| Changes in FY 2009 Pay Raise Assumptions | \$8.9 |
| Changes in FY 2009 Fuel Price Assumption | -20.3 |
| Changes in FY 2009 General Inflation | -10.1 |
| <u>Program Changes</u> | |
| Avionics | \$12.2 |
| Fixed Wing Aircraft | 38.1 |
| Guided Weapons | 15.4 |
| Other | 9.8 |
| Rotor Craft | 0.9 |
| <u>Other Changes</u> | |
| FECA | \$0.1 |
| DFAS | 0.4 |
| IT/ERP Local Command Support | 0.2 |
| Fuel | <u>3.9</u> |
| FY 2009 Current Estimate | \$3,088.4 |
| <u>Price Changes</u> | |
| Annualization of Prior Year Pay Raises | |
| Military | \$0.1 |
| Civilian | 12.6 |
| FY 2010 Pay Raises | |
| Military | \$0.2 |
| Civilian | 18.5 |
| Fuel Price Changes | 1.2 |
| Working Capital Fund Price Changes | 2.6 |
| General Purchase Inflation | 17.7 |
| <u>Program Changes</u> | |
| Avionics | \$45.7 |
| Fixed Wing Aircraft | 42.0 |
| Guided Weapons | -8.9 |
| Other | 8.5 |
| Rotor Craft | 6.4 |
| <u>Other Changes</u> | |
| Depreciation | \$5.5 |
| FECA | 0.3 |
| Fuel | 0.4 |
| Other | 3.4 |
| IT/ERP Local Command Support | <u>2.1</u> |
| FY 2010 Current Estimate | \$3,246.7 |

Department of the Navy
 Navy Working Capital Fund
 Fiscal Year (FY) 2010 Budget Estimates
 Research and Development / Naval Air Warfare Center
 Capital Investment Summary
 May 2009
 Amounts in Millions

| Line # | Description | FY 2008 | | FY 2009 | | FY 2010 | |
|--------|--|-----------|-----------------|-----------|-----------------|-----------|-----------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADPE and Telecom Equipment | | | | | | |
| | - Replacement Capability | 33 | \$15,908 | 27 | \$13,620 | 16 | \$7,871 |
| | - Productivity Capability | 5 | \$2,525 | 7 | \$2,592 | 10 | \$8,013 |
| | - New Mission Capability | 9 | \$4,325 | 5 | \$1,896 | 7 | \$3,072 |
| | - Environmental Capability | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | | | \$22,758 | | \$18,108 | | \$18,956 |
| 2 | ADPE and Telecom Equipment | | | | | | |
| | - Computer Hardware (Production) | 8 | \$6,458 | 6 | \$3,469 | 1 | \$0,600 |
| | - Computer Software (Operating) | 1 | \$1,254 | 3 | \$1,614 | 2 | \$1,525 |
| | - Telecommunications | 2 | \$2,150 | 1 | \$0,650 | 9 | \$3,907 |
| | - Oth Computer & Telecom Spt Equip | 2 | \$0,843 | 4 | \$2,351 | 2 | \$1,700 |
| | | | \$10,705 | | \$8,084 | | \$7,732 |
| 3 | Software Development | | | | | | |
| | - Projects = or > \$1M (List Separately) | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | - Projects < \$1M | 1 | \$0,454 | 2 | \$0,745 | 3 | \$1,845 |
| | | | \$0,454 | | \$0,745 | | \$1,845 |
| 4 | Minor Construction | | | | | | |
| | - Replacement Capability | 3 | \$1,163 | 3 | \$1,900 | 1 | \$0,700 |
| | - Productivity Capability | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | - New Mission Capability | 9 | \$1,541 | 8 | \$5,425 | 8 | \$8,850 |
| | - Environmental Capability | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | | | \$2,704 | | \$7,325 | | \$9,550 |
| | Grand Total | 73 | \$36,621 | 66 | \$34,262 | 59 | \$38,083 |
| | Total Capital Outlays | | \$26,648 | | \$33,827 | | \$33,687 |
| | Total Depreciation Expense | | \$46,121 | | \$33,030 | | \$38,543 |

| Capital Investment Justification (\$ in Thousands) | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|---|--|---|-----------|------------|-------|-----------|------------|-------|-----------|------------|
| Department of the Navy / Research and Development / Naval Air Warfare Center | | #001 - Non-ADPE and Telecommunications / Replacement Capabilities | | | | NAWC | | | | |
| | | FY 2008 | | FY 2009 | | FY 2010 | | | | |
| | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Non-ADPE and Telecommunications Equipment | | | | | | | | | | |
| Replacement Equipment | | 33 | | \$15,908 | 27 | | \$13,620 | 16 | | \$7,871 |
| Total | | 33 | | \$15,908 | 27 | | \$13,620 | 16 | | \$7,871 |

Justification:

Non-ADPE and Telecommunications: FY2008-FY2010

- Projects within this capability will assist NAWC in creating solutions that will address deficiencies in capabilities and better perform mission efforts. Existing equipment provides limited capabilities due to age and speed of operation. Equipment replacement will benefit support equipment, such as a universal lathe and boring mill, various systems and equipment for mechanical, electronic, acoustic, and temperature/altitude testing efforts, as well as, several areas of our aircraft launch and recovery equipment work. Additionally, equipment processors and mechanical systems are slow and afford limited abilities to record, mix or process energetic materials and test processes. Increased work loads in laser technology and high energy lasers have exceeded the capacity and capabilities of current equipment. Improved equipment is required to characterize and coat dielectric and optical windows used in advanced seeker, sensor, and directed energy components. Expansion in surveillance and communications projects have created a need for a ground terminal providing wideband, line of site capability. Electromagnetic testing capabilities need to be expanded to higher frequencies to meet the requirements of future systems. Airborne instrumentation capability for testing of countermeasure systems is limited by the unavailability of suitable aircraft. Testing of electronic warfare equipment is limited by an insufficient number of radar environment simulators. New equipment will provide process control of energetic operations, test operations and data collection; signal processing capabilities for continued development of test equipment and flight hardware to support missile development; installation of new controllers for climatic chambers for continued test of operational hardware and fleet approved weapons; continued development of guidance equipment various weapon systems. A high energy laser laboratory and improved laser characterization equipment will provide an increased ability to develop and evaluate the effects of directed energy devices. A portable ground terminal equipped with advanced antenna and communication gear will allow interface with manned and unmanned surveillance platforms and support numerous customers. The third phase of the Electromagnetic Laboratory upgrade will include receiver and amplifier systems that increase to laboratory's frequency capability to that required by future platforms. An additional Advanced Multiple Environment Simulator will provide an enhanced capability to support the development of EW suites in a more cost effective and timely manner. Increased capacity will allow longer run times for testing of high speed propulsion systems and components. An expanded capability will allow more effective testing of electronic safe arm devices.
- The equipment replacement and upgrades will enable NAWC to meet customers' expectations, help maintain capabilities, improve in operational efficiencies, and upgrade the existing machines to state-of-the-art technology to increase NAWC's customer support for all mission efforts.
- Economic analysis were developed in accordance with DoD guidelines.
- Cost avoidance for the equipment in this capability will begin upon project completion.
- If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|--|--|--|--|--|-----------|------------|---------|-----------|------------|---------|-----------|------------|
| Department of the Navy / Research and Development / Naval Air Warfare Center | | | | #001 - Non-ADPE and Telecommunications / Productivity Capabilities | | | | NAWC | | | | |
| | | | | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| Non-ADPE and Telecommunications Equipment | | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Productivity | | | | 5 | | \$2,525 | 7 | | \$2,592 | 10 | | \$8,013 |
| Total | | | | 5 | | \$2,525 | 7 | | \$2,592 | 10 | | \$8,013 |
| Justification: | | | | | | | | | | | | |
| Non-ADPE and Telecommunications: FY2008-FY2010 | | | | | | | | | | | | |
| <p>1. Projects within this capability will assist NAWC in creating solutions that will address deficiencies in capabilities and better perform mission efforts. Existing equipment supporting NAWC mission needs are in need of replacement and/or upgrading based on a variety of factors, including age of equipment, speed of operation, technological advances, cost avoidance, etc.</p> <p>Equipment upgrades will:</p> <ul style="list-style-type: none"> -benefit support equipment such as valve plug lathe and hydraulic press -benefit various systems and equipment for antenna, radar, network, ID Friend or Foe, heat treatment, and night vision testing efforts -upgrade laboratories to include the mobile lighting lab, antenna lab, and battery lab -upgrade several other capabilities to include ejection tower, windblast efforts, avionics, and sensor integration work. <p>2. The equipment replacement and upgrades will enable NAWC to meet customer's expectations, help maintain capabilities, improve operational efficiencies, and upgrade the existing machines to state-of-the-art technology to increase NAWC's customer support for all mission efforts.</p> <p>3. Economic analysis were developed In accordance with DoD guidelines.</p> <p>4. Cost avoidance for the equipment in this capability will begin upon project completion.</p> <p>5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease the delivery of innovative affordable technologies to the Fleet, which support our nation's defense strategy and goals and increase overall Naval warfighting effectiveness.</p> | | | | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | |
|---|---------|---|------------|---------|-----------|------------|---------|-----------|------------|
| Department of the Navy / Research and Development / Naval Air Warfare Center | | #001 - Non-ADPE and Telecommunications / New Mission Capabilities | | | | | | NAWC | |
| Non-ADPE and Telecommunications Equipment | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| New Mission Equipment | 9 | | \$4,325 | 5 | | \$1,896 | 7 | | \$3,072 |
| Total | 9 | | \$4,325 | 5 | | \$1,896 | 7 | | \$3,072 |

Justification:

Non-ADPE and Telecommunications: FY2008-FY2010

1. Projects within this capability will assist NAWC in creating solutions to better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing done at NAWC create the need to procure equipment for new mission efforts. New mission equipment will support various NAWC areas to include high voltage/high power testing, fiber optics lab, pulsed power load banks, materials lab, nano materials, night vision photometrics, radio frequency and microwave electronic systems, crashworthy systems, cold atom magnetometers, and highly accelerated life tests.
2. The new mission equipment will enable NAWC to meet customers' expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.
3. Economic analysis were developed in accordance with DoD guidelines.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in the ability to increase current capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Navy warfighting effectiveness.

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|--|-----------|---|--|-----------|-----------|----------------|-----------|-----------|----------------|
| Department of the Navy / Research and Development / Naval Air Warfare Center | | #002 - ADPE and Telecommunications Capabilities | | | | NAWC | | | |
| | FY 2008 | | FY 2009 | | | FY 2010 | | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| ADPE and Telecommunications Equipment | | | | | | | | | |
| Computer Hardware (Production) | 8 | | \$6,458 | 6 | | \$3,469 | 1 | | \$600 |
| Computer Software (Operating System) | 1 | | \$1,254 | 3 | | \$1,614 | 2 | | \$1,525 |
| Telecommunications | 2 | | \$2,150 | 1 | | \$650 | 9 | | \$3,907 |
| Other Computer & Telecommunications Spt Equipment | 2 | | \$843 | 4 | | \$2,351 | 2 | | \$1,700 |
| Total | 13 | | \$10,705 | 14 | | \$8,084 | 14 | | \$7,732 |
| Justification: | | | | | | | | | |
| ADPE and Telecommunications: FY2008-FY2010 | | | | | | | | | |
| <p>1. Projects will support various NAWC areas to include networks, ADPE security, analysis tools, simulators, acoustic warfare, modeling and simulation, and servers. Current capability in network connectivity is inadequate to participate to the extent required in network centric operations. Improvements are required to upgrade information sharing capability for developing and testing of network centric systems. Improvements are required to upgrade information sharing capability for developing and testing of network centric systems. NAWC will develop an open architecture, high bandwidth, secure network which will provide the desired capability and provide connectivity with networks such as the Global Information Grid. Capability will also be developed to support weaponization of unmanned aerial vehicles. Safe operation requires continuous communication links between the air vehicles and ground operations. While interim solutions are being pursued for near term testing, a beyond line of sight communication link is ultimately required to provide this capability. An instrumentation system will be put in place that allows direct communications with airborne systems throughout the test complex. Several isolated laboratories currently perform electronic combat simulation functions, leading to the inefficient use of resources. A centralized data center with servers and terminals will be developed to provide more cost effective support to a broad range of programs. Computer hardware assets currently used in support of unmanned system weaponization studies are either being shared with other projects or are in need of upgrade. With the transition of this work to the Unmanned Systems Weaponization Lab in FY 2008, dedicated resources will be required. High end PC and networking equipment will be installed to support weapons control station, stores management suites, safe separation analysis, real time operating systems, and data link and ground station suites. Present computer assets do not permit full application of current and future tools used in advanced computational fluid dynamics, aerodynamic analysis and thermal analysis. Current systems for these analyses are at full capacity with no capability to support additional customer needs. The current system will be upgraded with additional CPU nodes, storage and related hardware provided required additional capacity.</p> <p>2. The projects will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.</p> <p>3. Economic analysis were developed and included with individual project submissions.</p> <p>4. Cost avoidance for the equipment in this capability will begin upon project completion.</p> <p>5. If investment is not made, NAWC would be limited in the ability to increase our existing capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.</p> | | | | | | | | | |

FY2008

Greater than \$1M:

ALRE Common Emulation System (ACES)

1. In support of the Naval Air Warfare Center Aircraft Division (NAWCAD) efforts in providing a shipboard representative environment for developing Naval Air Systems Command (NAVAIR) programs, Aircraft Launch and Recovery Common Emulation System (ACES) will supply simulators and equipment emulators for major air operations and weapons handling programs. Each simulator will consist of a mix of hardware and software and be modeled on the existing or planned capabilities of the respective program. Through the integrated environment provided by NAWCAD's Systems and Technology Hardware/Software Integration Simulator (SYNTHESIS), all simulators will have the ability to accept commands and information from partner programs (or their simulators) and provide feedback that emulates real data. When required by a given program to assist in testing, prove concepts, or assist in troubleshooting shipboard issues, these simulators will connect to the Research, Development Test and Evaluation (RDT&E) network to help provide the "look and feel" of a ship's NAVAIR Air Operations environment.
2. The criticality of Aircraft Launch and Recovery Equipment (ALRE) and ALRE information systems in the launch and recovery of aircraft requires safety to be a major concern of testing. Without a full suite of intelligent simulators, testing and troubleshooting must continue in the operational environment aboard ship without the benefits of discoveries being uncovered in the simulated Air Operations environment at NAWCAD, while protecting personnel and equipment from the hazards of real world testing. ACES, coupled with SYNTHESIS and the simulation capabilities of newer and emerging programs, will provide NAWCAD with the ability to fully determine the total Air Ops integration issues early enough in a program to avoid unnecessary costs associated with prototyping, testing, equipment deliveries, ship alterations, and travel. ALRE projects proposed for the ACES environment include Electromagnetic Aircraft Launch System (EMALS), Advanced Arresting Gear (AAG), Advanced Recovery Control (ARC), Visual, Integrated Shipboard Information System (ISIS), Moriah, Aviation Weapons Information Management System (AWIMS) and Improved Fresnel Lens Optical Landing System (IFLOLS). Incorporation of two e-business projects (AUTOREAD and ASRL-W) will also benefit and incorporated into ACES.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

FY2008

Greater than \$1M:

SI Fiber Extension

1. This submission is the second and final part of a multi-year project to provide an Engineering Local Area Network (LAN) throughout the Naval Air Warfare Center Aircraft Division (NAWCAD) Webster Field Annex to support the engineers. The first phase provided the electronics to modernize the network. This second phase upgrades the cable plant. The current data, video and voice cable plants are at the end of their life cycle and there is no room for expansion. It is essential to replace those existing plants with an integrated, state-of-the-art fiber optic system. The emerging high bandwidth information transfer technologies supporting both project and engineering requirements will only run on fiber.
2. Webster Field Annex has a requirement to support the real-time availability of scientific and laboratory simulation data such as acoustics, flight, weapons systems and sensor testing. In order to effectively share this volume of information, as well as other general engineering information, a modern, high-speed, expandable communications infrastructure is required. The current capability at Webster Field will not allow the labs and the engineering community to collaboratively perform tasks with the labs at the NAWCAD main campus. The current system is unable to meet the Protected Distribution System (PDS) requirements for unencrypted classified data between labs. With the installation of the new fiber optic technology, a fiber system meeting the PDS requirements will be installed.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

FY2008

Greater than \$1M:

Corporate Legacy SUN/NT Consolidation

1. The purpose of this project is to upgrade and consolidate selected Naval Air Warfare Center Aircraft Division (NAWCAD) Windows NT and SUN servers. The replacement servers offer dynamic system domains and system partitioning that create self-contained servers within a single physical server. Processors, memory, and input/output (I/O) can be expanded seamlessly and transparently, with linear increases in overall system, user and application performance. Mainframe like partition capabilities permit extremely flexible processor and memory configuration that improve memory configurations, which in turn improves resource management and availability.
2. The Windows NT and SUN servers withing NAWCAD's computing environment are at the end of their useful life and require upgrading and/or replacement in order to support curent and future NAWCAD corporate requirements. Issues addressed will include processing power, memory, resource management, availability, and a reduction of footprint.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

FY2008-2009

Greater than \$1M:

Application Software Architecture Refreshment

1. The purpose of the Applications Software Architecture Refreshment is to provide adequate Application Server platform to comply and “stay ahead of the curve” of Industry technical advancements. As software technology evolves into application integration and web services, it is critical that the development of expertise in this area is followed by the appropriate software (Application Platform Suite) architecture refreshment. Dell, Oracle, Sun Microsystems, Business Objects, Cold Fusion, Visual Basic, Systems Applications and Products in data processing (SAP) and others, are leaders in this market, and Naval Air Systems Command (NAVAIR) must have adequate technology refreshments to maximize the effect that Information Technology provides to the corporation. The proper implementation of these software architecture refreshments will reduce stovepipes and maximize reusability and interoperability, thereby creating efficiencies.
2. The current application platform technology used is outdated. If Information Technology fails to adequately provide new technology to customers, NAWC will be unable to meet customer requirements in the future. This project will evaluate and select the appropriate application platform suite for the Information Technology/Information Management NAVAIR corporate applications, as well as, upgrade the existing hardware infrastructure to support this technology. NAWC will then be in a position to meet customers' requirements with a software technology which meets DoD requirements for security and architecture compliance. The project will provide a refreshment of the software infrastructure, and provide savings for software operation, training, and maintenance costs.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

FY2008-FY2009

Greater than \$1M:

Advanced Diagnostic Simulator

1. The purpose of this project is to procure an advanced avionic simulator to enhance the development of avionic diagnostics across all Naval Air Warfare Center Aircraft Division (NAWCAD) platforms. We plan to build an MH-60S/R simulator that will reside in our state of the art laboratory at NAWCAD. This simulator will allow us to develop innovative diagnostic procedures which will include tools such as a case based reasoned, neural networks and synthetic instrument applications. The aim of our research is to develop an advanced diagnostics tool that can be used across all NAWCAD platforms.
2. Presently there is a great disparity across NAWCAD platforms when it comes to diagnostics. Some platforms like the H-60 are developing advanced diagnostics, while other platforms like the E-2C, or V-22 have none. We want to use the diagnostics developed by the H-60 program as a springboard for future advancements in the diagnostics field. With our avionics simulator, we plan on leading the way in the development of diagnostics that can be applied to any platform.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWC will not be able to support increasing capabilities the diagnostics field, which will have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

FY2008-FY2009

Greater than \$1M:

Platform Laboratories Maritime Surveillance Aircraft Upgrade Program

1. Naval Air Warfare Center Aircraft Division (NAWCAD) is responsible for the implementation of system engineering resource center to support Naval Air Systems Command (NAVAIR). As a result, NAWCAD will continue to support the development and maintenance of distributed facilities to implement and validate the C5ISR architectures that will be required in the 21st century to support asynchronous warfare. These include facilities for platform validation and modeling and simulation. The facilities will also support Battlespace Engineering and Airship Integration and Development, as well as, platform capabilities. Platforms include are Multi Mission Aircraft (MMA), and Hawkeye 2000, as well as, legacy platforms such as P-3, E-2C and E-6B. Each of the major platforms are driving technology towards what industry offers under Commercial Off-the-Shelf (COTS)/Non Development Item (NDI). In order for these multi-million dollar facilities to keep pace with the changing technological environment, systems need to be upgraded and new systems added to the inventory. This project covers all the major Platform labs at NAWCAD and will have and will benefit both NAWCAD and the War Fighter.
2. Current Commercial-Off-the-Shelf Software (COTS)/NDI Lab assets are/or will be aging out over the next few years. Technology is changing at a more rapid pace, further rendering these systems out-of-date. The platforms NAWC supports are integrating more and more of this technology into their traditional proprietary platforms and increasing their dependence on networked systems. Upgrading facilities into multi-use facilities provides customers and Fleet users assets to make their job easier and give the war fighter the tools he needs.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWC will be unable to support the programs aimed at increasing the capabilities of networks, sensors, weapons, and related platforms and there will be a significant negative result on the success, efficiency and war fighting effectiveness of the aviation platforms and systems within the Navy.

FY2008-FY2009

Greater than \$1M:

Integrated Battlespace Arena (IBAR) Computer Replacements/UAV Lab (Phase 1 of 4)

1. The Integrated Battlespace Arena is a collection of several laboratories and facilities that are dedicated to battlespace engineering investigations at all levels of Research, Development, Test and Evaluation (RDT&E). The limitations of current computational equipment in terms of capability and supportability is taxing the ability of the Integrated Battlespace Arena to meet the needs of current and future program requirements. The multiyear equipment upgrade program will provide the needed processing, scene generation, and data backup improvements.
2. The current simulation requirements from the broad IBAR customer base continues to tax the current capability of the various IBAR components. The high performance computing capability acquired in 1999 has an average lifespan of three to five years. For seven years, this computing capability has been relied upon by not only the IBAR, but by other science and technology initiatives. These Silicon Graphics, Inc. (SGI) computers procured in 1999 are no longer supported by SGI and must be replaced. In addition, as program dollars become increasingly scarce and the need to reduce the number of in-flight and live-fire tests increases, reliance on the IBAR will also increase.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWC will continue to use outdated equipment to support operations and critical tests.

FY2009-FY2010

Greater than \$1M:

Operations Research Immersive & Optimization Network

1. Operations Research Immersive and Optimization Network (ORION) is necessary to support Naval Air Warfare Center Aircraft Division's (NAWCAD) effort to use modeling and simulation to analyze and streamline aviation shipboard operations. ORION provides the resources to visualize the ship state dynamically as various ship systems are exercised, straining both physical space and personnel resources. An immersive presentation technique allows subject matter experts (SMEs) to easily see what is going on, experience the problem, and possibly formulate a solution without ever reading a simulation report, or viewing model data.
2. The Immersive Design and Optimization Environment (IDOS) system currently employed to accomplish much of the visualization tasks at NAWCAD provides only one of a set of solutions to accomplish the visualization, and is currently capable of only helping a single customer at a time. ORION will provide additional services for more simultaneous customers, and will be less expensive than before. The Modeling and Simulation spaces at Lakehurst will be revitalized with the addition of new more resolute projectors and modern computer systems to drive them. ORION will augment this with new technologies such as stereo projection, head mounted displays, 3D plasma displays (which do not require glasses), Virtual Reality (VR) tablets, and Web technologies. All enhancements will enable the proper level of emersion to be provided to the customer, in a less restrictive manner than is currently possible, and in the location where the system is being tested. Two specific areas can finally be addressed. They are the maintenance and team VR. In addressing maintenance, VR can help with assembly issues, parts and tool placement, and space arrangement (as in weapon assembly magazines). Team VR is where each person can see the others but move and act independently in the environment. This will allow several designers to use the VR space as a team would on the ship. Today VR is generally used from a single person perspective. Web technologies will also be available in ORION. VR can then be more easily shared with remote sites with little or no specialized equipment, allowing more broadly based collaboration. Through the use of the existing network, these views of the ship's state will be synchronized, and present the same view to all those participating. These views of ship state will be generated by a series of process models, starting with the flight deck and working down to the lower levels of the ship (as in the case for weapons).
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWC will be limited in the ability to support the programs for developing enhanced capabilities in modeling and simulation and virtual reality.

FY2009-FY2010

Greater than \$1M:

Video Technologies Refreshment

1. The purpose of this project is to install the hardware and software required for technology refreshment of video services to Naval Air Warfare Center Aircraft Division (NAWCAD) customers. This application would allow for the following types of services: video teleconferencing (VTC), data collaboration, Closed Circuit Television (CCTV), Visions (NAS Patuxent River's dedicated training channel), networked distance learning, streaming audio and video broadcasts. Upgrading, modernizing and increasing the capacity of existing systems will facilitate the use of video technologies to conduct long-distance meetings and training thereby reducing travel.
2. NAWC continues to benefit from efficiencies realized by the centralization of video services. To ensure the delivery of reliable services, video hardware and software must be periodically refreshed. This refresh includes end user systems, conference bridges, and gateway servers. The goal is to sustain reliable services, maintain compatibility among systems, minimize hardware maintenance costs, and reduce the mean time between failures for all video system components.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWCAD would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

FY2009-FY2010

Greater than \$1M:

Application and Analysis Tools Refreshment

1. The purpose of the Application and Analysis Tools Refreshment is to provide IT developers the necessary tools and resources to design, integrate, migrate, and maintain web-enabled applications mandated by various DoD/DON directives. In this environment, it is imperative to have the ability to rapidly respond to business needs. Utilizing the latest tools and technologies will yield a cost savings in the future as our IT professionals will be able to produce more effective products in a more efficient manner.
2. Our current suite of outdated tools is yielding longer integration/migration times, and long-term higher maintenance costs, both in application maintenance and software maintenance. We currently utilize numerous types of tools with varying versions and the existing maintenance can be reduced by consolidating software requirements into a more up-to-date suite with more all-inclusive features & capabilities.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWCAD would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

FY2009-FY2010

Greater than \$1M:

SE & ALRE Design & Analysis Lab

1. The Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) Design and Analysis Lab provides engineers with the latest state of the art design tools to perform complex designs and engineering analysis to support critical Fleet requirements. This project expands the high powered design and analysis capability from the initial lab to engineers performing complex design and engineering analysis located at Lakehurst and Paxtuxent River. This expanded capability will link NAVAIR sites, Carrier Suitability, land based Fleet Readiness Centers (FRCs), Aircraft Intermediate Maintenance Departments (AIMDs), and deployed ships for support of ALRE and SE In-Service Engineering functions. For example, performance, diagnostic, testing and/or engineering data will be transmitted real-time or near real-time for evaluation among engineering and/or maintenance facilities. Deployed ships at sea will also have the capability to transmit real-time or near real-time performance and diagnostic data for evaluation by engineers to prevent system problems or failures before they occur.
2. Currently, Design and In-Service Engineers do not have a sufficient number of high powered engineering workstations, software and system software interfaces to perform complex designs or engineering analysis on assigned projects. This results in delays in design project schedules and engineering investigations. High end engineering work stations, analytical software, and interfaces to SE/ALRE system software are necessary to perform the complex designs and engineering analysis. With an adequate number of high powered work stations and software, design projects and engineering investigations can be performed quickly without having to share work stations or having to utilize CSS. With adequate engineering tools, engineers will be able to execute design and engineering investigations more efficiently. Today, engineers must travel to testing facilities, AIMDs and ships to assess and trouble shoot SE/ALRE system performance problems. The new hardware and software will enable engineers to analyze system performance and diagnostics at their desk top rather than traveling to testing sites and ships.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If the investment is not made, NAWC engineers will not be able to perform design and in-service engineering functions across these NAVAIR sites, AIMDs, Competencies, Deployed Ships, etc. as efficiently and effectively as is possible. Being able to assess system performance data at their desk top will enable engineers to assess multi-ship problems at once resulting in major improvements to Fleet Readiness.

FY2010

Greater than \$1M:

SE/ALRE Integrated Supt Environment Information System

1. The Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) Integrated Support Environment (ISE) Information System (IS) project will provide an over-arching environment that links SE/ALRE System design, tech data, training and system/equipment existing and future information systems into one cohesive integrated system. This project will leverage the existing and future fleet support initiatives being implemented. ISE IS will create a support infrastructure for new and legacy systems that can be adaptable to ALRE and SE systems of varying complexity. The ISE IS will be an environment built upon near and real time information exchange between design, supply, and maintenance environments utilizing contemporary engineering, acquisition, prognostics, and supply chain management methodologies. The integration of SE/ALRE ISE IS Systems will enable the efficient transmitting of needed information throughout the SE/ALRE community including engineering, program management, logistics, and the Fleet. ISE IS effort will be targeted to the advanced recovery control system, expeditionary airfield (EAF) systems, and consolidated automated support system.
2. Currently the numerous SE/ALRE design, tech data, training, and system support information systems are not integrated or linked. This results in fragmented, often out dated or conflicting information being provided to system users. Current integrated support solutions being developed for weapons systems platforms, such as autonomic logistics, have created fleet expectations of support levels that are unable to be achieved by the current ALRE/SE support infrastructure. Without a comprehensive program to create an overarching support environment for the many individual ALRE/SE systems, many sub-optimized support approaches will be developed.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. Without a comprehensive program to create an overarching support environment for the many individual ALRE/SE systems, many sub-optimized support approaches will be developed.

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|--|---------|-----------|--|-------|-----------|---------------|-------|-----------|---------------|
| Department of the Navy / Research and Development / Naval Air Warfare Center | | | #003 - Software | | | | NAWC | | |
| | FY 2008 | | FY 2009 | | | FY 2010 | | | |
| Software | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Projects <\$1M | 1 | | \$454 | 2 | | \$745 | 3 | | \$1,845 |
| Projects = or > \$1M | | | | | | | | | |
| TOTAL | 1 | | \$454 | 2 | | \$745 | 3 | | \$1,845 |
| Justification: | | | | | | | | | |
| <u>Software: FY2008-FY2010</u> | | | | | | | | | |
| <p>1. Projects within this category and capability will assist NAWC in creating solutions to address deficiencies in capabilities and better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWCAD creates a need for mission efforts. Projects will support various NAWCAD areas to include test management and reporting tools, radar and computational electromagnetics modeling lab, multispectral image processing and advanced tracking, as well as, document management efforts.</p> <p>2. The projects will enable NAWCAD to meet customers' expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWCAD's customer support for all mission efforts.</p> <p>3. Economic analysis were developed in accordance with DoD guidelines.</p> <p>4. Cost avoidance for the equipment in this capability will begin upon project completion.</p> <p>5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and will have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.</p> | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | |
|---|--|--|--|-----------|------------|-------|-----------|------------|---|---------|
| Department of the Navy / Research and Development / Naval Air Warfare Center | | | #004 - Minor Construction | | | NAWC | | | | |
| | | | FY 2008 | | FY 2009 | | FY 2010 | | | |
| | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | | |
| Minor Construction | | | | | | | | | | |
| Replacement | | | 3 | | \$1,163 | 3 | | \$1,900 | 1 | \$700 |
| Productivity | | | | | | | | | | |
| New Mission | | | 9 | | \$1,541 | 8 | | \$5,425 | 8 | \$8,850 |
| Environmental | | | | | | | | | | |
| Total | | | 12 | | \$2,704 | 11 | | \$7,325 | 9 | \$9,550 |
| Justification: | | | | | | | | | | |
| Minor Construction: FY2008-FY2010 | | | | | | | | | | |
| 1. Minor Construction projects work to modify existing spaces, replace obsolete facilities, and construct new facilities that allow for improved efficiencies and provide greater security and suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) for the War fighter. Projects will support various NAWC areas to include engineering lab revitalization, fire simulation test addition, integration lab facility, antenna test tower, cost analysis center, test team facilities, and control station center. | | | | | | | | | | |
| 2. Three minor construction projects exceed the current Military Construction threshold level of \$750K, using LDRP authority. | | | | | | | | | | |
| <p style="margin-left: 40px;"><u>Project Name</u></p> FY 2010 Cost Analysis Center FY 2010 Hangar 101 Test Team Facility FY 2010 Mulit-Level Casting Facility | | | | | | | | | | |
| 3. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency, and war fighting effectiveness of the Navy. | | | | | | | | | | |

Department of the Navy
Navy Working Capital Fund
Research and Development/Naval Air Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
Capital Budget Execution
May 2009
Amount in Millions

| FY | Line Item | Category | Capability/Project | Approved Amount | Reprog. | Current Estimate | Explanation |
|------|---------------|--------------------|--------------------------------|-----------------|----------|------------------|----------------------------------|
| 2009 | 1 | Non ADP | | \$18.549 | -\$0.441 | \$18.108 | |
| | | | Replacement | \$14.061 | -\$0.441 | \$13.620 | Project moved to FY 2010. |
| | | | Productivity | \$2.592 | \$0.000 | \$2.592 | |
| | | | New Mission | \$1.896 | \$0.000 | \$1.896 | |
| | 2 | ADP | | \$8.084 | \$0.000 | \$8.084 | |
| | | | Computer Hardware (Production) | \$3.469 | \$0.000 | \$3.469 | |
| | | | Computer Hardware (Operating) | \$1.614 | \$0.000 | \$1.614 | |
| | | | Telecommunications Equip. | \$0.650 | \$0.000 | \$0.650 | |
| | | | Other Support Equip. | \$2.351 | \$0.000 | \$2.351 | |
| | 3 | Software | | \$0.745 | \$0.000 | \$0.745 | |
| | | | Projects <\$1M | \$0.745 | \$0.000 | \$0.745 | |
| | 4 | Minor Construction | | \$6.884 | \$0.441 | \$7.325 | |
| | | | Replacement | \$1.450 | \$0.450 | \$1.900 | Reprioritization of requirements |
| | | | Productivity | \$0.300 | -\$0.300 | \$0.000 | Project moved to FY 2011 |
| | | | New Mission | \$5.134 | \$0.291 | \$5.425 | Reprioritization of requirements |
| All | Total FY 2009 | All | | \$34.262 | \$0.000 | \$34.262 | |

This page intentionally blank

Naval Surface Warfare Center

This page intentionally blank

**DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
May 2009**

Mission Statement / Overview

The Naval Surface Warfare Center provides research, development, test and evaluation; in-service engineering; and fleet and integrated logistic support for surface ship combat systems, surface and mine warfare combat systems, ordnance, explosive ordnance disposal technology, mines, amphibious warfare systems, mine countermeasures, special warfare and strategic systems, systems interfaces, weapon systems and subsystems, unique equipment and related expendable ordnance of the Navy surface fleet. In addition, they provide primary technical capability in energetics through engineering, fleet and operational support, manufacturing technology, limited production, industrial base support and research, development, test and evaluation for energetic materials, ordnance devices and components and related ordnance engineering standards.

Activity Group Composition:

The Center is comprised of eight operating divisions whose operations and locations are described briefly below. This budget submission reflects the separation of Panama City from the Dahlgren Division in FY 2009 (as approved in the FY 2009 President's Budget).

CARDEROCK DIVISION: The mission of this division is to provide research, development, test and evaluation, analysis, acquisition support, in-service engineering, logistics and integration of surface and undersea vehicles and associated systems. Develop and apply science and technology associated with naval architecture and marine engineering, and provide support to the maritime industry. Execute other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL, Memphis, TN, Norfolk, VA, Bremerton, WA, and Bayview, ID.

CORONA DIVISION: The mission of this division is to serve warfighters and program managers as the Navy's independent performance assessment agent throughout systems' lifecycles by gauging the Navy's warfighting capability of weapons and integrated combat systems, from unit to force level, through assessment of those systems' performance, readiness, quality, supportability, and the adequacy of training. Execute other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Corona, CA, with a small engineering site at Seal Beach, CA.

CRANE DIVISION: The mission of this division is to provide acquisition engineering, in-service engineering and technical support for sensors, electronics, electronic warfare and special warfare weapons. Apply component and system level product and industrial engineering to surface sensors, strategic systems, special warfare devices and electronic warfare/information operations systems. Execute other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

DAHLGREN DIVISION: The mission of this division is to provide research, development, test and evaluation, analysis, systems engineering, integration and certification of complex naval warfare systems related to surface warfare, strategic systems, combat and weapons systems associated with surface warfare. Provide system integration and certification for weapons, combat systems and warfare systems. Execute other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has two primary operating sites, Dahlgren, VA, and Dam Neck, VA.

INDIAN HEAD DIVISION: The mission of this division is to provide research, development, test and evaluation and in-service support of energetics and energetic materials for warheads, propulsion systems, ordnance and pyrotechnic devices and fuzing for Navy, Joint Forces, and the Nation, to include research, test, and engineering of chemicals, propellants, explosives, related electronic devices, associated ordnance equipment and special weapons support. Execute other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary site of operations is Indian Head, MD, with smaller operations at Yorktown, VA, MacAlester, OK, and Earle, NJ.

PORT HUENEME DIVISION: The mission of this division is to provide test and evaluation, systems engineering, integrated logistics support, in-service engineering and integration of surface ship weapons, combat systems and warfare systems. Provide the leading interface to the surface force for in-service maintenance and engineering support provided by the Warfare Centers. Execute other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary operating site is Port Hueneme, CA. The division also operates small detachments in San Diego, CA, Louisville, KY and Dam Neck, VA.

EXPLOSIVE ORDNANACE DISPOSAL TECHNOLOGY DIVISION: The mission of this division is to provide EOD technology and logistics management for the Joint Services, and developing war essential elements of intelligence, equipment, and procedures to counter munitions, both U.S. and foreign, as required to support DoD components and the security needs of other agencies; to provide ground based counter Radio-Controlled IED Electronic Warfare (CREW) Technology; and to support Executive Manager for EOD Technology and Training in his Joint Forces role. The primary operating site is Rison, MD.

PANAMA CITY DIVISION: The mission of this division is to conduct research, development, test and evaluation and in-service support of mine warfare systems, mines, Naval Special Warfare Systems, diving and life support systems, amphibious/expeditionary maneuver warfare systems and other missions that occur primarily in coastal (littoral) regions. Execute other responsibilities as assigned by Commander, Naval Surface Warfare Center. The primary operating site is Panama City, FL.

Management Statement

Central to our strategy is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet. Critical to our vision is the need to acquire, train, and retain top quality, diverse, scientists and engineers and to maintain the corresponding infrastructure necessary to support the Navy's future strategic requirements.

Significant Changes Since the FY 2009 President's Budget:

There are no significant changes in the activity group or composition since the FY 2009 President's Budget.

Base Realignment and Closure (BRAC):

The current submission incorporates the impact of Base Realignment and Closure (BRAC) V recommendation to consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and create multifunctional and multidisciplinary Centers of Excellence. This will reduce overlapping infrastructure, increase the efficiency of operations, support an integrated approach to maritime C4ISR, and reduce cycle time for fielding systems to the warfighter. The Surface Maritime Sensors, Electronic Warfare, and Electronics RDT&E will be consolidated at NSWC Dahlgren. Given the size of this activity group and other customer workload trends, this recommendation will have a minimal impact on financial operations.

Additionally, this submission incorporates the impact of the BRAC V recommendation to consolidate the Weapons & Armaments (W&A) Research, Development & Acquisition, and Test and Evaluation (RDAT&E) into a Naval Integrated RDAT&E center at the Naval Air Warfare Center, China Lake, CA. China Lake provides a diverse set of open-air range and test environments to support the RDAT&E functions. The consolidation will provide synergy between the mission and lifecycle/sustainment functions in air-to-air, air-to-ground, and surface launched mission areas. As a result of this recommendation, the manpower profiles are expected to decline but the financial effects on total NSWC costs are offset by the effects of pay raises and inflation.

Financial Profile:

| <u>Revenue/Expense/NOR/AOR (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$3,592.5 | \$3,590.4 | \$3,639.9 |
| Expense | <u>3,561.3</u> | <u>3,608.4</u> | <u>3,667.5</u> |
| Operating Results | \$31.2 | -\$18.0 | -\$27.6 |
| Other Changes Affecting AOR | <u>\$0.7</u> | <u>\$0.0</u> | <u>\$0.0</u> |
| Accumulated Operating Results (AOR) | <u>\$45.6</u> | <u>\$27.6</u> | <u>\$0.0</u> |

Revenue and Expense: The trend in revenue and expense from year-to-year noted above reflects the Center's efforts to size itself to meet customer demand while becoming more efficient. The FY 2009 NOR reflects a gain of \$1.0M from the FY 2009 President's Budget. The negative AOR recoupment in FY 2010 will return projected cumulative gains and will achieve a zero Accumulated Operating Result balance in FY 2010.

| <u>Collections/Disbursements/Outlays (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Collections | \$3,564.4 | \$3,590.4 | \$3,640.0 |
| Disbursements | <u>\$3,633.2</u> | <u>3,535.5</u> | <u>3,665.1</u> |
| Outlays | <u>\$68.6</u> | <u>-\$54.9</u> | <u>\$25.1</u> |

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates, as well as projected changes in various balance sheet accounts.

Workload:

| <u>Reimbursable Orders (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$3,732.6 | \$3,568.2 | \$3,608.8 |

NSWC has estimated workload in coordination with major and recurring customers.

| <u>Direct Labor Hours (000)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Estimate | 20,968 | 20,609 | 20,367 |

Direct labor hours are consistent with customer demands.

Performance Indicators: The primary performance indicator is unit cost discussed in the Unit Cost Rate paragraph below. Unit cost represents the average cost of delivering goods and services to our customers

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------|----------------|----------------|----------------|
| Total Stabilized Cost (\$M) | \$1,942.9 | \$1,991.1 | \$2,043.2 |
| Workload (DLHs) (000) | 20,968 | 20,609 | 20,367 |
| Unit cost (per DLH) | \$92.66 | \$96.61 | \$100.32 |

The Center's unit cost reflects a steady increase from FY 2008 to FY 2010 and is primarily driven by pay raise, inflation and AOR recoupment factors.

| <u>Stabilized / Composite Rates</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------------------|----------------|----------------|----------------|
| Stabilized Rate | \$92.92 | \$96.51 | \$99.61 |
| Change from Prior Year | | +3.9% | +3.2% |
| Composite Rate Change | | +2.9% | +2.2% |

Staffing:

| <u>Civilian/Military ES & Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Civilian End Strength | 14,323 | 14,158 | 14,033 |
| Civilian Workyears (Straighttime) | 14,140 | 14,127 | 13,967 |
| Military End Strength | 214 | 238 | 232 |
| Military Workyears | 203 | 236 | 230 |

Civilian Personnel: Projected end strength estimates for FY 2008 - FY 2010 have been sized to meet funded workload.

Military Personnel: Military workyears remain stable over the budget period.

Capital Investment Program (CIP) Budget Authority:

| <u>Capital Investment Program (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Equipment, Non-ADP / Telecom | \$19.1 | \$16.4 | \$21.4 |
| Equipment, ADPE / Telecom | \$4.7 | \$7.3 | \$7.8 |
| Software Development | \$1.6 | \$0.9 | \$0.0 |
| Minor Construction | <u>\$7.1</u> | <u>\$6.0</u> | <u>\$4.4</u> |
| Total | <u>\$32.5</u> | <u>\$30.6</u> | <u>\$33.6</u> |

The NSWC CIP program procures mission essential equipment to support a wide customer base. The CIP program is resourced at the projected levels of depreciation expense to recapitalize mission facilities and equipment.

Carryover Compliance:

| <u>Carryover (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| New Orders | \$3,732.6 | \$3,568.2 | \$3,608.8 |
| Less Exclusions: | | | |
| Foreign Military Sales | 147.5 | 139.3 | 147.2 |
| Base Realignment and Closure | -0.6 | 0.0 | 0.0 |
| Other Federal Departments & Agencies | 60.7 | 47.1 | 52.0 |
| Non-Federal Agencies & others | 24.8 | 58.3 | 42.6 |
| Major Range & Test Facility Base | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Orders for Carryover Calculation | \$3,500.2 | \$3,323.5 | \$3,367.0 |
| | | | |
| Composite Outlay Rate | 55.3% | 56.9% | 56.8% |
| Carryover Ceiling Rate | 44.7% | 43.1% | 43.2% |
| Carryover Ceiling | \$1,565.4 | \$1,433.0 | \$1,453.1 |
| | | | |
| Balance of Customer Orders at Year End | \$1,771.9 | \$1,749.8 | \$1,718.7 |
| Less Work-in-Process | 121.5 | 121.5 | 121.6 |
| Less Exclusions | | | |
| Foreign Military Sales | 228.8 | 224.7 | 221.8 |
| Base Realignment and Closure | 2.7 | 2.7 | 2.8 |
| Other Federal Departments & Agencies | 64.1 | 54.1 | 53.2 |
| Non-Federal Agencies & Others | 32.7 | 37.5 | 36.3 |
| Major Range & Test Facility Base | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Carryover Budget | <u>\$1,322.1</u> | <u>\$1,309.3</u> | <u>\$1,283.0</u> |

Budgeted carryover is within the ceiling allowed by outlay rates.

Revenue and Expenses
Department of the Navy
Research and Development - Naval Surface Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 3,563.0 | 3,555.4 | 3,604.2 |
| Surcharges | 0.0 | 0.0 | 0.0 |
| Depreciation excluding Major Construction | 29.5 | 35.0 | 35.7 |
| Other Income | | | |
| Total Income | 3,592.5 | 3,590.4 | 3,639.9 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 15.3 | 15.1 | 15.6 |
| Civilian Personnel | 1,662.2 | 1,711.9 | 1,738.2 |
| Travel and Transportation of Personnel | 120.6 | 107.6 | 111.9 |
| Material & Supplies (Internal Operations) | 263.1 | 250.6 | 255.6 |
| Equipment | 69.1 | 83.2 | 85.0 |
| Other Purchases from NWC | 155.1 | 149.2 | 152.4 |
| Transportation of Things | 7.4 | 6.3 | 4.3 |
| Depreciation - Capital | 29.5 | 35.0 | 35.7 |
| Printing and Reproduction | 7.1 | 6.9 | 7.1 |
| Advisory and Assistance Services | 2.6 | 2.1 | 2.1 |
| Rent, Communications & Utilities | 79.4 | 76.0 | 81.1 |
| Other Purchased Services | 1,184.2 | 1,164.5 | 1,178.7 |
| Total Expenses | 3,595.6 | 3,608.4 | 3,667.5 |
| Work in Process Adjustment | -34.1 | 0.0 | 0.0 |
| Comp Work for Activity Retention Adjustment | -0.2 | 0.0 | 0.0 |
| Cost of Goods Sold | 3,561.3 | 3,608.4 | 3,667.5 |
| Operating Result | 31.2 | -18.0 | -27.6 |
| Less Surcharges | 0.0 | 0.0 | 0.0 |
| Plus Appropriations Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Other Changes Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Extraordinary Expenses Unmatched | 0.0 | 0.0 | 0.0 |
| Net Operating Result | 31.2 | -18.0 | -27.6 |
| Other Changes Affecting AOR | 0.7 | 0.0 | 0.0 |
| Accumulated Operating Result | 45.6 | 27.6 | 0.0 |

Sources of New Orders and Revenue
Department of the Navy
Research and Development - Naval Surface Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 | FY 2009 | FY 2010 |
|--|---------|---------|---------|
| | ----- | ----- | ----- |
| 1. New Orders | 3,733 | 3,568 | 3,609 |
| a. Orders from DoD Components | 3,292 | 3,107 | 3,152 |
| Department of the Navy | 2,816 | 2,699 | 2,739 |
| O & M, Navy | 890 | 845 | 813 |
| O & M, Marine Corps | 45 | 20 | 41 |
| O & M, Navy Reserve | 5 | 15 | 22 |
| O & M, Marine Corp Reserve | 0 | 1 | 1 |
| Aircraft Procurement, Navy | 44 | 33 | 28 |
| Weapons Procurement, Navy | 90 | 39 | 45 |
| Ammunition Procurement, Navy/MC | 80 | 82 | 82 |
| Shipbuilding & Conversion, Navy | 337 | 308 | 305 |
| Other Procurement, Navy | 374 | 479 | 417 |
| Procurement, Marine Corps | 65 | 36 | 66 |
| Family Housing, Navy/MC | 0 | 0 | 0 |
| Research, Dev., Test, & Eval., Navy | 867 | 816 | 888 |
| Military Construction, Navy | 0 | 0 | 0 |
| National Defense Sealift Fund | 17 | 0 | 13 |
| Other Navy Appropriations | 2 | 24 | 18 |
| Other Marine Corps Appropriations | 0 | 1 | 1 |
| Department of the Army | 89 | 65 | 84 |
| Army Operation & Maintenance | 21 | 15 | 21 |
| Army Res, Dev, Test, Eval | 27 | 18 | 26 |
| Army Procurement | 26 | 26 | 30 |
| Army Other | 16 | 6 | 7 |
| Department of the Air Force | 60 | 65 | 65 |
| Air Force Operation & Maintenance | 23 | 28 | 29 |
| Air Force Res, Dev, Test, Eval | 11 | 18 | 17 |
| Air Force Procurement | 26 | 19 | 19 |
| Air Force Other | 0 | 0 | 0 |
| DOD Appropriation Accounts | 327 | 278 | 263 |
| Base Closure & Realignment | -1 | 0 | 0 |
| Operation & Maintenance Accounts | 63 | 44 | 54 |
| Res, Dev, Test & Eval Accounts | 228 | 198 | 182 |
| Procurement Accounts | 35 | 27 | 25 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DCD Other | 3 | 9 | 2 |
| b. Orders from other WCF Activity Groups | 208 | 217 | 215 |
| c. Total DoD | 3,500 | 3,324 | 3,367 |
| d. Other Orders | 233 | 245 | 242 |
| Other Federal Agencies | 61 | 47 | 52 |
| Foreign Military Sales | 147 | 139 | 147 |
| Non Federal Agencies | 25 | 58 | 43 |
| 2. Carry-In Orders | 1,632 | 1,772 | 1,750 |
| 3. Total Gross Orders | 5,364 | 5,340 | 5,359 |
| a. Funded Carry-Over before Exclusions | 1,772 | 1,750 | 1,719 |
| b. Total Gross Sales | 3,592 | 3,590 | 3,640 |
| 4. End of Year Work-In-Process (-) | -121 | -122 | -122 |
| 5. Non-DoD, BRAC, FMS, Inst. MRIFB (-) | -328 | -319 | -314 |
| 6. Net Funded Carryover | 1,322 | 1,309 | 1,283 |

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DoD, BRAC & FMS and Institutional MRIFB

Changes in the Cost of Operations
Department of the Navy
Research and Development - Naval Surface Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>Total Cost</u> |
|---|--------------------------|
| FY 2008 Actual | \$3,561.3 |
| FY 2009 President's Budget | \$3,562.2 |
| Estimated Impact in FY 2009 of Actual FY 2008 Experience | \$21.4 |
| Price Changes | |
| Change in FY 2009 Pay Raise Assumptions | \$12.2 |
| Change in FY 2009 Fuel Price Assumptions | -\$1.7 |
| Change in FY 2009 General Inflation Assumptions | -\$10.3 |
| Program Changes | |
| Workload | \$23.9 |
| Other Changes | |
| Navy ERP Implementation | \$0.7 |
| FY 2009 Current Estimate | \$3,608.4 |
| Pricing Adjustments | |
| Annualization of Prior Year Pay Raises | |
| Military | \$0.1 |
| Civilian | \$17.4 |
| FY 2010 Pay Raises | |
| Military | \$0.3 |
| Civilian | \$25.4 |
| Working Capital Fund Price Changes | \$1.9 |
| General Purchase Inflation | \$19.0 |
| Program Changes | |
| Workload | \$3.0 |
| Other Changes | |
| Base Realignment and Closure | -\$12.9 |
| Navy ERP Implementation | \$4.9 |
| FY 2010 Current Estimate | \$3,667.5 |

Department of the Navy
 Navy Working Capital Fund
 Fiscal Year (FY) 2010 Budget Estimates
 Research and Development / Naval Surface Warfare Center
 Capital Investment Summary
 May 2009
 Amounts in Millions

| Line Num | Description | FY 2008 | | FY 2009 | | FY 2010 | |
|----------|--|---------|------------|---------|------------|---------|------------|
| | | Qty | Total Cost | Qty | Total Cost | Qty | Total Cost |
| 1 | Non-ADPE and Telecommunications Equipment | | | | | | |
| | Replacement | 20 | \$8,067 | 19 | \$6,391 | 14 | \$7,098 |
| | Productivity | 13 | \$8,232 | 14 | \$7,338 | 23 | \$12,254 |
| | New Mission | 6 | \$2,800 | 4 | \$2,376 | 3 | \$1,816 |
| | Environmental | 0 | \$0,000 | 1 | \$0,304 | 1 | \$0,260 |
| | | 39 | \$19,099 | 38 | \$16,409 | 41 | \$21,428 |
| 2 | ADPE and Telecommunications Equipment | | | | | | |
| | Hardware | 8 | \$3,705 | 12 | \$6,333 | 13 | \$6,266 |
| | Software | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | Telecommunications Equip. | 2 | \$0,725 | 1 | \$0,325 | 1 | \$0,600 |
| | Other Support Equip. | 1 | \$0,230 | 3 | \$0,620 | 1 | \$0,900 |
| | | 11 | \$4,660 | 16 | \$7,278 | 15 | \$7,766 |
| 3 | Software | | | | | | |
| | ERP Implementation | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | Enterprise Search and Reporting | 1 | \$0,975 | 1 | \$0,950 | 0 | \$0,000 |
| | Maritime EW Modeling & Simulation Tool | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | Software Projects <\$1,000M | 2 | \$0,640 | 0 | \$0,000 | 0 | \$0,000 |
| | | 3 | \$1,615 | 1 | \$0,950 | 0 | \$0,000 |
| 4 | Minor Construction | | | | | | |
| | Replacement | 2 | \$1,232 | 1 | \$0,150 | 3 | \$1,173 |
| | Productivity | 14 | \$5,670 | 9 | \$4,293 | 7 | \$2,880 |
| | New Mission | 3 | \$0,240 | 4 | \$1,550 | 0 | \$0,000 |
| | Environmental | 0 | \$0,000 | 0 | \$0,000 | 1 | \$0,400 |
| | | 19 | \$7,142 | 14 | \$5,993 | 11 | \$4,453 |
| | Grand Total: | 72 | \$32,516 | 69 | \$30,630 | 67 | \$33,647 |
| | Total Capital Outlays: | | \$21,563 | | \$33,098 | | \$33,273 |
| | Total Depreciation Expense: | | \$29,512 | | \$35,031 | | \$35,719 |

| Capital Investment Justification (\$ in Thousands) | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|--|-----|-----------|------------|-------------------------------|-----------|--|------|-----------|------------|--|--|--|
| Department of the Navy, Research and Development Naval Surface Warfare Center | | | | #001 - Non ADPE - Replacement | | | NSWC | | | | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | | |
| Non ADP | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| Replacement | 20 | | \$8,067 | 19 | | \$6,391 | 14 | | \$7,098 | | | |
| Total | 20 | | \$8,067 | 19 | | \$6,391 | 14 | | \$7,098 | | | |

Replacement Equipment:

These Non-ADP equipment investments support the replacement of mission essential research, development, test and evaluation equipment that is unsafe, beyond economical repair, technically obsolete, or otherwise unusable. Replacement equipment supports Warfare Center Core Equities including ship/ship systems, ship weapons systems, ship combat systems, ordnance, and littoral combat systems. Equipment supporting this mission includes explosive detection equipment, ship hull test equipment, and test and evaluation equipment for various surface ship systems.

Benefit:

Replacement of research and development equipment that is unsafe, beyond economic repair, or unusable. Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Surface Warfare Centers.

Impact of not Funding:

The Naval Surface Warfare Center activities are responsible for new product testing as well as system In-Service-Engineering. The ability of the Surface Warfare Center to provide mission essential research and development for new systems mission essential investments for replacement of equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life.

Economic Analysis:

Economic analyses was performed in accordance with DoD guidelines. The useful life for these projects is 10 years and the average payback is 3.53 years

| Capital Investment Justification (\$ in Thousands) | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|--|--|-----|-----------|--------------------------------|-----|--|------------|-----|-----------|------------|--|--|--|--|
| Department of the Navy, Research and Development Naval Surface Warfare Center | | | | #001 - Non ADPE - Productivity | | | NSWC | | | | | | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| Non ADP | | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | | |
| Productivity | | 13 | | \$8,232 | 14 | | \$7,338 | 23 | | \$12,254 | | | | |
| Total | | 13 | | \$8,232 | 14 | | \$7,338 | 23 | | \$12,254 | | | | |

Productivity Equipment:

These investments increase the productivity of surface warfare research and development activities by procuring non-ADPE equipment that reduces overall operating costs. Operating costs are reduced by reducing labor, reducing energy consumption, eliminating inefficiencies or duplicate processes, developing test platforms that more closely emulate conditions at sea, or providing advancements that increase the technological capability.

Benefit:

Productivity investments reduce costs by establishing remote operation, running automatically, and reducing ship board testing. These investments increase the operational efficiency of the research and development mission by procuring equipment that results in reduced operating costs. Productivity investments also lower operating costs through efficiency achieved by reducing energy consumption, reducing operational test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset.

Impact:

Investments provide for test results that are accurate and emulate shipboard environments eliminating the need to schedule ship board testing and speeding the retest of ships systems.

Economic Analysis:

The average Benefit to Investment Ratio (BIR) for these projects is 3.06. Economic analyses were performed in accordance with DoD guidelines. All non-ADPE productivity projects have an estimated useful life of 10 years and an average payback period of 3.05 years.

| Capital Investment Justification (\$ in Thousands) | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|--|-----|-----------|------------|-------------------------------|-----------|--|------|-----------|------------|--|--|--|--|--|
| Department of the Navy, Research and Development Naval Surface Warfare Center | | | | #001 - Non ADPE - New Mission | | | NSWC | | | | | | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| Non ADP | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | | | |
| New Mission | 6 | | \$2,800 | 4 | | \$2,376 | 3 | | \$1,816 | | | | | |
| Total | 6 | | \$2,800 | 4 | | \$2,376 | 3 | | \$1,816 | | | | | |

New Mission Equipment:

These Non-ADP equipment investments support the acquisition of mission essential research, development, test and evaluation equipment that support new research and development initiatives. Equipment procurements will support such initiatives as:

- Advanced munitions and high energy materials
- New Shipboard technologies
- Hypervelocity penetrating weapons and kinetic energy weapons
- Thermobaric and variable yield warheads

Benefit:

These provide research and development equipment to support new mission areas or new test and evaluation techniques to enhance the overall effectiveness of the warfare center mission. Investments categorized as new mission are required to support a new capability or capacity that can not be met with current equipment or capabilities.

Impact:

Investments provide for new mission research and development equipment essential to the test and evaluation of emerging ship-board technologies.

Economic Analysis:

An economic analysis was performed All non-ADPE new mission projects have an estimated useful life of 10 years and an average payback period of 5.3 years

| Capital Investment Justification (\$ in Thousands) | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|--|-----|-----------|------------|---------------------------------|-----------|--|---------|-----------|------------|--|--|--|
| Department of the Navy, Research and Development Naval Surface Warfare Center | | | | #001 - Non ADPE - Environmental | | | NSWC | | | | | |
| | | FY 2008 | | FY 2009 | | | FY 2010 | | | | | |
| Non ADP | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| Environmental | | | | 1 | | \$304 | 1 | | \$260 | | | |
| Total | | | | 1 | | \$304 | 1 | | \$260 | | | |

Environmental Equipment:

These investments are necessary to support mitigation of environmental, safety, or workplace deficiencies at the surface warfare center activities. Environmental equipment includes control systems and equipment required to meet environmental compliance for hexane and mercury reductions and safety measures.

Benefit:

These investments will correct regulatory compliance deficiencies, enhance safety in the workplace, or correct the environmental deficiencies. Work processes that involve hazardous materials will be controlled, reducing the possibility of contamination.

Impact:

The impact of not making these equipment investments will result in the non compliance with environmental, safety or workplace deficiencies within the Warfare Center activities.

Economic Analysis:

Economic analyses were performed in accordance with the DoD guidelines. All non-ADPE environmental projects have an estimated useful life of 10 years and an average payback period of 7.3 years.

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|--|---------|--------------|------------|--|--------------|------------|---------|--------------|------------|--|--|--|
| Department of the Navy, Research and Development Naval Surface Warfare Center | | | | #002 - ADPE | | | NSWC | | | | | |
| | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| ADP | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| Hardware | 8 | | \$3,705 | 12 | | \$6,333 | 13 | | \$6,266 | | | |
| Software | | | | | | | | | | | | |
| Telecommunications Equip. | 2 | | \$725 | 1 | | \$325 | 1 | | \$600 | | | |
| Other Support Equip. | 1 | | \$230 | 3 | | \$620 | 1 | | \$900 | | | |
| Total | 11 | | \$4,660 | 16 | | \$7,278 | 15 | | \$7,766 | | | |

ADPE and Telecommunications Equipment and Capabilities:

These investments will support the acquisition of automated data processing and telecommunications equipment for the surface ship research and development community. Funds will provide networks/connectivity to all Naval Surface Warfare Center activities and procure hardware for mission essential research and development computing needs and centralized system hosting including Business System Replacement, High Speed Computing, and Research, Development, Test, and Evaluation Networks. Investments will include routers, servers, firewalls, etc.

Benefit:

The projected benefits include technology tools for the research and development community and continuity of operations for standard business systems throughout the Warfare Centers.

Impact:

ADPE Equipment supporting the research and development community must remain on the cutting edge of technology to conduct complex simulations, perform predictive analysis, and analyze surface ship system performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. To ensure continuity of business operations, new hardware platforms must be operational.

Economic Analysis:

Economic analyses were conducted in accordance with DoD guidelines. All projects listed have a useful life of 5 years. The payback period ranges from 1.8 to 3.4 years.

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|--|---------|-----------|------------|--|-----------|------------|---------|-----------|------------|--|--|--|
| Department of the Navy, Research and Development Naval Surface Warfare Center | | | | #003 - Software | | | NSWC | | | | | |
| | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| Software | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| ERP Implementation | | | | | | | | | | | | |
| Enterprise Search and Reporting | 1 | | \$975 | 1 | | \$950 | | | | | | |
| Maritime EW Modeling & Simulation Tool | | | | | | | | | | | | |
| Software Projects < \$1.000M | 2 | | \$640 | | | | | | | | | |
| Total | 3 | | \$1,615 | 1 | | \$950 | | | | | | |

Enterprise Resource Planning (ERP): Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. ERP will provide consistent and streamlined business activities that operate under a single system. During ERP implementation, business processes will be updated and simplified, redundancies will be eliminated, and efficiencies realized.

Enterprise Search and Reporting: By exploiting emerging data identification and integration technologies, this initiative has direct benefit to the information/content management processes that will support the delivery of product and services to the war fighter, resulting in increased readiness via more rapid product delivery. Military value will be provided by improved operational readiness at reduced total ownership cost through rapid technical information delivery to the war fighter.

Maritime EW Modeling & Simulation Tool: This system supports the research, development, test, and evaluation of electronic warfare systems used on maritime platforms. The development framework will allow the test community to analyze performance and interoperability, and experiment with tactics and doctrine to achieve maritime electronic warfare system objectives.

Benefits:

These investments will directly support the transformation of the Surface Warfare Center to become a more agile support organization. Fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management allows NSWC to provide better support to the Fleet's war fighters-from Force Level leadership, to the sailor on the deck plate-at any location and from any location. This evolution of Distance Support capability also enables more proactive development of life-cycle solutions by making the information required readily available at the workers desktop. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels.

| Capital Investment Justification (\$ in Thousands) | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | |
|--|-----------|-----------|----------------|---------------------------|-----------|--|-----------|-----------|----------------|--|--|--|--|
| Department of the Navy, Research and Development Naval Surface Warfare Center | | | | #004 - Minor Construction | | | NSWC | | | | | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | | | |
| Minor Construction | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | | |
| Replacement | 2 | | \$1,232 | 1 | | \$150 | 3 | | \$1,173 | | | | |
| Productivity | 14 | | \$5,670 | 9 | | \$4,293 | 7 | | \$2,880 | | | | |
| New Mission | 3 | | \$240 | 4 | | \$1,550 | | | | | | | |
| Environmental | | | | | | | 1 | | \$400 | | | | |
| Total | 19 | | \$7,142 | 14 | | \$5,993 | 11 | | \$4,453 | | | | |

Minor Construction

Investments in Minor Construction enhance the Naval Surface Warfare Center mission by developing buildings, structures or other real property. Minor construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DoD capitalization criteria, however, 6 projects exceed the normal threshold for NWCF minor construction. These projects utilize Sec. 2804 of the FY 2008 National Defense Authorization Act (NDAA) authority for the Laboratory Revitalization Demonstration Program (LRDP).

Minor Construction is used at the Naval Surface Warfare Center to:

- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community
- improve security measures and provide increase security for new initiatives
- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance and space, or portable space may be vacated.
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

The following Minor Construction Projects exceed the current minor construction levels of \$750K using LRDP authority.

| | <u>Project Name</u> | <u>\$M Total</u> |
|---------|--|------------------|
| FY 2008 | Advanced Minehunting and Identification Facility | \$ 1.150 |
| FY 2009 | Mines & Shallow Water Systems Facility | 0.887 |
| FY 2010 | Radar Annex Addition | 0.960 |
| FY 2010 | CBR Fleet Support & Integration Laboratory | 0.997 |

Department of the Navy
Navy Working Capital Fund
Research and Development/Naval Surface Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
Capital Budget Execution
May 2009
Amount in Millions

| FY | Line Item | Category | Capability/Project | Approved Amount | Reprog. | Current Estimate | Explanation |
|------|---------------|--------------------|---------------------------------|-----------------|----------|------------------|---|
| 2009 | 1 | Non ADP | | \$17.410 | \$1.001 | \$16.409 | |
| | | | Replacement | \$7.092 | \$0.701 | \$6.391 | Warfare Ctr. Inv. Brd. (WCIB) Project Changes |
| | | | Productivity | \$7.833 | \$0.495 | \$7.338 | Warfare Ctr. Inv. Brd. (WCIB) Project Changes |
| | | | New Mission | \$2.181 | -\$0.195 | \$2.376 | Warfare Ctr. Inv. Brd. (WCIB) Project Changes |
| | | | Environmental | \$0.304 | \$0.000 | \$0.304 | |
| | 2 | ADP | | \$6.703 | -\$0.575 | \$7.278 | |
| | | | Hardware | \$5.758 | -\$0.575 | \$6.333 | Warfare Ctr. Inv. Brd. (WCIB) Project Changes |
| | | | Telecommunications Equip. | \$0.325 | \$0.000 | \$0.325 | |
| | | | Other Support Equip. | \$0.620 | \$0.000 | \$0.620 | |
| | 3 | Software | | \$0.950 | \$0.000 | \$0.950 | |
| | | | Enterprise Search and Reporting | \$0.950 | \$0.000 | \$0.950 | |
| | 4 | Minor Construction | | \$5.567 | -\$0.426 | \$5.993 | |
| | | | Replacement | \$0.150 | \$0.000 | \$0.150 | |
| | | | Productivity | \$3.775 | -\$0.518 | \$4.293 | Warfare Ctr. Inv. Brd. (WCIB) Project Changes |
| | | | New Mission | \$1.642 | \$0.092 | \$1.550 | Warfare Ctr. Inv. Brd. (WCIB) Project Changes |
| All | Total FY 2009 | All | | \$30.630 | \$0.000 | \$30.630 | |

Naval Undersea Warfare Center

This page intentionally blank

**DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
May 2009**

Mission Statement/Overview:

The mission of the Naval Undersea Warfare Center (NUWC) is to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems and offensive and defensive weapon systems associated with Undersea Warfare.

Activity Group Composition:

The Naval Undersea Warfare Center was established in January 1992, and is composed of two divisions, located in Newport, RI and Keyport, WA, and several detachments. The NUWC Headquarters organization is located at Newport RI.

NEWPORT DIVISION: The mission of this division is to provide research, development, test and evaluation, engineering, analysis and assessment, and fleet support capabilities for submarines, autonomous underwater systems, and offensive and defensive undersea weapon systems, and stewards existing and emerging technologies in support of undersea warfare. Execute other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The primary operating site is in Newport, RI with smaller operations at West Palm Beach, FL, Andros Island Bahamas and Norfolk, VA.

KEYPORT DIVISION: The mission of this division is to provide test and evaluation; in-service engineering, maintenance, and repair; Fleet readiness, and industrial-base support for undersea warfare systems, countermeasures, and sonar systems. We execute other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The major operating site is at Keyport WA, with detachments in Hawthorne, NV, San Diego, CA, Pearl Harbor, Hawaii and Nanoose, British Columbia.

Management Statement:

This budget is NUWC's financial operating plan for FY 2008 through 2010. Our goal is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet.

Significant Changes Since the FY 2009 President's Budget:

There are no significant changes in the activity group or composition since the FY 2009 President's Budget.

Base Realignment and Closure (BRAC):

The current submission incorporates the impact of Base Realignment and Closure (BRAC) V recommendation to consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and create multifunctional and multidisciplinary Centers of Excellence. This will reduce overlapping infrastructure, increase the efficiency of operations, support an integrated approach to maritime C4ISR, and reduce cycle time for fielding systems to the warfighter. The Subsurface Maritime Sensors, Electronic Warfare, and Electronics RDT&E will be consolidated at NUWC Newport. Given the size of this activity group and other customer workload trends, this consolidation will have a minimal impact on financial operations.

Financial Profile:

| <u>Revenue/Expense/NOR/AOR/(\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$1,068.5 | \$1,033.0 | \$1,003.2 |
| Expense | <u>1,063.0</u> | <u>1,038.1</u> | <u>1,014.3</u> |
| Operating Results | \$5.5 | -\$5.1 | -\$11.1 |
| Other Changes Affecting AOR | <u>0.5</u> | <u>0.0</u> | <u>0.0</u> |
| Accumulated Operating Results (AOR) | <u>\$16.2</u> | <u>\$11.1</u> | <u>\$0.0</u> |

Revenue/Expense: Revenue and cost estimates for FY 2009 have decreased slightly from the FY 2009 President's Budget level. However, this is not expected to have any significant impact on operating results. Estimates for FY 2010 are in line with our customer workload, which results in NUWC achieving a zero AOR by FY 2010.

Operating Results: NUWC completed FY 2008 with an NOR of \$5.5M. This is \$10.6M better than the President's budgeted NOR target of -\$5.1M. In FY 2009 NUWC will refund \$5.1M from prior year's gains, in FY 2010 NUWC will have a \$11.1M loss to achieve a zero AOR balance.

| <u>Collections/Disbursements/Outlays (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Collections | \$1,058.8 | \$1,032.7 | \$1,005.6 |
| Disbursements | <u>\$1,059.5</u> | <u>\$1,040.1</u> | <u>\$1,010.4</u> |
| Outlays | <u>\$0.7</u> | <u>\$7.4</u> | <u>\$4.8</u> |

Disbursements and Collections will slightly decrease from FY 2008 to FY 2010.

Workload:

| <u>Reimbursable Orders (\$M):</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$1,147.1 | \$1,022.0 | \$999.6 |

For FY 2009 through FY 2010 NUWC's reimbursable orders are balanced to projected customer workload.

| <u>Direct Labor Hours (000):</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | 5,590 | 5,478 | 5,500 |

Direct labor hours in FYs 2009 and 2010 are consistent with those in FY 2008 but are above those reflected in the FY 2009 President's budget. This increase is primarily the result of stable workload. The increase in FY 2010 is the result of BRAC – Maritime C4ISR.

Performance Indicators:

The primary performance indicators are Direct Labor Hours, Unit Cost, Net and Accumulated Operating Results, which are found in various tables throughout the narrative.

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--------------------------|-----------------------|-----------------------|-----------------------|
| Stabilized Cost (\$M) | \$528.1 | \$542.4 | \$562.0 |
| Direct Labor Hours (000) | 5,590 | 5,478 | 5,500 |
| Unit Cost | \$94.48 | \$99.01 | \$102.17 |

Unit costs are increasing modestly as a result changes in pay raise and inflation.

| <u>Stabilized/Composite Rates</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Stabilized Rate | \$96.63 | \$100.45 | \$101.67 |
| Change from Prior Year | | +4.0% | +1.2% |
| Composite Rate Change | | +2.8% | +1.2% |

Staffing:

| <u>Civilian/Military ES & Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Civilian End Strength | 3,984 | 3,980 | 3,992 |
| Civilian Workyears (Straight time) | 3,946 | 3,945 | 3,950 |
| Military End Strength | 41 | 39 | 39 |
| Military Workyears | 36 | 38 | 38 |

Civilian Personnel: NUWC's civilian end strength numbers are higher than those in the FY 2009 President's budget and have been set to meet budgeted workload. These estimates are consistent with efforts to achieve efficiencies associated with cost reduction initiatives. The increase in end strength and workyears in FY 2010 reflects the consolidation of Maritime C4ISR as approved by the Base Realignment and Closure (BRAC) Commission. This budget includes a small number of SIPs each year to balance workforce to workload.

Military Personnel: Military end strength increased from the FY 2009 President's budget by two and workyears have increased by one from the FY 2009 President's budget.

Capital Investment Program (CIP) Budget Authority:

| <u>Capital Investment Program (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Equipment, Non-ADP/Telecom | \$6.4 | \$7.6 | \$7.5 |
| Equipment, ADPE/Telecom | 4.3 | 3.7 | 5.1 |
| Software Development | 1.9 | 1.4 | 2.0 |
| Minor Construction | <u>2.3</u> | <u>2.9</u> | <u>2.5</u> |
| Total | <u>\$14.9</u> | <u>\$15.6</u> | <u>\$17.1</u> |

NUWC's Capital Purchase Program is used to purchase general purpose mission essential equipment.

Carryover Compliance:

| <u>Carryover(\$M):</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| New Orders | \$1,147.1 | \$1,022.0 | \$999.6 |
| Less Exclusions: | | | |
| Foreign Military Sales | 64.3 | 39.3 | \$45.7 |
| Base Realignment and Closure | 0.1 | 0.4 | 2.7 |
| Other Federal Departments & Agencies | 2.5 | 1.5 | 1.5 |
| Non-Federal Agencies & others | 35.3 | 20.2 | 20.8 |
| Major Range & Test Facility Base | <u>56.6</u> | <u>59.0</u> | <u>59.5</u> |
| Orders for Carryover Calculation | \$988.4 | \$901.6 | \$869.4 |
| Composite Outlay Rate | 54.9% | 56.4% | 56.6% |
| Carryover Ceiling Rate | 45.1% | 43.5% | 43.3% |
| Carryover Ceiling | \$446.1 | \$392.8 | \$377.0 |
| Balance of Customer Orders at Year End | \$536.9 | \$525.9 | \$522.4 |
| Less Work-in-Process | 39.5 | 39.2 | 40.3 |
| Less Exclusions | | | |
| Foreign Military Sales | 75.5 | 78.3 | 89.2 |
| Base Realignment and Closure | 0.4 | 0.3 | 0.9 |
| Other Federal Departments & Agencies | 1.5 | 1.7 | 1.8 |
| Non-Federal Agencies & Others | 27.1 | 25.7 | 32.8 |
| Major Range & Test Facility Base | <u>12.6</u> | <u>20.4</u> | <u>24.1</u> |
| Carryover Budget | <u>\$380.3</u> | <u>\$360.4</u> | <u>\$333.2</u> |

Budgeted carryover is within the ceiling allowed by outlay rates.

Revenue and Expenses
Department of the Navy
Research and Development - Naval Undersea Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 1,051.1 | 1,014.5 | 985.0 |
| Surcharges | 0.0 | 0.0 | 0.0 |
| Depreciation excluding Major Construction | 17.4 | 18.4 | 18.1 |
| Other Income | | | |
| Total Income | 1,068.5 | 1,033.0 | 1,003.2 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 2.6 | 2.7 | 2.9 |
| Civilian Personnel | 474.2 | 492.4 | 506.2 |
| Travel and Transportation of Personnel | 32.0 | 28.4 | 28.9 |
| Material & Supplies (Internal Operations) | 86.1 | 87.3 | 84.6 |
| Equipment | 10.8 | 11.7 | 12.0 |
| Other Purchases from NWCF | 63.0 | 65.6 | 67.1 |
| Transportation of Things | 1.9 | 1.9 | 2.0 |
| Depreciation - Capital | 17.4 | 18.4 | 18.1 |
| Printing and Reproduction | 1.5 | 1.4 | 1.5 |
| Advisory and Assistance Services | 0.0 | 0.0 | 0.0 |
| Rent, Communication & Utilities | 19.8 | 20.6 | 21.2 |
| Other Purchased Services | 374.0 | 307.4 | 269.7 |
| Total Expenses | 1,083.4 | 1,038.0 | 1,014.2 |
| Work in Process Adjustment | -19.4 | 0.1 | 0.1 |
| Comp Work for Activity Retention Adjustment | -1.0 | 0.0 | 0.0 |
| Cost of Goods Sold | 1,063.0 | 1,038.1 | 1,014.3 |
| Operating Result | 5.5 | -5.1 | -11.1 |
| Less Surcharges | 0.0 | 0.0 | 0.0 |
| Plus Appropriations Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Other Changes Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Extraordinary Expenses Unmatched | 0.0 | 0.0 | 0.0 |
| Net Operating Result | 5.5 | -5.1 | -11.1 |
| Other Changes Affecting AOR | 0.5 | 0.0 | 0.0 |
| Accumulated Operating Result | 16.2 | 11.1 | 0.0 |

Sources of New Orders and Revenue
Department of the Navy
Research and Development - Naval Undersea Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 | FY 2009 | FY 2010 |
|--|---------|---------|---------|
| | ----- | ----- | ----- |
| 1. New Orders | 1,147 | 1,022 | 1,000 |
| a. Orders from DoD Components | 954 | 881 | 850 |
| Department of the Navy | 928 | 857 | 825 |
| O & M, Navy | 232 | 226 | 228 |
| O & M, Marine Corps | 0 | 0 | 0 |
| O & M, Navy Reserve | 1 | 0 | 0 |
| O & M, Marine Corp Reserve | 0 | 0 | 0 |
| Aircraft Procurement, Navy | 18 | 8 | 8 |
| Weapons Procurement, Navy | 86 | 64 | 56 |
| Ammunition Procurement, Navy/MC | 0 | 0 | 0 |
| Shipbuilding & Conversion, Navy | 61 | 53 | 55 |
| Other Procurement, Navy | 189 | 194 | 196 |
| Procurement, Marine Corps | 0 | 0 | 0 |
| Family Housing, Navy/MC | 0 | 0 | 0 |
| Research, Dev., Test, & Eval., Navy | 341 | 311 | 281 |
| Military Construction, Navy | 0 | 0 | 0 |
| National Defense Sealift Fund | 0 | 0 | 0 |
| Other Navy Appropriations | 0 | 1 | 1 |
| Other Marine Corps Appropriations | 0 | 0 | 0 |
| Department of the Army | 5 | 3 | 3 |
| Army Operation & Maintenance | 0 | 0 | 0 |
| Army Res, Dev, Test, Eval | 2 | 0 | 0 |
| Army Procurement | 3 | 3 | 3 |
| Army Other | 0 | 0 | 0 |
| Department of the Air Force | 0 | 1 | 1 |
| Air Force Operation & Maintenance | 0 | 0 | 0 |
| Air Force Res, Dev, Test, Eval | 0 | 1 | 1 |
| Air Force Procurement | 0 | 0 | 0 |
| Air Force Other | 0 | 0 | 0 |
| DOD Appropriation Accounts | 21 | 19 | 21 |
| Base Closure & Realignment | 0 | 0 | 3 |
| Operation & Maintenance Accounts | 2 | 1 | 1 |
| Res, Dev, Test & Eval Accounts | 18 | 18 | 18 |
| Procurement Accounts | 0 | 0 | 0 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DCD Other | 0 | 0 | 0 |
| b. Orders from other WCF Activity Groups | 91 | 80 | 81 |
| c. Total DoD | 1,045 | 961 | 932 |
| d. Other Orders | 102 | 61 | 68 |
| Other Federal Agencies | 2 | 2 | 2 |
| Foreign Military Sales | 64 | 39 | 46 |
| Non Federal Agencies | 35 | 20 | 21 |
| 2. Carry-In Orders | 458 | 537 | 526 |
| 3. Total Gross Orders | 1,605 | 1,559 | 1,526 |
| a. Funded Carry-Over before Exclusions | 537 | 526 | 522 |
| b. Total Gross Sales | 1,068 | 1,033 | 1,003 |
| 4. End of Year Work-In-Process (-) | -39 | -39 | -40 |
| 5. Non-DoD, BRAC, FMS, Inst. MRIFB (-) | -117 | -126 | -149 |
| 6. Net Funded Carryover | 380 | 360 | 333 |

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DoD, BRAC & FMS and Institutional MRIFB

Changes in the Cost of Operations
Department of the Navy
Research and Development - Naval Undersea Warfare Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>Total Cost</u> |
|---|-------------------|
| FY 2008 Actual | \$1,063.0 |
| FY 2009 Estimate in FY 2009 President's Budget | \$1,093.7 |
| <u>Estimated Impact in FY 2009 of Actual FY 2008 Experience</u> | \$6.2 |
| <u>Price Changes</u> | |
| Change in FY 2009 Pay Raise Assumptions | \$3.5 |
| Change in FY 2009 Fuel Price Assumptions | -1.3 |
| Change in FY 2009 General Inflation Assumptions | -2.9 |
| <u>Efficiency Initiatives</u> | -\$1.6 |
| <u>Program Changes</u> | |
| Workload | -\$59.6 |
| <u>Other Changes</u> | |
| Base Realignment and Closure | \$0.4 |
| Navy Enterprise Resource Planning (NERP) | 0.2 |
| Federal Employee Compensation Act | 0.1 |
| Defense Finance and Accounting Service | 0.1 |
| Depreciation | -0.6 |
| FY 2009 Current Estimate | \$1,038.1 |
| <u>Price Changes</u> | |
| Annualization of Prior Year Pay Raises | |
| Civilian | \$3.5 |
| FY 2010 Pay Raises | |
| Military | \$0.1 |
| Civilian | 9.6 |
| Working Capital Fund Price Changes | 1.5 |
| General Purchase Inflation | 5.2 |
| <u>Efficiency Initiatives</u> | -\$3.2 |
| <u>Program Changes</u> | |
| Workload | -\$44.5 |
| <u>Other Changes</u> | |
| Base Realignment and Closure | \$2.9 |
| Depreciation | -0.3 |
| NERP | 1.2 |
| FY 2010 Current Estimate | \$1,014.2 |

Department of the Navy
Navy Working Capital Fund
Fiscal Year (FY) 2010 Budget Estimates
Research and Development / Naval Undersea Warfare Center
Capital Investment Summary
May 2009

Amounts in Millions

| Line # | Description | FY 2008 Total | | FY 2009 | | FY 2010 | |
|--------|---------------------------------------|---------------|-----------------|-----------|-----------------|-----------|-----------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADPE and Telecom Equipment | | | | | | |
| | Replacement Capability | 4 | \$1,635 | 2 | \$1,295 | 3 | \$1,390 |
| | Productivity Capability | 7 | \$3,831 | 10 | \$4,375 | 7 | \$4,223 |
| | New Mission Capability | 3 | \$0,930 | 3 | \$1,915 | 3 | \$1,870 |
| | Environmental Capability | 0 | \$0,000 | 0 | \$0,000 | 0 | \$0,000 |
| | | 14 | \$6,396 | 15 | \$7,585 | 13 | \$7,483 |
| 2 | ADPE and Telecom Equipment | | | | | | |
| | Computer Hardware (Production) | 3 | \$2,124 | 6 | \$2,438 | 8 | \$3,645 |
| | Computer Software (Operating) | 0 | \$0,000 | 0 | \$0,000 | 1 | \$0,275 |
| | Telecommunications | 1 | \$0,434 | 0 | \$0,000 | 1 | \$0,495 |
| | Oth Computer & Telecom Spt Equip | 4 | \$1,758 | 2 | \$1,265 | 2 | \$0,655 |
| | | 8 | \$4,316 | 8 | \$3,703 | 12 | \$5,070 |
| 3 | Software Development | | | | | | |
| | AMHF Control Upgrade | 0 | \$0,000 | 0 | \$0,000 | 1 | \$1,200 |
| | Projects < \$1M | 5 | \$1,927 | 4 | \$1,362 | 2 | \$0,820 |
| | | 5 | \$1,927 | 4 | \$1,362 | 3 | \$2,020 |
| 4 | Minor Construction | | | | | | |
| | Replacement Capability | 1 | \$0,340 | 1 | \$0,400 | 2 | \$1,180 |
| | Productivity Capability | 2 | \$1,031 | 2 | \$0,730 | 4 | \$1,300 |
| | New Mission Capability | 2 | \$0,187 | 0 | \$0,000 | 0 | \$0,000 |
| | Environmental Capability | 2 | \$0,735 | 5 | \$1,775 | 0 | \$0,000 |
| | | 7 | \$2,293 | 8 | \$2,905 | 6 | \$2,480 |
| | Grand Total | 34 | \$14,932 | 35 | \$15,555 | 34 | \$17,053 |
| | Total Capital Outlays | | \$14,166 | | \$17,942 | | \$16,254 |
| | Total Depreciation Expense | | \$17,387 | | \$18,438 | | \$18,141 |

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|---|----------|-----------|------------------------------|--|-----------|------------|----------|-----------|------------|
| Department of the Navy, Research and Development Naval Undersea Warfare Center | | | #001 - Non ADP - Replacement | | NUWC | | | | |
| Non ADPE Equipment | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Replacement Equipment | 4 | | \$1,635 | 2 | | \$1,295 | 3 | | \$1,390 |
| Total | 4 | | \$1,635 | 2 | | \$1,295 | 3 | | \$1,390 |

Replacement Equipment:

These investments support the replacement of mission essential non-ADPE research and development equipment that is unsafe, beyond economical repair, technically obsolete, or unusable. Mission essential research and development equipment includes automatic test equipment, environmental testing equipment, vibration test equipment, bridge crane replacements, industrial services equipment, and other equipment that support the development of undersea systems. Based on the useful life guidance provided by OMB (via circular A-94), all investments replace equipment that is beyond the original intended life cycle.

Benefit:

Replacement of research and development equipment that is unsafe, beyond economic repair, or unusable. Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Undersea Warfare Centers. Investments in replacement equipment also improve efficiencies and enhance system sustainment and material availability for the war-fighter.

Impact:

If investments in replacement equipment are not made, the risk of irreparable failure increases, process downtime increases, and maintenance and repair costs increase. Further impacts of not making these investments would be work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life.

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|--|----------|-----------|------------|--|-----------|------------|----------|-----------|------------|--|
| Department of the Navy, Research and Development Naval Undersea Warfare Center | | | | #001 - Non ADP - Productivity | | | NUWC | | | |
| Non ADPE Equipment | FY 2008 | | | FY 2009 | | | FY 2010 | | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | |
| Productivity Equipment | 7 | | \$3,831 | 10 | | \$4,375 | 7 | | \$4,223 | |
| Total | 7 | | \$3,831 | 10 | | \$4,375 | 7 | | \$4,223 | |
| <p>Productivity Equipment: These investments increase the productivity of undersea warfare research and development activities by procuring non-ADPE equipment that reduces the overall operating costs, eliminates process inefficiencies and provides advanced technological capability. Productivity investments reduce labor costs by establishing remote operation, automation and reduction in testing; operating costs are lower through efficiency achieved by reducing energy consumption, developing autonomous operation of capability, reducing operational development and test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset. Investments in productivity equipment include testing facility upgrades, industrial services equipment, power supply test station, test sets, rapid prototyping equipment, power supply equipment, equipment to characterize advanced transduction materials, testbeds for autonomous operations including vehicle launch and recovery and controller systems, antenna impedance measurement equipment and other equipment that support the development of undersea systems to increase productivity.</p> <p>Benefit: The Naval Undersea Warfare Center is comprised of the lead Navy activities dedicated to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with undersea warfare. Constrained budgets necessitate the development of affordable, innovative, evolving systems for applications in undersea warfare. Investment in mission essential research and development equipment will ensure the warfare centers operate at optimal efficiency to achieve proper test and evaluation results.</p> <p>Impact: If this equipment is not acquired, the Naval Undersea Warfare Center will be unable to support and test critical undersea warfare components and provide the Navy with affordable, innovative capabilities to meet future fleet needs. The Warfare Center can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Not being able to test and evaluate systems early in the development phase will increase the cost to the Navy by increasing development time and at-sea testing. Consequently, the Warfare Center will be unable to serve the fleet and make the necessary contributions to prepare for the future.</p> <p>Narragansett Bay Test Facility (\$1.150M) - The objective of the project is to procure comprehensive instrumentation equipment for the Narragansett Bay Shallow Water Test Facility (NBSWTF) providing for T&E and development of Undersea Systems. The NBSWTF is critical to the research, development and acquisition of all USW and Homeland Defense technology and systems. Local testing enables rapid design and test cycles while minimizing logistics and travel costs. Developmental testing of littoral based systems frequently requires events in diverse environments to capture performance over a broad spectrum of ocean conditions. This project will procure instrumentation equipment that will enable the NBSWTF to provide customers high precision tracking capabilities, using reconfigurable instrumentation that can be tailored to the test requirements. Without this capability, the NBSWTF will be limited to the modest environmental diversity of its two primary operating areas North of Gould Island and at the mouth of Narragansett Bay.</p> | | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | |
|---|----------|-----------|------------------------------|--|-----------|------------|-------------------------------|
| Department of the Navy, Research and Development Naval Undersea Warfare Center | | | #001 - Non ADP - New Mission | | NUWC | | |
| Non ADPE Equipment | FY 2008 | | | FY 2009 | | | FY 2010 |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity Unit Cost Total Cost |
| New Mission Equipment | 3 | | \$930 | 3 | | \$1,915 | 3 \$1,870 |
| Total | 3 | | \$930 | 3 | | \$1,915 | 3 \$1,870 |
| <p>New Mission Equipment: These investments support the acquisition of non-ADPE equipment that is required to support a new capability that cannot be met with current equipment or capabilities. These include investments in equipment to support new mission capabilities such as testing candidate persistent power source technologies, developing a testbed for inground and underwater surveillance using advanced sensor technology, experimentation, sensor technology evaluation, and next generation autonomous systems. Investments in these capabilities will enable the Undersea Warfare Centers to rapidly & efficiently develop and evaluate distributed network and sensor technologies and systems that support future undersea network-centric warfare C4ISR goals.</p> <p>Benefit: The Navy has identified a strong need for highly-coordinated, "networked" forces with advanced sensors and requiring persistent power sources technology. Consistent with Network Centric Warfare doctrine, future concepts require significant amounts of information (from a variety of sensor types) to be transferred and shared among all contributing Naval components (other sensor platforms, command & control, weapons platforms, etc.). The ease and efficiency of this information transfer will determine the level of success with which the Navy can execute future missions. If information cannot be transferred to the appropriate nodes in the operation, then the Navy's combat effectiveness is significantly constrained. Investment in these capabilities can evaluate emerging technologies, exercised in littoral waters that are equivalent to tactical areas of interest. Investments will enable the Undersea Warfare Center and the Navy to develop technologies required to meet the challenges associated with distributed networked systems (DNS).</p> <p>Impact: If equipment is not purchased, the Undersea Warfare Center will be unable to develop and test candidate technologies such as persistent power sources and advanced sensors required to meet the challenge associated with DNS. In the DNS functional decomposition, the Sensing, Transport, Networking and Communications events that take place in the marine environment require innovative advanced concepts. The DNS challenge relies heavily on the development and testing of advanced sensors, power sources and autonomous systems. If equipment is not purchased, the Warfare Center and the Navy will be unable to support the needs of the future warfighter.</p> | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|---|----------|-----------|----------------|--|-----------|----------------|-----------|-----------|----------------|
| Department of the Navy, Research and Development Naval Undersea Warfare Center | | | | #002 - ADP and Telecom Equipment | | NUWC | | | |
| ADPE Equipment | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Computer Hardware | 3 | | \$2,124 | 6 | | \$2,438 | 8 | | \$3,645 |
| Computer Software | | | | | | | 1 | | \$275 |
| Telecommunications | 1 | | \$434 | | | | 1 | | \$495 |
| Other Support Equipment | 4 | | \$1,758 | 2 | | \$1,265 | 2 | | \$655 |
| Total | 8 | | \$4,316 | 8 | | \$3,703 | 12 | | \$5,070 |

ADPE and Telecommunications Equipment and Capabilities:

These investments will support the acquisition of automated data processing and telecommunications equipment for the undersea research and development community. Funds will provide networks/connectivity to Undersea Warfare Center activities' procurement of hardware for mission essential research and development scientific computing needs, development of collaborative environment to support undersea warfare test and evaluation, development of testbeds to support undersea warfare information operations, virtual systems, decision making, and distributed networked systems. Investments will include routers, servers, firewalls, networks, high performance computational/visualization hardware, communications equipment and other automated data processing and telecommunications equipment required to support the mission of undersea warfare.

Benefit:

In order to provide the necessary scientific computer resources at the Naval Undersea Warfare Center, adequate resources must be acquired to meet the research, development, test and evaluation needs. These computational engines, visualization engines and repositories of DoD high performance computer systems are required for engineers and scientists to develop innovative undersea warfare solutions. Replacement of obsolete computer equipment will provide the Undersea Warfare Center with more reliable and more cost effective resources which will ensure that the technical areas have the capabilities they need to meet mission requirements. Increased reliability will reduce maintenance costs, increase overall efficiency, and enhance compatibility throughout the Warfare Center. Investment in equipment will also provide enhanced test and evaluation capabilities which will help the Undersea Warfare Center implement technologies and reach back capability that enable forward deployed technical resources to be more efficient and effective.

Impact:

ADPE Equipment supporting the research and development community must remain on the cutting edge of technology to conduct complex simulations, perform predictive analysis, and analyze Submarine Undersea Warfare System performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. Investment in network infrastructure to support RDT&E laboratories at the Undresea Warfare Center is required in order to support Fleet customers. Without a network infrastructure in place, the RDT&E laboratories will not be able to function, support their customers or allow the Warfare Center to pursue its mission.

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|---|----------|-----------|------------|--|-----------|------------|----------|-----------|------------|
| Department of the Navy, Research and Development Naval Undersea Warfare Center | | | | #003 - Software | | NUWC | | | |
| Software | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Software Projects | 5 | | \$1,927 | 4 | | \$1,362 | 3 | | \$2,020 |
| Total | 5 | | \$1,927 | 4 | | \$1,362 | 3 | | \$2,020 |

Benefits:

These investments will directly support the transformation of the Undersea Warfare Center to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the Fleet's war fighters--from Force Level leadership, to the sailor at any location and from any location. This evolution of Distance Support capability also enables more proactive development of life-cycle solutions by making the information required readily available at the workers' desktop. Investments in software development will develop or enhance undersea warfare analysis and assessment models, distance support initiatives and modules to support warfare center authoritative data sources. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels. Software development projects include both internally and externally developed initiatives.

Impact:

Without these investments, the warfare center will be unable to continue implementation of DoD and Navy standard systems in a common, integrated fashion. Undersea warfare models need to be reviewed in light of modern computing architectures and futuristic ASW concepts such as distributed networked systems (DNS), and improved, redesigned, or replaced, as appropriate, so that NUWC's mission-level USW modeling and analysis capability can be sustained for the next generation of analysis problems. Without these investments, the undersea simulation environment will not be fully equipped for high-level architecture (HLA) operation to support high-fidelity HWIL Synthetic Ocean for joint warfighting training operations. Furthermore, the simulation environment will not have the flexibility to tailor training scenarios to any realistic scenario future operational commanders need to intensively prepare for and strategic/tactical analysis. Without investments, programs will continue to invest in unique software solutions for search and retrieval of information that is presently accessible only from separate, "stove-pipe" data, resulting in increased life-cycle costs and different levels of technical integrity. Additionally, lack of data sharing will impact ability to function as a warfare center enterprise conflicting with Sea Enterprise objectives.

AMHF Control Upgrade (\$1.200M) - Upgrade and replace the obsolete control system software for the Automated Material Handling Facility (AMHF). This software is integral to operation of the AMHF to locate and deliver hardware from the AMHF high-rise storage to the Keyport Depot and Intermediate Maintenance Activity (IMA) shops. No viable alternative to upgrading the AMHF control system software exists as the current software cannot be accredited beyond the start of FY11. Without this investment, the AMHF would be shutdown and Fleet deliveries could not be made.

| Capital Investment Justification (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|---|----------|-----------|----------------|--|-----------|----------------|----------|-----------|----------------|
| Department of the Navy, Research and Development Naval Undersea Warfare Center | | | | #004 - Minor Construction | | NUWC | | | |
| Minor Construction | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Replacement | 1 | | \$340 | 1 | | \$400 | 2 | | \$1,180 |
| Productivity | 2 | | \$1,031 | 2 | | \$730 | 4 | | \$1,300 |
| New Mission | 2 | | \$187 | | | | | | |
| Environmental | 2 | | \$735 | 5 | | \$1,775 | | | |
| Total | 7 | | \$2,293 | 8 | | \$2,905 | 6 | | \$2,480 |
| <p>Minor Construction The Minor Construction investments will construct new, enhance existing, or modify current facilities to enhance undersea warfare mission performance.</p> <p>Replacement - Investments in replacement projects such as replacement of elevators and storage facilities.</p> <p>Productivity - Investments in productivity improvements include alterations for lab consolidations.</p> <p>New Mission - Investment in new mission improvements include addition to existing building to provide increased space for submarine launched cruise missile RDT&E operations</p> <p>Environmental - Investments in environmental projects such as waste stream reduction, fire sprinkler system, elevators, seismic structural upgrades.</p> <p>This budget includes 1 Minor Construction Project that exceeds the normal Military Construction threshold. This minor construction project utilizes Sec. 2804 of the FY 2008 National Defense Authorization Act (NDAA) authority for Laboratory Revitalization Demonstration Project (LRDP).</p> | | | | | | | | | |

Department of the Navy
Navy Working Capital Fund
Fiscal Year (FY) 2010 Budget Estimates
Research and Development / Naval Undersea Warfare Center
Capital Budget Execution
May 2009
Amounts in Millions

| FY | Line Item | Category | Capability/Project | Approved Amount | Reprog. | Current Estimate | Explanation |
|------------|----------------------|------------------------------------|----------------------------------|-----------------|-----------------|------------------|----------------------------------|
| 2009 | 1 | Non-ADP Equipment | | \$8.390 | -\$0.805 | \$7.585 | |
| | | | Replacement Capability | \$1.925 | -\$0.630 | \$1.295 | Reprioritization of Requirements |
| | | | Productivity Capability | \$5.120 | -\$0.745 | \$4.375 | Reprioritization of Requirements |
| | | | New Mission Capability | \$1.345 | \$0.570 | \$1.915 | Reprioritization of Requirements |
| | | | Environmental Capability | \$0.000 | \$0.000 | \$0.000 | No Change |
| | 2 | ADP & Telecom Equipment | | \$3.740 | -\$0.037 | \$3.703 | |
| | | | Computer Hardware | \$1.725 | \$0.713 | \$2.438 | Reprioritization of Requirements |
| | | | Computer Software | \$0.000 | \$0.000 | \$0.000 | No Change |
| | | | Telecommunications | \$0.475 | -\$0.475 | \$0.000 | No Change |
| | | | Oth Computer & Telecom Spt Equip | \$1.540 | -\$0.275 | \$1.265 | Reprioritization of Requirements |
| | 3 | Software | | \$1.087 | \$0.275 | \$1.362 | |
| | | | Projects < \$1 Million | \$1.087 | \$0.275 | \$1.362 | Reprioritization of Requirements |
| | 4 | Minor Construction | | \$2.405 | \$0.500 | \$2.905 | |
| | | | Replacement Capability | \$0.400 | \$0.000 | \$0.400 | No Change |
| | | | Productivity Capability | \$0.230 | \$0.500 | \$0.730 | Reprioritization of Requirements |
| | | | New Mission Capability | \$0.000 | \$0.000 | \$0.000 | No Change |
| | | | Environmental Capability | \$1.775 | \$0.000 | \$1.775 | No Change |
| All | Total FY 2009 | All | | \$15.622 | -\$0.067 | \$15.555 | |

This page intentionally blank

SPAWAR Systems Center

This page intentionally blank

**DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009**

Activity Group Function:

The Space and Naval Warfare Systems Centers (SSCs) bring knowledge superiority to the warfighter. Their mission is to be the Navy's full spectrum research, development, test and evaluation, engineering, and fleet support centers for command, control, and communication systems, and ocean surveillance, and the integration of those systems which overarch multi-platforms. The Space and Naval Warfare Systems Command is the primary ForceNet systems command and the SSCs are SPAWAR's principal technical agent. ForceNet implements the theory of network-centric warfare and will dramatically enhance how the Navy acquires, shares, and capitalizes on information superiority to generate transformational combat effectiveness.

The SSCs are the Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) provider of choice for hundreds of customers throughout Navy and DoD, and play an increasing role in the support of related technologies for Homeland Security, the Federal Bureau of Investigation, Department of State, and other Federal agencies. The SSCs must maintain innovative scientific and technical expertise, facilities, and the understanding of defense requirements to ensure that the Navy can develop, acquire, and maintain the systems needed to meet customer requirements at an acceptable price. The SSCs provide cradle-to-grave products and services, including:

- Warfare systems analysis.
- Planning for effective technology programs.
- Cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition.
- Test and evaluation support including RDT&E and measurement facilities.
- Technical input to the development of operational tactics.
- Electronics material support (technical and management) for systems and equipment.
- Specialized technical support to the Fleet for quick-reaction requirements.

Activity Group Composition:

The SSCs are Echelon III activities under the Space and Naval Warfare Systems Command. This organizational structure facilitates the entire cycle of systems engineering from research and development through waterfront support. SSC Pacific has its headquarters in San Diego, CA, with detachments in Philadelphia, Pearl Harbor, Guam, and Japan. SSC Atlantic has its headquarters in Charleston, SC, with detachments in Norfolk, Washington DC, and Pensacola.

Significant Changes since FY 2009 President's Budget:

There are no significant changes in the activity group or composition since the FY 2009 President's Budget.

Base Realignment and Closure (BRAC):

The current submission incorporates the impact of the Base Realignment and Closure (BRAC) V recommendation to consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and create multifunctional and multidisciplinary Centers of Excellence. This will reduce overlapping infrastructure, increase the efficiency of operations, support an integrated approach to maritime C4ISR, and reduce cycle time for fielding systems to the warfighter. As a result of this recommendation, the SSCs financial and manpower profiles are expected to decline slightly as functions are streamlined and consolidated.

Workload:

| <u>Reimbursable Orders (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$2,533.9 | \$2,381.9 | \$2,359.3 |

Reimbursable Orders

The SSCs actual new orders in FY 2008 and estimated new orders for FY 2009 are above projections in the FY 2009 President's Budget and reflect a robust customer base. New orders projections for FY 2010 reflect a small decline from estimated FY 2009 levels. Although below the rate of average inflation, these changes are not a reflection of a reduced business base, but show the impact of the BRAC realignment of C4ISR research and development functions, as discussed above. The SSC customer base is expected to remain strong.

| <u>Direct Labor Hours (000)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Estimate | 8,275 | 7,755 | 7,536 |

Direct Labor Hours

Direct labor hours remain stable over the budget period and reflect the Centers' efforts to establish the correct balance of organic to contractor expertise to execute the mission. The decline in hours between FY 2008 and FY 2010 reflects the impact of the C4ISR BRAC realignment.

Financial Profile:

| <u>Revenue/Expense/Operating Results (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$2,423.1 | \$2,513.4 | \$2,397.2 |
| Cost of Goods and Services | \$2,425.2 | \$2,514.5 | \$2,384.7 |
| Operating Results | -\$2.1 | -\$1.1 | \$12.5 |
| Other Changes Affecting AOR | \$0.0 | \$0.0 | \$0.0 |
| Accumulated Operating Results (AOR) | -\$11.4 | -\$12.5 | \$0.0 |

Revenue and Cost of Goods and Services

Changes from year to year are primarily the result of updated new orders estimates and pricing adjustments. The downward trend in both revenue and cost of goods and services is primarily

due to the impact of BRAC actions at the Centers.

Operating Results

Current estimates include a realignment of costs to accommodate an 18-month rescheduling in the deployment of Navy Enterprise Resource Planning (ERP). There are no other significant operating result changes from the FY 2009 President's Budget.

Cash Collections, Disbursements, and Net Outlays:

| <u>Collections/Disbursements/Outlays (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|----------------|----------------|----------------|
| Collections | \$2,391.9 | \$2,467.6 | \$2,360.7 |
| Disbursements | \$2,392.2 | \$2,448.1 | \$2,356.1 |
| Net Outlays | \$0.3 | -\$19.5 | -\$4.6 |

Current net outlay projections reflect updated operating estimates, the impact of the rescheduled Navy ERP deployment, and changes in customer workload, primarily due to the BRAC realignment of C4ISR research and development functions.

Performance Indicators:

The Centers outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations, and fleet support for systems in the SSCs mission areas. The measure for these outputs is the direct labor hour worked for a customer. Customers are charged a predetermined stabilized billing rate per direct employee hour worked. The rate includes the salary and benefits costs of the performing employee (direct labor costs) and a share of the overhead costs of the SSCs, both general and administrative support and the unique production overhead costs of the performing employee's cost center. Non-labor, non-overhead costs, such as customer required material and equipment purchases, travel expenses, and contractual services, are charged to the customer on an actual cost reimbursable basis, and are excluded from the SSCs stabilized pricing structure. The SSCs use total stabilized cost per direct labor hour as their performance criterion. The composite stabilized rate and the average total stabilized cost per direct labor hour for the SSCs are discussed below.

| <u>Stabilized / Composite Rate Changes</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|----------------|----------------|----------------|
| Stabilized Rate | \$93.52 | \$107.11 | \$111.34 |
| Change from Prior Year | | +14.5% | +3.9% |
| Composite Rate Change from Prior Year | | +6.8% | +2.1% |

Rate changes incorporate adjustments in direct workload as well as necessary overhead adjustments in support of direct efforts and deployment of Navy ERP.

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------|----------------|----------------|----------------|
| Total Stabilized Cost (\$M) | \$830.2 | \$806.8 | \$822.1 |
| Workload (DLHs) (000) | 8,275 | 7,755 | 7,536 |
| Unit Cost (per DLH) | \$100.32 | \$104.04 | \$109.09 |

Staffing:

| <u>Civilian/Military ES & Work Years</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|----------------|----------------|----------------|
| Civilian End Strength | 6,431 | 6,133 | 6,062 |
| Civilian Work Years | 6,233 | 6,082 | 5,979 |
| Military End Strength | 74 | 78 | 78 |
| Military Work Years | 76 | 78 | 78 |

Civilian Personnel

The SSCs continue their efforts to revitalize the workforce and balance the skills mix to shape the force capabilities to address current and future threats. A major focus is the hiring of new professionals, but the recruitment and retention of more experienced personnel is also being addressed. The Human Capital plan includes attrition through Voluntary Separation Incentives for a total of 95 in FY 2008, 94 in FY 2009, and 92 in FY 2010. FY 2009 and FY 2010 work year reductions result from BRAC V actions.

Military Personnel

Military workforce levels are projected to be stable throughout the budget period.

Capital Investment Program (CIP) Budget Authority:

| <u>Capital Investment Program (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Equipment, Non-ADP / Telecommunications | \$0.8 | \$0.7 | \$3.7 |
| Equipment, ADPE / Telecommunications | \$1.7 | \$2.1 | \$3.1 |
| Software Development | \$1.8 | - | \$0.7 |
| Minor Construction | \$3.5 | \$5.4 | \$4.3 |
| Total | \$7.8 | \$8.2 | \$11.8 |

The SSCs modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. Software investments include licenses for Navy ERP and the development of temporary interfaces for existing legacy applications not initially supported by Navy ERP in order to maintain mission critical functionalities until legacy applications are shut down.

Carryover Compliance:

| <u>Carryover (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| New Orders | \$2,533.9 | \$2,381.9 | \$2359.3 |
| Less Exclusions: | | | |
| Foreign Military Sales | \$77.7 | \$52.8 | \$48.7 |
| Base Realignment and Closure | \$2.3 | \$2.3 | \$5.6 |
| Other Federal Departments & Agencies | \$327.1 | \$273.1 | \$265.2 |
| Non-Federal Agencies & others | \$57.2 | \$14.5 | \$14.4 |
| Major Range & Test Facility Base | \$0.0 | \$0.0 | \$0.0 |
| Orders for Carryover Calculation | \$2,069.5 | \$2,039.2 | \$2,025.4 |
| | | | |
| Composite Outlay Rate | 53.1% | 55.0% | 55.0% |
| Carryover Ceiling Rate | 46.9% | 45.0% | 45.0% |
| Carryover Ceiling | \$971.4 | \$918.4 | \$911.4 |
| | | | |
| Balance of Customer Orders at Year End | \$1,267.3 | \$1,135.8 | \$1,097.8 |
| Less Work-in-Process | \$18.7 | \$23.9 | \$26.7 |
| Less Exclusions | | | |
| Foreign Military Sales | \$67.4 | \$37.7 | \$35.0 |
| Base Realignment and Closure | \$1.4 | \$1.9 | \$3.5 |
| Other Federal Departments & Agencies | \$208.5 | \$199.2 | \$193.8 |
| Non-Federal Agencies & Others | \$47.1 | \$17.9 | \$17.0 |
| Major Range & Test Facility Base | \$0.0 | \$0.0 | \$0.0 |
| Carryover Budget | \$924.2 | \$855.2 | \$821.8 |

Budgeted carryover is within the ceiling allowed by outlay rates.

Revenue and Expenses
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 CON | FY 2009 CON | FY 2010 CON |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 2,415.2 | 2,503.6 | 2,386.8 |
| Surcharges | .0 | .0 | .0 |
| Depreciation excluding Major Construction | 7.9 | 9.8 | 10.4 |
| Other Income | | | |
| Total Income | 2,423.1 | 2,513.4 | 2,397.2 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 6.7 | 6.8 | 7.2 |
| Civilian Personnel | 738.0 | 759.8 | 768.9 |
| Travel and Transportation of Personnel | 52.5 | 50.4 | 49.6 |
| Material & Supplies (Internal Operations) | 278.5 | 235.8 | 231.4 |
| Equipment | 108.3 | 94.3 | 92.0 |
| Other Purchases from NWCF | 77.9 | 58.0 | 57.4 |
| Transportation of Things | 6.5 | 6.6 | 6.4 |
| Depreciation - Capital | 7.9 | 9.8 | 10.4 |
| Printing and Reproduction | .4 | .6 | .6 |
| Advisory and Assistance Services | .0 | .1 | .1 |
| Rent, Communication & Utilities | 26.4 | 32.9 | 33.1 |
| Other Purchased Services | 1,088.9 | 1,262.6 | 1,130.2 |
| Total Expenses | 2,392.0 | 2,517.7 | 2,387.2 |
| Work in Process Adjustment | 33.2 | -3.2 | -2.5 |
| Work for Activity Retention Adjustment | .0 | .0 | .0 |
| Cost of Goods Sold | 2,425.2 | 2,514.5 | 2,384.7 |
| Operating Result | -2.1 | -1.1 | 12.5 |
| Less Surcharges | .0 | .0 | .0 |
| Plus Appropriations Affecting NOR/AOR | .0 | .0 | .0 |
| Other Changes Affecting NOR/AOR | .0 | .0 | .0 |
| Extraordinary Expenses Unmatched | .0 | .0 | .0 |
| Net Operating Result | -2.1 | -1.1 | 12.5 |
| Other Changes Affecting AOR | .0 | .0 | .0 |
| Accumulated Operating Result | -11.4 | -12.5 | .0 |

Exhibit Fund-14 Revenue and Expenses

Sources of New Orders and Revenue
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 CON ----- | FY 2009 CON ----- | FY 2010 CON ----- |
|--|-------------------------|-------------------------|-------------------------|
| 1. New Orders | 2,534 | 2,382 | 2,359 |
| a. Orders from DoD Components | 1,963 | 1,927 | 1,917 |
| Department of the Navy | 1,488 | 1,448 | 1,435 |
| O & M, Navy | 426 | 430 | 427 |
| O & M, Marine Corps | 35 | 22 | 20 |
| O & M, Navy Reserve | 5 | 4 | 4 |
| O & M, Marine Corp Reserve | 0 | 0 | 0 |
| Aircraft Procurement, Navy | 9 | 8 | 8 |
| Weapons Procurement, Navy | 5 | 4 | 4 |
| Ammunition Procurement, Navy/MC | 0 | 0 | 0 |
| Shipbuilding & Conversion, Navy | 85 | 73 | 73 |
| Other Procurement, Navy | 518 | 501 | 499 |
| Procurement, Marine Corps | 116 | 99 | 88 |
| Family Housing, Navy/MC | 1 | 1 | 1 |
| Research, Dev., Test, & Evaluation, Navy | 275 | 299 | 297 |
| Military Construction, Navy | 1 | 1 | 1 |
| National Defense Sealift Fund | 12 | 5 | 12 |
| Other Navy Appropriations | 0 | 1 | 1 |
| Other Marine Corps Appropriations | 0 | 0 | 0 |
| Department of the Army | 66 | 56 | 55 |
| Army Operation & Maintenance | 27 | 26 | 25 |
| Army Res, Dev, Test, Evaluation | 4 | 9 | 9 |
| Army Procurement | 35 | 20 | 19 |
| Army Other | 0 | 1 | 1 |
| Department of the Air Force | 91 | 99 | 100 |
| Air Force Operation & Maintenance | 29 | 31 | 31 |
| Air Force Res, Dev, Test, Evaluation | 31 | 45 | 51 |
| Air Force Procurement | 31 | 23 | 18 |
| Air Force Other | 0 | 0 | 0 |
| DOD Appropriation Accounts | 318 | 324 | 327 |
| Base Closure & Realignment | 2 | 2 | 6 |
| Operation & Maintenance Accounts | 83 | 66 | 67 |
| Res, Dev, Test & Evaluation Accounts | 133 | 160 | 159 |
| Procurement Accounts | 67 | 60 | 60 |
| Defense Emergency Relief Fund | -1 | 0 | 0 |
| DOD Other | 33 | 36 | 36 |
| b. Orders from other WCF Activity Groups | 109 | 114 | 114 |
| c. Total DoD | 2,072 | 2,041 | 2,031 |
| d. Other Orders | 462 | 340 | 328 |
| Other Federal Agencies | 327 | 273 | 265 |
| Foreign Military Sales | 78 | 53 | 49 |
| Non Federal Agencies | 57 | 14 | 14 |
| 2. Carry-In Orders | 1,157 | 1,267 | 1,136 |
| 3. Total Gross Orders | 3,690 | 3,649 | 3,495 |
| a. Funded Carry-Over before Exclusions | 1,267 | 1,136 | 1,098 |
| b. Total Gross Sales | 2,423 | 2,513 | 2,397 |
| 4. End of Year Work-In-Process (-) | -19 | -24 | -27 |
| 5. Non-DoD, BRAC, FMS, Inst. MRTFB (-) | -324 | -257 | -249 |
| 6. Net Funded Carryover | 924 | 855 | 822 |

Note: Line 4 End of Year Work-In-Process is adjusted for Non-DoD, BRAC & FMS and Institutional MRTFB

Changes in the Cost of Operations
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>Total Cost</u> |
|---|-------------------|
| FY 2008 Actual Execution | \$2,392.0 |
| FY 2009 Estimate in FY 2009 President's Budget | \$1,911.2 |
| <u>Estimated Impact in FY 2009 of Actual FY 2008 Experience</u> | \$2.7 |
| <u>Price Changes</u> | |
| Change in FY 2009 Pay Raise Assumptions | \$5.4 |
| Change in FY 2009 Fuel Price Assumptions | -\$0.1 |
| Change in FY 2009 General Inflation Assumptions | -\$11.4 |
| <u>Productivity Initiatives and Other Efficiencies</u> | |
| Capital Investment Program Savings | -\$0.2 |
| <u>Program Changes</u> | |
| Direct Workload | \$599.9 |
| Reschedule Navy Enterprise Resource Planning (ERP) Deployment | \$11.3 |
| Legacy System Sustainment to Support Navy ERP Rescheduling | \$7.0 |
| <u>Other Changes</u> | |
| Defense Finance and Accounting Service (DFAS) | \$0.6 |
| Depreciation | -\$0.3 |
| Separation Incentives / Severance Pay | -\$0.8 |
| Sustainment, Restoration, and Modernization | -\$1.3 |
| Purchased Utilities | -\$0.8 |
| Engineering Support and Technical Services | -\$2.6 |
| Communications | -\$0.4 |
| Equipment maintenance | -\$0.5 |
| Training | -\$2.0 |
| FY 2009 Current Estimate | \$2,517.7 |

Changes in the Cost of Operations
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>Total Cost</u> |
|--|----------------------|
| FY 2009 Current Estimate | \$2,517.7 |
| <u>Price Changes:</u> | |
| Annualization of Prior Year Pay Raises | |
| Military | \$0.1 |
| Civilian | \$7.5 |
| FY 2010 Pay Raise | |
| Military Personnel | \$0.1 |
| Civilian Personnel | \$11.3 |
| Fuel Price Changes | \$0.0 |
| Working Capital Fund Price Changes | \$1.4 |
| General Purchase Inflation | \$19.9 |
| <u>Productivity Initiatives and Other Efficiencies</u> | |
| Capital Investment Program Savings | \$0.2 |
| <u>Program Changes</u> | |
| Direct Workload | -\$164.4 |
| Navy ERP Deployment | -\$4.5 |
| Legacy System Operations (e.g., CABRILLO and DIFMS) | -\$5.2 |
| IT/ERP Local Command Support | \$4.0 |
| Other | -\$0.3 |
| <u>Other Changes:</u> | |
| Defense Finance and Accounting Service (DFAS) | -\$0.6 |
| Depreciation | \$0.6 |
| Military Labor | \$0.2 |
| Sustainment, Restoration, and Modernization | -\$0.8 |
| FY 2010 Current Estimate | \$2,387.2 |

| Capital Investment Summary Department of the Navy Research and Development - Space and Naval Warfare Systems Centers Fiscal Year (FY) 2010 Budget Estimates May 2009 (\$ in Millions) | | | | | | | |
|--|--|-----------------------|---|-----------------------|---|-----------------------|---|
| Line # | Description | FY 2008 | | FY 2009 | | FY 2010 | |
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADPE and Telecom Equipment >or = \$.250M - Replacement Capability - Productivity Capability - New Mission Capability - Environmental Capability | 2 1 1 0 0 | \$0.846 \$0.263 \$0.583 \$0.000 \$0.000 | 1 0 0 1 0 | \$0.686 \$0.000 \$0.000 \$0.686 \$0.000 | 5 1 1 3 0 | \$3.691 \$0.351 \$1.300 \$2.040 \$0.000 |
| 2 | ADPE and Telecom Equipment > or = \$.250M - Computer Hardware (Production) - Computer Software (Operating) - Telecommunications - Oth Computer & Telecom Spt Equip | 3 2 0 1 0 | \$1.700 \$0.950 \$0.000 \$0.750 \$0.000 | 5 2 0 1 2 | \$2.082 \$0.919 \$0.000 \$0.331 \$0.832 | 4 3 0 0 1 | \$3.140 \$1.320 \$0.000 \$0.000 \$1.820 |
| 3 | Software Development > or = \$.250M - Projects = or > \$1M (List Separately) - Navy ERP Software Licenses (Charleston) - Projects < \$1M | 2 1 1 | \$1.759 \$1.009 \$0.750 | 0 0 0 | \$0.000 \$0.000 \$0.000 | 1 0 1 | \$0.683 \$0.000 \$0.683 |
| 4 | Minor Construction (>= \$.100M and < or = \$.750M) - Replacement Capability - Productivity Capability - New Mission Capability - Environmental Capability | 9 3 6 0 0 | \$3.493 \$1.618 \$1.875 \$0.000 \$0.000 | 8 2 5 1 0 | \$5.423 \$1.498 \$3.276 \$0.649 \$0.000 | 6 1 4 1 0 | \$4.246 \$0.749 \$2.797 \$0.700 \$0.000 |
| | Grand Total | 16 | \$7.798 | 14 | \$8.191 | 16 | \$11.760 |
| | Total Capital Outlays | | \$7.439 | | \$10.969 | | \$13.587 |
| | Total Depreciation Expense | | \$7.941 | | \$9.814 | | \$10.387 |

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|---|--|--|--|---|--------|---------|-------|---------|-------|------------------------|--------|--------|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers | | | | #001 - Non-ADPE and Telecommunications / Replacement Capabilities | | | | | | SPAWAR Systems Centers | | |
| | | | | FY 2008 | | FY 2009 | | FY 2010 | | | | |
| | | | | Unit | Total | Unit | Total | Unit | Total | | | |
| Non-ADPE and Telecommunications Equipment | | | | Quant | Cost | Cost | Quant | Cost | Cost | Quant | Cost | Cost |
| Replacement | | | | 1 | \$ 263 | \$ 263 | | | | 1 | \$ 351 | \$ 351 |
| Total | | | | 1 | \$ 263 | \$ 263 | | | | 1 | \$ 351 | \$ 351 |

Justification:

Non-ADPE and Telecommunications:

REPLACEMENT

Currently, SSC-San Diego has limited temperature & humidity test capability and limited vibration test capability, thus they are unable to fully meet current fleet requirements in the area of non-ADPE and telecommunications support. Their capability is further limited by the age of the equipment, making it necessary to make repeated repairs. The benefit received from the FY 2008 project will be a more reliable temperature & humidity test capability. The benefit received from the FY 2010 project will be a more reliable vibration test capability. Both projects will result in a reduction in the need to out-source to meet the needs of the Navy. A cost analysis has been performed on both projects. A cost savings of approximately \$85 thousand per year is expected from the FY 2008 project beginning in FY 2009 and a cost savings of approximately \$99 thousand per year is expected from the FY 2010 project beginning in FY 2011. Not funding these projects will have a critical impact on SSC San Diego's ability to deliver quality C4I products to the fleet in support of their customers.

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|---|---------|--------|--|---------|-------|------|------------------------|----------|----------|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers | | | #001 - Non-ADPE and Telecommunications / Productivity Capabilities | | | | SPAWAR Systems Centers | | |
| | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Unit | Total | | Unit | Total | | Unit | Total | |
| Non-ADPE and Telecommunications Equipment | Quant | Cost | Cost | Quant | Cost | Cost | Quant | Cost | Cost |
| Productivity | 1 | \$ 583 | \$ 583 | | | | 1 | \$ 1,300 | \$ 1,300 |
| Total | 1 | \$ 583 | \$ 583 | | | | 1 | \$ 1,300 | \$ 1,300 |

Justification:

Non-ADPE and Telecommunications:

PRODUCTIVITY

The FY 2008 project will provide 3 dual coil computer room air conditioner (CRAC) units. The units will augment the existing cooling in the bayside data center. This is to ensure the data center has adequate cooling during the hot summer months. Currently the bayside data center provides hosting services for Research, Development, Test & Evaluation (RDT&E), Corporate Legacy, SiproNet, and Navy Marine Corps Intranet (NMCI) servers. The facility's heating, ventilation, and air conditioning (HVAC) provides cooling for 7,800 square feet of space. The system is comprised of six 20-ton CRAC and provides ambient room temperatures between 65 and 75 degrees and humidity between 45% - 55%. A cost analysis has been performed. Although cost savings are not envisioned as a result of this project, cost avoidance may occur. The cost avoidance would be for additional costs associated with heat related failures to equipment and downtime to operational systems. For example, productivity in the financial community would be hindered in the event of unexpected system downtime. The major impact would be the need to shutdown servers in the data center resulting in work stoppage to customers and a loss of key Center Information systems.

The FY 2010 project involves the design and build of a cooling system for cooling capability with diesel backup in case of a power loss in the building. Any outage could cause servers, network equipment, and disk drives to fail due to overheating. This investment would provide an environment that would utilize the existing building cooling capabilities unless there was an outage in the building cooling system. Then, an independent system within the data center would energize and be maintained by diesel power until cooling was restored to the building. A cost analysis has been performed. Although cost savings are not envisioned as a result of this project, cost avoidance may occur. If this project is not implemented, loss of service would occur since equipment would need to be turned off if the building cooling system was compromised. This would necessitate system administrators taking down and restarting applications after cooling was restored. The minimum outage would be approximately 4 hours due to the number of servers that would need to be restarted, but unexpected failures would extend this outage time.

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|---|--|--|---|-------|------|---------|------------------------|--------|---------|--------|----------|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers | | | #001 - Non-ADPE and Telecommunications / New Mission Capabilities | | | | SPAWAR Systems Centers | | | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | | | Unit | Total | Unit | Total | Unit | Total | Unit | Total | |
| Non-ADPE and Telecommunications Equipment | | | Quant | Cost | Cost | Quant | Cost | Cost | Quant | Cost | Cost |
| New Mission | | | | | | 1 | \$ 686 | \$ 686 | 3 | \$ 680 | \$ 2,040 |
| Total | | | | | | 1 | \$ 686 | \$ 686 | 3 | \$ 680 | \$ 2,040 |

Justification:

Non-ADPE and Telecommunications:

NEW MISSION

All equipment will provide new mission capabilities. No equipment currently exists that support the necessary mission capability.

This investment involves one project in FY 2009 and three in FY 2010.

The FY 2009 "**Uninterrupted Technical Power Supply (UPS) and Backup Generator**" project provides auxiliary "no break" UPS technical power to laboratories and enterprise IT infrastructure in support of the central communications hub for the SSC-Charleston enterprise for C4ISR transport and net-centric IT systems. This will create an integrated connectivity between all administrative and technical facilities located at St. Julien's Creek Annex and support facilities throughout the Tidewater Region including other SPAWAR corporate entities, services, agencies, Unified Combatant Commanders, and academia.

The first project in FY 2010, "**CAEI Corporate Production Operations Support Area (RUBB BLDG)**", provides new capability and capacity to support current and projected growth. Current facilities are no longer adequate to support either current or projected workloads or customers. The new facility would create capacity for projected growth and realize an increase of efficiency and effectiveness of current work. The support area will house the Integrated Intra-Squad Radio System (IIRS) and the Vehicular Radio Communications (VRC)-110/111 series. Future programs will allow for more efficient organization of material and cut down on the time it takes for material storage and retrieval. C4ISR Acquisition Engineering & Integration (CAEI) Corporate Production provides Cable Fabrication, Systems Integration and Logistics Services to the SPAWAR Technical departments and their programs. The second project, "**Signal Characterization Lab**" will purchase a digitizer, analyzers, a receiver and a waveform generator that will create a system that allows radio frequency signals to be collected, digitized and then analyzed for characterization. This will integrate with various sponsor infrastructures for communications monitoring, identification of local interferes and other applications. The third project, "**Chiller Installation, Building 50**" installs a single 100 ton air cooled chiller, pumps, controls and electrical panels and constructs a new mechanical enclosure to house it.

A cost savings of approximately \$225 thousand per year is expected from the CAEI Corporate Production Operation Support Area (RUBB BLDG) project beginning in FY 2011. There is also a potential cost avoidance of approximately \$540 thousand per annum for the FY 2009 project should a power failure occur. Without the "Uninterrupted Technical Power Supply and Backup Generator", building 166 could suffer from loss of power and / or loss of productivity during power outages causing a significant negative impact to SPAWAR's support posture to the warfighter. Also, without the Corporate Production Operations Support Area (RUBB BLDG), off-site storage facilities would be required. Continuing CAEI Corporate Production without increased capacity could increase schedule risk and adversely impact customer confidence in SPAWAR.

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|---|--|--|--|---|-----------|------------|---------|-----------|------------|------------------------|-----------|------------|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers | | | | #002 - ADPE and Telecommunications Capabilities (Projects <\$1 Million) | | | | | | SPAWAR Systems Centers | | |
| | | | | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| ADPE and Telecommunications Equipment | | | | | | | | | | | | |
| Computer Hardware (Production) | | | | 2 | \$ 475 | \$ 950 | 2 | \$ 460 | \$ 919 | 3 | \$ 440 | \$ 1,320 |
| Computer Software (Operating System) | | | | | | | | | | | | |
| Telecommunications | | | | 1 | \$ 750 | \$ 750 | 1 | \$ 331 | \$ 331 | | | |
| Other Computer & Telecommunications Spt Equipment | | | | | | | 2 | | \$ 832 | | | |
| Total | | | | 3 | \$ 567 | \$ 1,700 | 5 | \$ 416 | \$ 2,082 | 3 | \$ 440 | \$ 1,320 |

Justification:

ADPE and Telecommunications Equipment:

Computer Hardware (Production):

This investment includes two projects in FY 2008, two projects in FY 2009, and three projects in FY 2010.

There is an "RDT&E Network Upgrade" and "Database Engine Upgrade & License for Cluster" project in each of the 3 years. In addition, FY 2010 includes a "Knowledge Management/ Oracle Collaboration Suite" project, which will provide a new capability.

The "Database Engine Upgrade & License for Cluster project" in its current capability has limited memory capacity resulting in degraded through-put for database queries. The " RDT&E Network Upgrade" project currently provides a local area network for the laboratories of SSC San Diego as well as a high-speed connection to the Defense Research and Engineering Network (DREN) and Non-Classified Internet Protocol Router Network (NIPRNET) using both Transmission Control Protocol/Internet Protocol (TCP/IP) and Asynchronous Transfer Mode (ATM) protocols.

"Knowledge Management/ Oracle Collaboration Suite", will allow SPAWAR to move forward with Oracle Collaboration Suite (OCS) roll out, provide collaboration capabilities not included in OCS, and provide a robust collaboration environment and infrastructure to support future requirements.

The "Database Engine Upgrade & License for Cluster project" will allow for the following capabilities:

In FY 2008, the procurement focused on updating outdated infrastructure servers, upgrade and augmentation of existing backup tape units, network monitoring tools, and associated licenses. The upgrades will replace equipment that has reached end of service life and ensure systems are available for providing infrastructure services. Additionally, the backup tape units will ensure support of backup and off-site storage of file systems. In FY 2009, the investments will result in replacement of the existing Storage Area Network (SAN), upgrade of network interfaces, and procurement of a virtual machine environment and associated licenses. Benefits realized will be consolidation of applications, reduced costs for operating the SAN environment, and improved network throughput. In FY 2010, the CIP authority will provide for the purchase of upgraded server capability via blade technology, additional storage and backup capability, and associated licenses.

The "RDT&E Network Upgrade" project will provide a technology refresh that will allow the network to continue operations and support future needs.

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | |
|--|---|--|--|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers | #002 - ADPE and Telecommunications Capabilities (Projects <\$1 Million) | SPAWAR Systems Center | |
| ADPE and Telecommunications Equipment: (Cont.) | | | |
| <p>An economic analysis has been performed for all projects. The "Database Engine Upgrade & License for Cluster" has a cost savings of approximately \$150 thousand per year beginning in FY 2009. The other two projects have cost avoidance.</p> <p>If these projects are not funded, it would result in continued limited memory capacity and degraded unit capability through-put for database queries and portions of the current RDT&E Network architecture will not support the future networking needs of the Research, Development, and In-service Engineering communities at SPAWAR.</p> <p>Telecommunications:</p> <p>This investment included one project in FY 2008 and includes one project in FY 2009.</p> <p>The FY 2008 project is a "Telephone System Upgrade".</p> <p>The "Telephone System Upgrade" provided telephone system switching, remote peripheral equipment, installation material and labor, and supporting software to deliver expanded telecommunications capacity for the command. Some telephone switches were at maximum capacity with no room for expansion, could not be directly connected to other systems, and did not meet Joint Interoperability Test Command (JITC) certification requirements. The upgrade will allow the addition of service capacity to meet command current and near-term growth projections and acquisition of services from NMCI and a wireless-only solution for all personnel. Net benefits of this project are estimated at \$37 thousand per year for FY 2009 through FY 2013. Failure to invest in this upgrade could preclude realization of benefits and efficiencies that would be needed to sustain expected command growth and risk of costly equipment failures.</p> <p>The FY 2009 project is an "Integrated Teleport Upgrade" that will create new capability that includes combining numerous SATCOM terminals and support equipment into a common and integrated environment. This new capability supports SPAWAR's participation in numerous Navy and Joint exercises and demonstrations. The upgrade will also create a virtual laboratory with global reach to ensure that any customer or Command requirement for high bandwidth communications testing is met. Programs and customers will use this resource to help develop, test, and validate the fundamental requirement for reliable, high bandwidth communications. The development of NetCentric applications, as the Navy pursues a FORCEnet (Fn) vision, requires a tremendous amount of information to be rapidly disseminated among widely dispersed Naval assets. Traditional UHF, VHF, and HF channels of communication cannot meet this task. This project will provide the capability to ensure complete "end to end" evaluation and testing for high bandwidth communications. No savings or cost avoidance is expected in the near term. Failure to invest in the Integrated Teleport Upgrade could expose SSC-Charleston to the risk of failing to provide customers with cutting edge engineering services and impact customer confidence in communication areas.</p> | | | |

| | | | |
|---|---|--|--|
| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | |
| Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers | #002 - ADPE and Telecommunications Capabilities (Projects <\$1 Million) | SPAWAR Systems Center | |

ADPE and Telecommunications Equipment: (Cont.)

Other Computer & Telecommunications Spt Equipment:

The FY 2009 projects are for an "**Continuity of Operations (COOP) Initiative**" and a "**Wideband SATCOM Lab Enhancement**".

The "**Continuity of Operations (COOP) Initiative**" will provide SSC-Charleston with an alternative capability to continue business operations during and after a declared disaster in conjunction with the command's continuity of operations plan (COOP). Final delivery shall provide a fully tested and executable continuity of operations capability with a means and methodology to account for all command personnel and communicate with the SPAWAR chain-of-command. SSC-Charleston currently lacks a comprehensive strategy and plan to ensure continuity of operations in the event of hurricanes, acts of terrorism, or other types of disasters. Project deliverables shall include but will not be limited to standard operating procedures, alternative business and work process plans, alternative work site design plans, command-wide plans including alternative communication plans, equipment and material acquisition list, documented network centric network connectivity plans and applicable FORCENET interface requirement plans. All plans and requirements shall incorporate DOD/DON data storage, information sharing, information assurance, and physical security requirements. No savings or cost avoidance is expected in the near term, however this initiative supports mission continuance and safety of command personnel in the event of natural or man-made catastrophic disaster. Not investing in the COOP Initiative could render SSC-Charleston incapable of mission readiness in the wake of a disaster and cause the incurrence of needless personnel safety risk.

The SATCOM lab currently enables the Joint/ Fleet (Wideband) to perform Satellite Communications Program of Record (POR) for Super High Frequency (SHF), Commercial Wideband Satellite Program (CWSB), Commercial Broadband Satellite Program (CBSP) and International Marine/Maritime Satellite (INMARSAT-B) SATCOM systems implemented into the NAVY FLEET. The "**Wideband SATCOM Lab Enhancement**" deliverables will increase the capability of In Service Engineering Agent (ISEA) functions to accurately provide test data for analysis, run realistic scenarios such as satellite delay and hand-over, provide full insight into the Radio Frequency (RF) spectral regions to detect anomalies, and decompose the SATCOM systems to facilitate efficient trouble-shooting efforts. Further, these enhancements will lead to In-Service Engineering efficiency by reducing the amount of iterations associated with setting up test scenarios and improve the response time to support the FLEET. Net benefits of this project are estimated at \$118 thousand per year for FY 2009 through FY 2013.

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|---|--|--|---|-----------|------------|------------|------|------|------------------------|----------|----------|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers | | | #002 - ADPE and Telecommunications Capabilities (Projects = or > \$1 Million) | | | | | | SPAWAR Systems Centers | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | | | | | | Unit Total | | | Unit Total | | |
| ADPE and Telecommunications Equipment | | | Quant | Unit Cost | Total Cost | Quant | Cost | Cost | Quant | Cost | Cost |
| Other Computer & Telecommunications Spt Equipment | | | | | | | | | 1 | \$ 1,820 | \$ 1,820 |
| Total | | | | | | | | | 1 | \$ 1,820 | \$ 1,820 |
| Justification: | | | | | | | | | | | |
| <p>ADPE and Telecommunications Equipment:</p> <p>Other Computer & Telecommunications Spt Equipment:</p> <p>In FY 2010, the current equipment that the "Online Disk Filer System" project will replace and upgrade, supports virtual hosting systems for Windows, Linux, and Solaris Operation Systems. The current equipment is used daily across all SPAWAR users, sponsors and functions. SPAWAR has established a Collaboration Solutions Environment (CSE), which includes virtual hosting systems to support the Windows, Linux, and Solaris Operation System. The "Online Disk Filer System" will provide a clustered disk based subsystem providing storage for all virtual servers and load balancers to provide a highly fault tolerant hosting system. Cost savings is estimated at approximately \$205 thousand per year for FY 2010 through FY 2016. If the effort is not funded, it would equate to greater than 40 independent servers and 40 stand alone disk subsystems. The stand alone systems would be much less fault tolerant, be less secure and consume much more power and floor space. The stand alone systems would require 10 times the system administrative support than the CSE system currently requires. Numerous Information Assurance (IA) documents would be required for the independent systems over the single CSE IA System Security Approval authority (SSAA). The existing equipment is approaching end of life and will become un-maintainable by local system administrators or commercial vendor support.</p> | | | | | | | | | | | |

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | |
|---|--|--|--|--|--------|---------|-------|---------|-------|------------------------|--------|--------|
| Department of the Navy / Research and Development / Naval Surface Warfare Center | | | | #003 - Software (Projects < \$1 Million) | | | | | | SPAWAR Systems Centers | | |
| | | | | FY 2008 | | FY 2009 | | FY 2010 | | | | |
| | | | | Unit | Total | Unit | Total | Unit | Total | | | |
| Software | | | | Quant | Cost | Cost | Quant | Cost | Cost | Quant | Cost | Cost |
| Navy ERP Data Element/Structure Migration Interface Performance and Application Conversions and Extensions for Navy ERP | | | | 1 | \$ 750 | \$ 750 | | | | 1 | \$ 683 | \$ 683 |
| TOTAL | | | | 1 | \$ 750 | \$ 750 | | | | 1 | \$ 683 | \$ 683 |
| Justification: | | | | | | | | | | | | |
| Software: | | | | | | | | | | | | |
| <p>With the FY 2008 project, "Navy ERP Data Element/Structure Migration & Conversion", SSC-Charleston will migrate its current business environment that supports civilian and military standard processes. Data accessibility will be an issue for user and program managers. Assets will be used to ensure all aspects of adapting SPAWAR business practices to leverage common Navy business practices, to convert data from existing systems, and to shut down legacy systems. If investment in this project had not been made, SSC-Charleston would be unable to effectively assess and retire the legacy systems being replaced by Navy ERP.</p> <p>The FY 2010 project proposes an "Interface Performance and Application Conversion for Navy ERP". This project represents a solution for mission critical services to be provided to users through a more flexible and controlled environment, with all updated data and Reports/Interfaces/Conversions/Extensions (RICE) modifications or improvements. SSC-Charleston will transition to the approved and mandated standard systems as directed by DoD and Navy and will work directly with RICE sub-team of the ERP Program's Technical and Business Process Teams with regard to all site related the RICE issues. SSC-Charleston will develop interfaces with Virtual Systems Command representatives to determine Navy enterprise strategy for archiving, legacy data retention and retrieval requirements, architecture and strategy along with the lead site team's resources with regard to validating site reporting requirements, data conversions, system interfaces and any required extensions to ERP solution. This project will develop software tools and interfaces to COTS Bolt-on applications that interface with the Navy ERP system, such as Primavera or Artemis. These products are generally accepted bolt-on COTS products that complete the SAP application environment to achieve comprehensive project management, not otherwise provided in the native SAP application. The data and RICE modifications/improvements provided by the Interface Performance and Application Conversion for Navy ERP project are vital to complete mission critical services.</p> <p>Initiatives began in FY 2008 in preparation for Navy ERP and continue into FY 2010. A spiral development is not applicable for these software projects. A cost analysis has been performed for both projects. Projects will be externally developed and license fees are not applicable.</p> | | | | | | | | | | | | |

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|---|---------|-----------|---------------------------|--|-----------|------------|---------|-----------|------------------------|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems | | | #004 - Minor Construction | | | | | | SPAWAR Systems Centers |
| Minor Construction | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Replacement | 3 | \$ 539 | \$ 1,618 | 2 | \$ 749 | \$ 1,498 | 1 | \$ 749 | \$ 749 |
| Productivity | 6 | \$ 313 | \$ 1,875 | 5 | \$ 655 | \$ 3,276 | 4 | \$ 699 | \$ 2,797 |
| New Mission | | | | 1 | \$ 649 | \$ 649 | 1 | \$ 700 | \$ 700 |
| Environmental | | | | | | | | | |
| Total | 9 | \$ 388 | \$ 3,493 | 8 | \$ 678 | \$ 5,423 | 6 | \$ 708 | \$ 4,246 |

Justification:

Minor Construction:

No project described herein exceeds the current MILCON threshold.

REPLACEMENT

The majority of the replacement projects are for trailers that have seriously deteriorated due to age, weather exposure (due to their locations), and multiple past alterations. Other existing permanent facility replacements are requested because the building currently in use is unable to meet high tech lab requirements. The remaining replacement project is for a facility that was condemned because of extensive corrosion in the crane support structure. With the exception of one project, the proposed projects will replace unusable or limited use space with fully functional spaces able to support the type of advanced technology work done at the SSCs in support of the Other Contingency Operations (OCO). The remaining project will remove a safety hazard as well as eliminate the need for the labor intensive and costly measures currently in place to meet the requirements for underwater vehicle testing. Cost analyses have been performed for all projects. Due to the replacement nature of these projects, the expected cost savings is minimal. If these projects are not funded, and space is not available, there may be a degradation of mission capabilities available to the war fighter due to lost opportunities to develop programs and emerging technologies. In addition, deterioration of the current structure may eventually cause serious damage to personnel and property.

PRODUCTIVITY

The majority of projects requested are due to SPAWAR's growth or to support technical requirements that are restricted in current facilities. The need for these additional spaces has also caused the need for a project to add sewer lines to serve new buildings. Additionally, lighting shortfalls on installation perimeters were identified during Joint Staff Integrated Vulnerability Assessment (JSIVA) and Anti-Terrorism Force Protection (AT/FP) Vulnerability Assessment (conducted on May 04, 2006 per DODI 2000.16 Std 16).

In addition, due to a shortfall in the design of the Naval Ordnance Test Station (NOTS) Pier, it is necessary to construct a small boat/diver extraction platform. The proposed projects will add fully functional spaces to support the type of advanced technology work done at the SSC's. The additions will also support growth in programs across the Center allowing more rapid response to requirements and reducing safety concerns. Teams will be able to be co-located which will allow improved interaction within the team and more efficient use of equipment and personnel. The fencing and security improvements are required in order to meet the federal standards and specifications for fencing, gates and accessories that are outlined in FedSpec RR-F-191K/Gen, FED SPEC SHEET RR-F-191K/4D, and OPNAVINST 5530.14C Para 0603. JSIVA recommendations specify the need for a perimeter fence maintenance program. Constructing a small boat/diver extraction platform will reduce potential safety hazards to SSC's personnel working on NOTS Pier. Cost analyses have been performed for all projects. There is an expected cost savings of approximately \$60 thousand per year. If these projects are not funded, and space is not available, the Navy will lose the capability of providing needed support to DoD customers, jeopardizing mission performance and mission capabilities that could be available to the war fighter. If projects impacting security are not funded, specifically identified deficiencies would leave the Center with vulnerabilities to intrusion and if the small boat/ diver extraction platform is not constructed, life saving decompression treatment maybe delayed due to the inadequacy of the current situation.

| CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | |
|--|---------------------------|--|--|
| Department of the Navy / Research and Development / Space and Naval Warfare Systems | #004 - Minor Construction | SPAWAR Systems Centers | |
| Minor Construction: (Cont.) | | | |
| NEW MISSION | | | |
| No existing facilities currently support the necessary new mission capability. | | | |
| The minor construction projects outlined below provide additional production capacity and capability to meet the commitments made to our customers as well as an enhanced security posture for one of our building complexes. Lack of production capacity would expose the command to schedule risk, raise production costs, and reduce our credibility to customers. Failure to upgrade our facility security to DoD Minimum Antiterrorism Standards for Buildings could expose SPAWAR's personnel and property to the risk of terrorist attack. A cost analysis has been performed and estimated savings/cost avoidance for the projects over the cost benefit period are minimal. | | | |
| These investments involve one project in FY 2009 and one in FY 2010. The FY 2009 project proposes a " Communications Security Material System and the Special Security Office (CMS / SSO) Facility ". The FY 2010 project is a " Building 166 Upgrade St Juliens ". | | | |
| The Communications Security Material System and the Special Security Office (CMS / SSO) Facility . The current facility lacks the capacity to handle the volume of crypto communications equipment requiring safeguarding. The current facility also lacks the space capacity for security briefing, interviews and training for the increased number of personnel requiring Sensitive Compartmented Information / Special Access Program access. This project will provide a new 3,500 square foot facility. | | | |
| Building 166 Upgrade St Juliens will expand mission areas by providing additional lab space that will match expanding workload and technical requirements for both employees and customers. The additional lab space will enhance personnel interoperability as well as provide optimal FLEET support. The proper safety equipment will be installed on Building 166 such as additional fire escapes, handicap access points, proper door hardware and proper interior/ exterior lighting. This will support current and future customer and employee requirements. | | | |

Capital Budget Execution
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

Projects in the FY 2009 President's Budget

| | <u>Approved Project</u> | <u>Reprogs</u> | <u>Approved Proj Cost</u> | <u>Current Proj Cost</u> | <u>Asset/ Deficiency</u> | <u>Explanation</u> |
|---|-----------------------------|----------------|-------------------------------|------------------------------|------------------------------|---|
| <u>FY 2009</u> | | | | | | |
| Equipment (Non-ADPE) | 0.000 | 0.686 | 0.686 | 0.686 | 0.000 | |
| Equipment (ADPE) | 1.361 | 0.721 | 2.082 | 2.082 | 0.000 | |
| Software Development | 0.683 | (0.683) | 0.000 | 0.000 | 0.000 | |
| Minor Construction | 5.892 | (0.469) | 5.423 | 5.423 | 0.000 | |
| Total FY 2009 | 7.936 | 0.255 | 8.191 | 8.191 | 0.000 | |
| Non-ADP Equipment >= \$.250M | 0.000 | 0.686 | 0.686 | 0.686 | 0.000 | Added Uninterrupted Technical Power Supply & Backup Generator |
| ADPE and telecommunications resources >= \$.250M | 1.361 | 0.721 | 2.082 | 2.082 | 0.000 | Added (Wideband) SATCOM Lab Enhancement & RDT&E Network Upgrade, Topside |
| Software Development >= \$.250M | 0.683 | (0.683) | 0.000 | 0.000 | 0.000 | Deferred Interface Performance & Application Conversions/Extensions for Navy ERP to FY 2010 |
| Minor Construction (>= \$.100M and <= \$.750M) | 5.892 | (0.469) | 5.423 | 5.423 | 0.000 | Reprioritized Minor Construction Projects |

This page intentionally blank

Naval Research Laboratory

This page intentionally blank

**DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
May 2009**

Mission Statement / Overview

The Naval Research Laboratory (NRL), the Navy's single, integrated corporate laboratory, provides the Navy with a broad foundation of in-house expertise from scientific through advanced development activity. Specific leadership responsibilities are assigned in the following areas:

- a. Primary in-house research in the physical, engineering, space, and environmental sciences.
- b. Broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs.
- c. Broad multidisciplinary support to the Naval Warfare Centers.
- d. Space and space systems technology development and support.

NRL operates as the Navy's full-spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems and ocean, atmospheric, and space sciences and related technologies. In fulfillment of this mission, NRL:

- a. Initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy.
- b. Conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas.
- c. Within areas of technological expertise, develops prototype systems applicable to specific projects.
- d. Assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority.

- e. Performs scientific research and development for other Navy activities and, where specifically qualified, for other agencies of the Department of Defense and, in defense-related efforts, for other Government agencies.
- f. Serves as the lead Navy activity for space technology and space systems development and support.
- g. Serves as the lead Navy activity for mapping, charting, and geodesy (MC&G) research and development for the National Geospatial-Intelligence Agency.

Activity Group Composition:

In addition to its Washington, D.C. campus of about 131 acres and 85 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Squadron. The many diverse scientific and technological research and support facilities include a large facility located at the Stennis Space Center in Bay St. Louis, Mississippi, a facility at the Naval Support Activity, Monterey Bay in Monterey, California, the Chesapeake Bay Detachment in Maryland, and additional sites located in Maryland, Virginia, Alabama, and Florida.

The Scientific Development Squadron One (VXS-1), located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains three uniquely configured P-3 Orion and two RC-12 Huron turboprop aircraft as airborne research platforms for worldwide scientific research operations.

The Chesapeake Bay Detachment occupies a 168-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical devices, materials, communications, and fire rescue. Because of its location high above the Chesapeake Bay on the western shore, unique experiments can be performed in conjunction with the Tilghman Island site 16 km across the bay.

The NRL Stennis Space Center (NRL-SSC) is a tenant activity at NASA's Stennis Space Center. Other Navy tenants at the Stennis Space Center include the Naval Meteorology and Oceanography Command and the Naval Oceanographic Office, who are major operational users of the oceanographic and atmospheric research and development performed by the NRL. This unique concentration of operational and research oceanographies makes NRL-SSC the center of naval oceanography and the largest such grouping in the western world.

The Marine Meteorology Division at Monterey, California, a tenant activity of the Naval Support Activity, Monterey Bay, is collocated with the Fleet Numerical Meteorology and Oceanography Center to support development of numerical atmospheric prediction systems and related user products. This collocation allows easy access to a large vector classified supercomputer mainframe, providing real time as well as archived global

atmospheric and oceanographic databases for research at Monterey and at other NRL locations.

Significant Changes Since the FY 2009 President's Budget:

There are no significant changes in the activity group composition since the FY 2009 President's Budget.

Financial Profile:

| <u>Revenue/Expense/NOR/AOR (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$633.4 | \$663.8 | \$676.4 |
| Expense | 636.6 | 670.5 | 686.1 |
| Operating Results | -\$3.3 | -\$6.7 | -\$9.7 |
| Other Changes Affecting AOR | -2.5 | 0.0 | 0.0 |
| Accumulated Operating Results (AOR) | <u>\$16.4</u> | <u>\$9.7</u> | <u>\$0.0</u> |

Revenue and Expense: The trend in revenue and expense from year to year is relatively steady; increases are primarily due to inflation.

Operating Results: The favorable Accumulated Operating Results (AOR) are primarily due to a higher average rate charged. The FY 2010 rate is established to achieve an end-of-year AOR of zero.

| <u>Collections/Disbursements/Outlays (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Collections | \$631.3 | \$657.7 | \$699.2 |
| Disbursements | 634.0 | 666.4 | 682.4 |
| Outlays | <u>\$2.7</u> | <u>-\$8.8</u> | <u>-\$16.8</u> |

Fluctuations in Net Outlays primarily reflect the timing of end-of-year billings and the impact of NOR, discussed above.

Workload:

| <u>Reimbursable Orders (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$667.3 | \$658.6 | \$675.4 |

Major NRL customers include the Office of Naval Research, the Naval Sea Systems Command, the Naval Air Systems Command, the Space and Naval Warfare Systems Command, the Defense Advanced Research Projects Agency, Naval Warfare Centers, the Army, the Air Force, other Navy and Department of Defense customers, the Department of Energy, the National Aeronautics and Space Administration, and the Department of Homeland Security.

| <u>Direct Labor Hours (000)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Estimate | 2,766.1 | 2,766.7 | 2,766.7 |

A conservative and steady workforce profile is projected for FY 2008 through FY 2011 given the relatively consistent customer funding plans.

Performance Indicators:

The primary performance indicator is unit cost.

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Total Stabilized Cost (\$M) | \$359.1 | \$373.7 | \$384.6 |
| Workload (DLHs) (000) | 2,766.1 | 2,766.7 | 2,766.7 |
| Unit cost (per DLH) | \$129.83 | \$135.08 | \$139.02 |

The unit cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2008 through FY 2010 primarily reflects increases for annual inflation/price changes from year to year. Other performance indicators are direct labor hours and NOR performance, discussed above.

| <u>Stabilized / Composite Rates</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Stabilized Rate | \$119.64 | \$126.33 | \$135.51 |
| Change from Prior Year | | 5.59% | +7.27% |
| Composite Rate Change | | 3.80% | +4.56% |

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the benefiting/requiring customer. The Composite Rate Change incorporates both the stabilized costs and the reimbursable costs. The FY 2010 rate increase is primarily due to pricing/inflation adjustments, a reduction in the direct labor hour base, and a reduction in AOR payback.

Staffing:

| <u>Civilian/Military ES & Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Civilian End Strength | 2,326 | 2,357 | 2,357 |
| Civilian Workyears (Straight Time) | 2,268 | 2,301 | 2,301 |
| Military End Strength | 78 | 67 | 67 |
| Military Workyears | 78 | 67 | 67 |

Civilian Personnel: Civilian strength levels, measured by both end strength and full-time equivalents (FTEs), reflect a steady workforce.

Military Personnel: Military personnel levels remain relatively steady in the budget years.

Capital Investment Program (CIP) Budget Authority:

| <u>Capital Investment Program (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Equipment, Non-ADPE / Telecom | \$8.6 | \$11.2 | \$9.6 |
| Equipment, ADPE / Telecom | 0.3 | 1.6 | 2.9 |
| Software Development | 0.0 | 0.0 | 0.0 |
| Minor Construction | <u>1.7</u> | <u>2.0</u> | <u>2.0</u> |
| Total | <u>\$10.6</u> | <u>\$14.8</u> | <u>\$14.5</u> |

This CIP plan provides a modest investment level that allows NRL to acquire needed technology to maintain a state-of-the-art facility to fulfill science and technology mission areas supporting the DON, DoD, and related customer programs.

Carryover Compliance:

| <u>Carryover (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| New Orders | \$667.3 | \$658.6 | \$675.4 |
| Less Exclusions: | | | |
| Foreign Military Sales | 1.6 | 0.8 | 0.8 |
| Base Realignment and Closure | 0.0 | 0.0 | 0.0 |
| Other Federal Departments & Agencies | 79.5 | 77.9 | 79.9 |
| Non-Federal Agencies & others | 11.0 | 4.3 | 4.4 |
| Major Range & Test Facility Base | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Orders for Carryover Calculation* | \$575.2 | \$575.6 | \$590.3 |
| Composite Outlay Rate | 55.2% | 54.9% | 54.9% |
| Carryover Ceiling Rate | 44.8% | 45.1% | 45.1% |
| Carryover Ceiling | \$257.8 | \$259.7 | \$266.4 |
| Balance of Customer Orders at Year End | \$254.8 | \$249.5 | \$248.5 |
| Less Work-in-Process | 0.3 | 0.3 | 0.3 |
| Less Exclusions | | | |
| Foreign Military Sales | 1.0 | 0.8 | 0.7 |
| Base Realignment and Closure | 0.0 | 0.0 | 0.0 |
| Other Federal Departments & Agencies | 48.0 | 44.3 | 43.4 |
| Non-Federal Agencies & Others | 7.1 | 5.1 | 4.7 |
| Major Range & Test Facility Base | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Carryover Budget* | <u>\$198.4</u> | <u>\$199.0</u> | <u>\$199.3</u> |

Budgeted carryover is within the ceiling based on outlay rates.

Revenue and Expenses
Department of the Navy
Research and Development - Naval Research Laboratory
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 | FY 2009 | FY 2010 |
|---|---------|---------|---------|
| | ----- | ----- | ----- |
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 615.8 | 647.8 | 659.9 |
| Surcharges | 2.4 | 0.0 | 0.0 |
| Depreciation excluding Major Construction | 15.1 | 16.0 | 16.5 |
| Other Income | | | |
| Total Income | 633.4 | 663.8 | 676.4 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 3.6 | 3.2 | 4.0 |
| Civilian Personnel | 281.4 | 295.2 | 303.1 |
| Travel and Transportation of Personnel | 11.1 | 9.2 | 9.2 |
| Material & Supplies (Internal Operations) | 30.5 | 35.1 | 35.7 |
| Equipment | 20.5 | 25.5 | 25.8 |
| Other Purchases from NWC | 12.8 | 11.5 | 11.8 |
| Transportation of Things | 1.2 | 1.5 | 1.5 |
| Depreciation - Capital | 15.1 | 16.0 | 16.5 |
| Printing and Reproduction | 0.1 | 0.1 | 0.1 |
| Advisory and Assistance Services | 0.0 | 0.0 | 0.0 |
| Rent, Communications & Utilities | 30.5 | 27.9 | 28.2 |
| Other Purchased Services | 229.8 | 245.3 | 250.2 |
| Total Expenses | 636.6 | 670.5 | 686.1 |
| Work in Process Adjustment | 0.0 | 0.0 | 0.0 |
| Comp Work for Activity Reten Adjustment | 0.0 | 0.0 | 0.0 |
| Cost of Goods Sold | 636.6 | 670.5 | 686.1 |
| Operating Result | -3.3 | -6.7 | -9.7 |
| Less Surcharges | -2.4 | 0.0 | 0.0 |
| Plus Appropriations Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Other Changes Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Extraordinary Expenses Unmatched | -0.1 | 0.0 | 0.0 |
| Net Operating Result | -5.8 | -6.7 | -9.7 |
| Other Changes Affecting AOR | 0.0 | 0.0 | 0.0 |
| Accumulated Operating Results | 16.4 | 9.7 | 0.0 |

Sources of New Orders and Revenue
Department of the Navy
Research and Development - Naval Research Laboratory
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 ----- | FY 2009 ----- | FY 2010 ----- |
|--|------------------|------------------|------------------|
| 1. New Orders | 667 | 659 | 675 |
| a. Orders from DoD Components | 567 | 568 | 582 |
| Department of the Navy | 420 | 413 | 424 |
| O & M, Navy | 23 | 13 | 13 |
| O & M, Marine Corps | 0 | 0 | 0 |
| O & M, Navy Reserve | 0 | 0 | 0 |
| O & M, Marine Corp Reserve | 0 | 0 | 0 |
| Aircraft Procurement, Navy | 1 | 1 | 1 |
| Weapons Procurement, Navy | 0 | 0 | 0 |
| Ammunition Procurement, Navy/MC | 0 | 0 | 0 |
| Shipbuilding & Conversion, Navy | 1 | 1 | 1 |
| Other Procurement, Navy | 2 | 2 | 2 |
| Procurement, Marine Corps | 0 | 0 | 0 |
| Family Housing, Navy/MC | 0 | 0 | 0 |
| Research, Dev., Test, & Eval., Navy | 392 | 396 | 406 |
| Military Construction, Navy | 0 | 0 | 0 |
| National Defense Sealift Fund | 0 | 0 | 0 |
| Other Navy Appropriations | 0 | 0 | 0 |
| Other Marine Corps Appropriations | 0 | 0 | 0 |
| Department of the Army | 10 | 5 | 5 |
| Army Operation & Maintenance | 0 | 0 | 0 |
| Army Res, Dev, Test, Eval | 4 | 4 | 4 |
| Army Procurement | 0 | 0 | 0 |
| Army Other | 6 | 2 | 2 |
| Department of the Air Force | 40 | 55 | 57 |
| Air Force Operation & Maintenance | 1 | 2 | 2 |
| Air Force Res, Dev, Test, Eval | 27 | 41 | 42 |
| Air Force Procurement | 11 | 13 | 13 |
| Air Force Other | 0 | 0 | 0 |
| DOD Appropriation Accounts | 97 | 94 | 96 |
| Base Closure & Realignment | 0 | 0 | 0 |
| Operation & Maintenance Accounts | 9 | 1 | 1 |
| Res, Dev, Test & Eval Accounts | 84 | 87 | 89 |
| Procurement Accounts | 2 | 4 | 4 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DOD Other | 2 | 1 | 1 |
| b. Orders from other WCF Activity Groups | 8 | 8 | 8 |
| c. Total DoD | 575 | 576 | 590 |
| d. Other Orders | 92 | 83 | 85 |
| Other Federal Agencies | 80 | 78 | 80 |
| Foreign Military Sales | 2 | 1 | 1 |
| Non Federal Agencies | 11 | 4 | 4 |
| 2. Carry-In Orders | 221 | 255 | 249 |
| 3. Total Gross Orders | 888 | 913 | 925 |
| a. Funded Carry-Over before Exclusions | 255 | 249 | 248 |
| b. Total Gross Sales | 633 | 664 | 676 |
| 4. End of Year Work-In-Process (-) | 0 | 0 | 0 |
| 5. Non-DoD, BRAC, FMS, Inst. MRIFB (-) | -56 | -50 | -49 |
| 6. Net Funded Carryover | 198 | 199 | 199 |

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DoD, BRAC & FMS and Institutional MRIFB

Changes in the Cost of Operations
Department of the Navy
Research and Development - Naval Research Laboratory
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | Expenses ----- |
|---|-------------------|
| FY 2008 Actual | \$636.6 |
| FY 2009 Estimate in FY 2009 President's Budget: | 673.5 |
| Price Changes: | |
| Change in FY 2009 Pay Raise Assumptions | 2.1 |
| Change in FY 2009 General Inflation Assumptions | -2.3 |
| Program Changes: | |
| Contractual Support Costs | 7.6 |
| Direct Non-Labor Costs | 2.4 |
| Increased Utilities | 2.3 |
| Increased DFAS Costs | 0.2 |
| Other | -0.5 |
| Decreased Depreciation | -0.6 |
| Decrease in other revolving fund purchases | -3.8 |
| Direct Civilian Labor | <u>-10.4</u> |
| FY 2009 Current Estimate: | \$670.5 |
| Pricing Adjustments: | |
| Civilian Personnel Pay Raise | |
| Impact of 2010 Pay Raise | 5.1 |
| Annualization of Prior Year Pay Raise | 2.9 |
| Military Personnel Pay Raise | |
| Impact of 2010 Pay Raise | 0.1 |
| Annualization of Prior Year Pay Raise | 0.0 |
| General Purchase Inflation | 4.2 |
| Program Changes: | |
| Revised Contractual Support Costs | 2.1 |
| Additional Depreciation Cost | 0.5 |
| Other | <u>0.7</u> |
| FY 2010 Current Estimate: | \$686.1 |

Department of the Navy
Navy Working Capital Fund
Fiscal Year (FY) 2010 Budget Estimates
Research and Development / Naval Research Laboratory
Capital Investment Summary
May 2009
Amounts in Millions

| Line # | Description | FY 2008 | | FY 2009 | | FY 2010 | |
|--------|--|-----------|-----------------|-----------|-----------------|-----------|-----------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 001 | Equipment Capabilities | | | | | | |
| | - Replacement | 2 | \$0.803 | 4 | \$2.329 | 0 | \$0.000 |
| | - Productivity | 3 | \$1.148 | 1 | \$0.280 | 2 | \$0.720 |
| | - New Mission | 16 | \$6.637 | 18 | \$8.622 | 17 | \$8.899 |
| | - Environmental | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | | | \$8.589 | | \$11.231 | | \$9.619 |
| 002 | ADPE and Telecommunications Equipment Capabilities | | | | | | |
| | - Computer Hardware (Production) | 0 | \$0.000 | 3 | \$1.050 | 6 | \$2.433 |
| | - Computer Software (Operating System) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Telecommunications | 1 | \$0.272 | 1 | \$0.251 | 1 | \$0.460 |
| | - Oth Computer & Telecom Sup Equip. | 0 | \$0.000 | 1 | \$0.250 | 0 | \$0.000 |
| | | | \$0.272 | | \$1.551 | | \$2.893 |
| 003 | Software Development | | | | | | |
| | -Internally Developed | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | -Externally Developed | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | | | \$0.000 | | \$0.000 | | \$0.000 |
| 004 | Minor Construction Capabilities | | | | | | |
| | - Replacement | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Productivity | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - New Mission | 1 | \$1.749 | 1 | \$2.000 | 1 | \$2.000 |
| | - Environmental | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | | | \$1.749 | | \$2.000 | | \$2.000 |
| | Grand Total | 23 | \$10.610 | 29 | \$14.782 | 27 | \$14.512 |
| | Total Capital Outlays | | \$11.199 | | \$14.782 | | \$14.512 |
| | Total Depreciation Expense | | \$15.072 | | \$16.000 | | \$16.500 |

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|---|---------|-----------|--|---------|-----------|------------|---------|-----------|------------|
| Department of the Navy / Research and Development Naval Research Laboratory | | | #001 - Equipment Replacement Capability | | | | | | NRL |
| Equipment Capability | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Replacement | 2 | | \$803 | 4 | | \$2,329 | | | |
| Total | 2 | | \$803 | 4 | | \$2,329 | | | |
| Justification: | | | | | | | | | |
| <p><u>Non-ADPE Equipment:</u></p> <p>As part of NRL's continued mission to remain at the forefront of research, development and technology, several investments in the replacement capability are proposed for FY 2009. Replacement of aging and/or outdated equipment is necessary as the current equipment is becoming obsolete. Newly acquired equipment in the areas of moving target capability, nuclear magnetic resonance spectroscopy, global positioning systems as related to navigation and timing, spacecraft and component testing, x-ray diffraction, and electro-optical instrumentation will enable NRL to sufficiently meet research requirements for highly visible government programs. Pre-investment economic analyses were performed for all projects.</p> | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|--|---------|-----------|--|---------|-----------|------------|---------|-----------|------------|
| Department of the Navy / Research and Development Naval Research Laboratory | | | #001 - Equipment Productivity Capability | | | | | | NRL |
| Equipment Capability | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Productivity | 3 | | \$1,148 | 1 | | \$280 | 2 | | \$720 |
| Total | 3 | | \$1,148 | 1 | | \$280 | 2 | | \$720 |
| Justification: | | | | | | | | | |
| <u>Non-ADPE Equipment:</u> | | | | | | | | | |
| As part of NRL's continued mission to remain at the forefront of research, development and technology, several investments in the productivity capability are proposed for FY 2009 and FY 2010. In FY 2009, NRL will acquire a high-precision metrology system that utilizes optical instruments for space flight purposes. Two projects in FY 2010 will enhance NRL's capability in the areas of metal layer deposition and thermal electric heating and cooling. Pre-investment economic analyses were performed for all projects. | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | |
|--|---------|-----------|--|---------|-----------|------------|---------|-----------|------------|-----|
| Department of the Navy / Research and Development Naval Research Laboratory | | | #001 - Equipment New Mission Capability | | | | | | | NRL |
| Equipment Capability | FY 2008 | | | FY 2009 | | | FY 2010 | | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | |
| New Mission | 16 | | \$6,637 | 18 | | \$8,622 | 17 | | \$8,899 | |
| Total | 16 | | \$6,637 | 18 | | \$8,622 | 17 | | \$8,899 | |
| Justification: | | | | | | | | | | |
| <u>Non-ADPE Equipment:</u> | | | | | | | | | | |
| <p>Equipment acquisition in the new mission capability for FY 2009 and FY 2010 will preserve and enhance requirements to maintain a technologically advanced, state-of-the-art laboratory and are tied directly to NRL's science and technology mission. These include the "Advanced Optical Materials Fabrication Laboratory" project which will provide the ability to characterize a wide range of optical device parameters critical for the development of ultra-low-noise fiber optic sensor systems. Additional investments for all years will be made in the following research areas: S-band radar research and development, photonic true time generation and remoting, fiber optic sensor array, emerging antiship capable missile threats, development of insulators and oxides for next generation electronics, optical biosensing, underwater acoustic array performance, middle and upper atmospheric winds, x-ray characterization of nano-dimensional materials, thermal conductivity, flash x-radiography for nuclear weapon physics studies, molecular and bio-molecular science and engineering, underwater digital acoustic communications, flight simulation, nanophotonics, magnetic materials design and processing, and thermal imaging of semiconductor devices. Pre-investment economic analyses were performed for all projects.</p> | | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|---|---------|-----------|---|---------|-----------|------------|---------|-----------|------------|
| Department of the Navy / Research and Development Naval Research Laboratory | | | #002 - ADPE and Telecommunications Equipment Capabilities | | | | | | NRL |
| ADPE and Telecommunications Equipment Capabilities | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Computer Hardware (Production) | | | | 3 | | \$1,050 | 6 | | \$2,433 |
| Computer Software (Operating System) | | | | | | | | | |
| Telecommunications | 1 | | \$272 | 1 | | \$251 | 1 | | \$460 |
| Other Computer & Telecommunications Spt Equipment | | | | 1 | | \$250 | | | |
| Total | 1 | | \$272 | 5 | | \$1,551 | 7 | | \$2,893 |
| Justification: | | | | | | | | | |
| <p><u>ADPE and Telecommunications Equipment:</u></p> <p><u>Computer Hardware (Production):</u></p> <p>Several investments in computer hardware (production) are proposed for FY 2009 and FY 2010. In FY 2009, NRL proposes to upgrade existing computer assets and infrastructure capabilities as related to data storage, secure remote access, collaborative technologies, and core security and directive services. Additional investments in FY 2009 will focus on improving our visual analytic research capability in the context of video and image understanding across multiple sensors; support of complex simulation and visualization tasks as associated with fluid and gas flow studies, as well as the processing and analysis of very large geospatial and environmental data sets. In FY 2010, investments will be made in the following research areas: real-time algorithm technology to enhance the performance of existing and new Naval radar systems; implementation of a core federated distributed disk spider capable of driving the next plateau of streaming data to fill a 100 Gbps wavelength; a classified supercomputer facility for Electronic Warfare modeling and simulation; storage area network infrastructure and file servers; state-of-the-art computing and storage equipment for computationally intensive Maritime Domain Awareness intelligence fusion applications; and installation and certification of a security-level guard enabling space system operations at high security levels. Pre-investment economic analyses were performed for all projects.</p> | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | | | | |
|--|--|--|---|-----------|------------|---------|-----------|------------|---------|-----------|------------|---------|-----------|------------|
| Department of the Navy / Research and Development Naval Research Laboratory | | | #002 - ADPE and Telecommunications Equipment Capabilities | | | | | | | | | NRL | | |
| ADPE and Telecommunications Equipment Capabilities | | | FY 2008 | | | FY 2009 | | | FY 2010 | | | FY 2011 | | |
| | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Computer Hardware (Production) | | | | | | | | | | | | | | |
| Computer Software (Operating System) | | | | | | | | | | | | | | |
| Telecommunications | | | | | | | | | | | | | | |
| Other Computer & Telecommunications Spt Equipment | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |
| Justification: | | | | | | | | | | | | | | |
| <u>ADPE and Telecommunications Equipment (continued):</u> | | | | | | | | | | | | | | |
| <u>Telecommunications:</u> | | | | | | | | | | | | | | |
| <p>Investments in telecommunications include one project each in FY 2009 and FY 2010. In FY 2009, NRL will invest in an integrated fast network environment to support seamless usage of the Fleet Numerical Meteorology and Oceanography Center, remote DoD high performance computing centers, local computing facilities, as well as local/remote data storage facilities. The end result will be a new network with a new topology that is needed to support current and future science and technology research efforts. In FY 2010, NRL will invest in wideband code division multiple access (WCDMA), an emerging worldwide cellular standard that will be increasingly employed by the Navy and throughout DoD. Access to a WCDMA cellular testbed will enhance the research efforts of Tactical Electronic Warfare in the following areas: Multi-Platform Communication Electronic Attack, Optimized Communication Electronic Attack, and Communications Specific Emitter Identification. Additionally, this capability will be utilized in support of six operational DoD commands that look to NRL for advanced communications vulnerability research. Pre-investment economic analyses were performed for all projects.</p> | | | | | | | | | | | | | | |
| <u>Other Computer & Telecommunications Spt Equipment:</u> | | | | | | | | | | | | | | |
| <p>A single investment in other computer and telecommunications support equipment is proposed for FY 2009. NRL will explore further development of mobile ad-hoc networking and communication protocols that closely emulate real world radio connectivity and propagation due to terrain and structures. A pre-investment economic analysis was performed for this project.</p> | | | | | | | | | | | | | | |

| Capital Investment Justification (\$ in Thousands) | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | |
|--|---------|-----------|--|---------|-----------|------------|---------|-----------|------------|-----|
| Department of the Navy / Research and Development Naval Research Laboratory | | | #004 - Minor Construction Capabilities | | | | | | | NRL |
| Minor Construction Capabilities | FY 2008 | | | FY 2009 | | | FY 2010 | | | |
| | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | |
| Replacement Productivity New Mission Environmental | 1 | | \$1,749 | 1 | | \$2,000 | 1 | | \$2,000 | |
| Total | 1 | | \$1,749 | 1 | | \$2,000 | 1 | | \$2,000 | |
| Justification: | | | | | | | | | | |
| <u>Minor Construction:</u> | | | | | | | | | | |
| <u>New Mission:</u> | | | | | | | | | | |
| <p>NRL proposes a \$2.000K minor construction investment in FY 2009 for "Remote Sensing Facilities" and a \$2.000K investment in FY 2010 for "Optical Physics Facility Modifications." Both investments will facilitate the conversion of existing space into usable laboratories as related to remote sensing sensors and techniques, optical devices, optical materials, and optical phenomena. An alternative to lease space for the above purposes is not cost effective and will greatly exceed the proposed cost and would pose logistics and security problems. Pre-investment economic analyses were performed for both projects; these projects would correct non-economic deficiencies. These projects utilize Section 2804 of the FY 2008 National Defense Authorization Act (NDAA) authority for the Laboratory Revitalization Demonstration Program (LRDP).</p> | | | | | | | | | | |

Department of the Navy
 Navy Working Capital Fund
 Fiscal Year (FY) 2010 Budget Estimates
 Research and Development / Naval Research Laboratory
 Capital Budget Execution
 May 2009
 Amounts in Millions

PROJECTS ON THE FY 2009 PRESIDENT'S BUDGET

| <u>FY</u> | <u>Approved Project</u> | <u>Reprogs</u> | <u>Approved Proj Cost</u> | <u>Current Proj Cost</u> | <u>Asset/ Deficiency</u> | <u>Explanation/ Reason for Change</u> |
|-----------|--|----------------|---------------------------|--------------------------|--------------------------|---------------------------------------|
| 2009 | Equipment except ADPE and TELECOM | \$0.617 | \$10.614 | \$11.231 | -\$0.617 | 1/ |
| 2009 | Equipment - ADPE and TELECOM | \$0.051 | \$1.500 | \$1.551 | -\$0.051 | 1/ |
| 2009 | Software Development | \$0.000 | \$0.000 | \$0.000 | \$0.000 | |
| 2009 | Minor Construction | \$0.000 | \$2.000 | \$2.000 | \$0.000 | |
| | Total FY 2009 Capital Purchase Program | \$0.668 | \$14.114 | \$14.782 | -\$0.668 | |

1/ Canceled multiple projects to fund higher priority projects

Military Sealift Command

This page intentionally blank

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: TRANSPORTATION
MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009**

Mission Statement / Overview

The Military Sealift Command (MSC) is the single manager-operating agency for sealift services. MSC operates as a Working Capital Fund (WCF) in two separate entities. This submission addresses MSC's Navy mission funded by the Navy Working Capital Fund (NWCF), providing support to the Fleet Commanders (FLTCOMs) and other DOD activities by providing unique vessels and programs. The second mission, providing sealift support for DOD cargoes in peacetime, is accomplished through the Transportation Working Capital Fund (TWCF) under the auspices of the US Transportation Command (TRANSCOM). Ship availability for MSC customers is the metric for evaluating mission performance in the sealift transportation business area.

Fuel purchases are one of MSC's largest expenses. As such any change in fuel prices will have an impact on MSC's cost of operations, cash balances, and eventually impact MSC customers through rate changes.

Activity Group Composition:

MSC supports the Fleet Commanders for Pacific and Atlantic Fleets (Commander Pacific Fleet (COMPACFLT) and United States Fleet Forces Command (USFFC), the Naval Sea Systems Command (NAVSEA), the Space and Naval Warfare Systems Command (SPAWAR), the Strategic Systems Programs (DIRSSP), the US Air Force, and the National Defense Sealift Fund (NDSF) with unique vessels and programs. The Maritime Prepositioning Ships (MPS) Restructuring effort began in FY 2006. This effort is to balance sealift requirements with Navy-owned and chartered assets to effectively meet sealift demand including the purchase of MPS ships. Two ships will be purchased in FY 2010. All ships were procured with National Defense Sealift Fund (NDSF) resources. In addition, three chartered ships will be terminated in FY 2009 and no terminations are scheduled for FY 2010.

The three programs budgeted through the Navy Working Capital Fund (NWCF) are:

1. Naval Fleet Auxiliary Force (NFAF): Provides support utilizing civilian mariner manned non-combatant ships for material support and ocean going tugs.
2. Special Mission Ships (SMS): Provides unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs.
3. Afloat Propositioning Force - Navy (APF-N): Deploys advance materiel for strategic lifts for the Marine Expeditionary Forces.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: TRANSPORTATION
MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009

Significant Changes FY 2009 to FY 2010:

All changes in ship scheduling and requirements are promulgated by the fleet operational and other customer requirements. Ships that are in a Reduced Operating Status (ROS) contain a small cadre of crew to assure the readiness of propulsion and other primary systems if the need arises to activate the ship. The size of the cadre crew varies based upon the type of ship and the length of ROS. As an example ROS 4 indicates it will take four days to get a ship into a Full Operating Status (FOS) ready to sail, fully crewed and operational. ROS 90 indicates ninety days to FOS from the time notification is given to activate.

NFAF – Deactivation of T-AFS 10 USNS SATURN, T-AFS 5 USNS CONCORD and T-AFS 7 USNS SAN JOSE is offset by the activation of the T-AKE 9 USNS MATTHEW PERRY and T-AKE 10 USNS CHARLES DREW. A full operating year for T-AKE 6 USNS AMELIA EARHART, TAKE-7 USNS CARL BRASHEAR, and the T-AKE 8 USNS WALLY SCHIRRA will be executed.

SMS – The number of FOS and ROS days change for T-ARC 7 USNS ZEUS. A full operating year for the submarine tender T-AS 40 USS FRANK CABLE will be executed in FY 2010. The chartered USNS KELLIE CHOUEST, a special warfare support vessel will be activated in FY 2010. A new charter hire will occur as MSC transitions to a faster class of submarine support vessels.

APF-N - Two MPS container ships T-AK 3006 OBREGON and T-AK 3007 PLESS are purchased utilizing NDSF funding. Additionally MSC will lease one container ship, one tanker ship, and two HSVs, three LMSR class of ships will be operated in FOS. Lease termination of T-AK 3002 USNS ANDERSON, T-AK 3003 USNS BONNEYMAN, and T-AK 3000 USNS HAUGE will occur in FY 2009.

Financial Profile:

| <u>Revenue/Expense/NOR/AOR (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$2,465.8 | \$2,326.6 | \$2,616.2 |
| Expense | \$2,596.2 | \$2,541.6 | \$2,608.9 |
| Operating Results | -\$130.4 | -\$215.0 | \$7.3 |
| Other Changes Affecting AOR | \$66.4 | | |
| Accumulated Operating Results (AOR) | \$207.7 | -\$7.3 | \$0 |

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: TRANSPORTATION
MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009**

Revenue and Expense: The changes in revenue and expense from year to year are due to increases in workload primarily associated with the MPS Restructuring. Additionally, revenue in all years is impacted by significant changes in fuel prices. FY 2010 revenue reflect requirement to attain a zero AOR at the end of the fiscal year.

Operating Results: The FY 2009 President's Budget reflected an NOR of \$-188.8M vice the current estimate of -\$215M for FY 2009. The less favorable result is primarily due to MPS restructuring. FY 2010 reflects requirement to achieve a zero AOR.

Collections/Disbursements/Outlays

| <u>(\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---------------------|-----------------------|-----------------------|-----------------------|
| Collections | \$2,540.5 | \$2,366.6 | \$2,616.2 |
| Disbursements | \$2,539.0 | \$2,496.9 | \$2,608.0 |
| Outlays | -\$1.5 | \$130.3 | -\$8.2 |

Collections: FY 2008 through FY 2010 reflect expected revenue and supplemental funding.

Disbursements: This represents budgeted expense as modified by MPS principal payments and Capital Investment Program (CIP) outlays.

Workload:

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------|-----------------------|-----------------------|-----------------------|
| NFAF | 15,109 | 14,950 | 15,087 |
| SMS | 17,811 | 18,250 | 19,073 |
| APF-N | 6,251 | 5,244 | 6,753 |

Workload for MSC refers to the number of per diem days associated with each of the three MSC programs.

NFAF increases in FY 2010 are associated with the activation of T-AKE 9 USNS MATTHEW PERRY and T-AKE 10 USNS CHARLES DREW which is offset by the deactivation of T-AFS 5 USNS CONCORD, T-AFS 10 USNS SATURN, and T-AFS 7 USNS SAN JOSE. The SMS increase in FY 2010 is due to the transition to four new Off shore Service Vessel (OSV) ships to replace the current leased ships, and the inclusion of one Motor Vessel ship and one sub-tender. The APF-N increase in FY 2010 over FY 2009 is also due to the MPS restructuring which includes three LMSR ships, a tanker ship and a container ship. In addition to the MPS restructuring (resulting in the termination of five

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: TRANSPORTATION
MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009**

Maersk ships in FY 2009), an increase to reflect the lease of two HSVs is reflected beginning in FY 2010.

| <u>Reimbursable Orders (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$2,512.8 | \$2,326.6 | \$2,616.2 |

Orders for MSC equate to revenue. Variances are due to changes in per diem days, fuel price changes, and requirement to attain zero AOR in FY 2010.

| <u>Direct Labor Hours (000)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Estimate | 12,275 | 12,184 | 12,049 |

Direct labor hours refer to Civilian Mariners (CIVMARS) only. Variances across fiscal years are due to the addition of T-AS 40 USS FRANK CABLE, annualization of ships coming on board e.g. T-AKEs and deactivations e.g. T-AE 32 USNS FLINT and T-AFS 9 USNS SPICA, and reduction for afloat distance program.

Performance Indicators:

Program Performance is measured by “ship availability days,” which measures days against plan that ships are actually available to perform the function for which they were intended. Any change in ship operation such as FOS to ROS, transitioning ships between coasts, or changing ship status (e.g., from ROS-15 days, ROS-30 days or ROS-45 days) are coordinated with the respective MSC customer.

A summary of performance goals is reflected below:

| <u>Performance Measure</u> | <u>Goal</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------------|--------------------|-----------------------|-----------------------|-----------------------|
| Ship Availability | 95% | 95% | 95% | 95% |

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------|-----------------------|-----------------------|-----------------------|
| NFAF | 92,733 | 88,448 | 95,195 |
| SMS | 19,634 | 22,986 | 23,043 |
| APF-N | 78,867 | 76,526 | 65,171 |

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: TRANSPORTATION
MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009**

MSC operates under three distinct unit cost goals - one for each of the programs. All programs have cost/per day as the unit cost basis (costs include only per diem expenses in the annual operating budget (AOB) as per OSD guidelines.) Ship mix – e.g. class of ships and operating status, impacts unit cost levels. Changes in all years are primarily a function of approved escalation, fuel, CIVMAR salaries, ship mix, Capital Hire, and M&R.

| <u>Stabilized / Composite Rates</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------------------|----------------|----------------|----------------|
| NFAF | 8.7% | 2.6% | 3.0% |
| SMS | -3.4% | 18.8% | 4.0% |
| APF-N | 42.9% | -33.1% | 11.4% |

FY 2008 and FY 2009 rates reflect the President’s budget approved program. Rates for FY 2010 reflect recoupment of AOR.

Staffing:

| <u>Civilian/Military ES & Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Civilian End Strength | 6,119 | 5,997 | 6,150 |
| Civilian Workyears (Straighttime) | 7,905 | 7,926 | 7,865 |
| Military End Strength | 389 | 377 | 358 |
| Military Workyears | 384 | 377 | 348 |

Civilian Personnel:

Afloat: Changes relate mainly to deactivations e.g. T-AFS 8 USNS SIRIUS, T-AFS 9 USNS SPICA, T-AE 35 USNS KISKA, T-AS 40 USS FRANK CABLE and T-AKEs.

Ashore: End strength numbers vary across the budget years due to the effect of MSC transformation initiatives. While total overall *requirements* remain essentially steady, expected end strength will vary as impact of transformation produces a more stable workforce.

Military Personnel:

Changes are due mainly to a combination of increases for T-AKEs offset by decreases for T-AFS deactivations and civilian crewing associated with T-AOEs transferring from the fleet to MSC.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: TRANSPORTATION
MILITARY SEALIFT COMMAND
NARRATIVE
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009

Capital Investment Program (CIP) Budget Authority:

| <u>Capital Investment Program (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Equipment, Non-ADP / Telecom | \$0.0 | \$0.6 | \$0.5 |
| Equipment, ADPE / Telecom | 4.8 | 4.8 | 9.8 |
| Software Development | 6.3 | 6.9 | 6.3 |
| Minor Construction | .4 | .2 | 0 |
| Total | 11.5 | 12.5 | 16.6 |

Information Technology (IT/ADP) efforts represent the predominant share of CIP costs. These efforts include migration to a paperless environment; secure storage of engineering materials, ADPE for Shipboard local area networks (LANs), systems development efforts – e.g. mandated travel system, financial management system, and Next Generation Wideband. Non-IT equipment reflects requirement to replace HVAC at MSC Headquarters.

Revenue and Expenses
Department of the Navy
Transportation - Military Sealift Command
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 2452.7 | 2312.6 | 2601.1 |
| Surcharges | 0.0 | 0.0 | 0.0 |
| Depreciation excluding Major Construction | 13.1 | 14.0 | 15.1 |
| Other Income | | | |
| Total Income | 2465.8 | 2326.6 | 2616.2 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 31.8 | 24.2 | 23.7 |
| Civilian Personnel | 609.6 | 651.2 | 665.8 |
| Travel and Transportation of Personnel | 25.1 | 22.0 | 22.9 |
| Material & Supplies (Internal Operations) | 599.7 | 444.9 | 447.1 |
| Equipment | 65.5 | 73.9 | 73.8 |
| Other Purchases from NWCF | 1.0 | 1.2 | 1.2 |
| Transportation of Things | 7.6 | 9.9 | 8.9 |
| Depreciation - Capital | 13.1 | 14.0 | 15.1 |
| Printing and Reproduction | 0.6 | 0.6 | 0.7 |
| Advisory and Assistance Services | 0.1 | 1.6 | 1.7 |
| Rent, Communication & Utilities | 555.8 | 599.9 | 579.3 |
| Other Purchased Services | 686.2 | 698.2 | 768.7 |
| Total Expenses | 2596.2 | 2541.6 | 2608.9 |
| Work in Process Adjustment | 0.0 | 0.0 | 0.0 |
| Comp Work for Activity Retention Adjustment | 0.0 | 0.0 | 0.0 |
| Cost of Goods Sold | 2596.2 | 2541.6 | 2608.9 |
| Operating Result | -130.4 | -215.0 | 7.3 |
| Less Surcharges | 0.0 | 0.0 | 0.0 |
| Plus Appropriations Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Other Changes Affecting NOR/AOR | 0.0 | 0.0 | 0.0 |
| Extraordinary Expenses Unmatched | 0.0 | 0.0 | 0.0 |
| Net Operating Result | -130.4 | -215.0 | 7.3 |
| Other Changes Affecting AOR | 66.4 | -0.0 | 0.0 |
| Accumulated Operating Result | 207.7 | -7.3 | 0.0 |

Sources of New Orders & Revenue
Department of the Navy
Transportation - Military Sealift Command
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 ----- | FY 2009 ----- | FY 2010 ----- |
|---|------------------|------------------|------------------|
| 1. New Orders | 2512.8 | 2326.6 | 2616.2 |
| a. Orders from DoD Components: | 2456.9 | 2276.3 | 2565.7 |
| Department of the Navy | 2405.4 | 2234.8 | 2516.8 |
| O & M, Navy | 1796.7 | 1706.2 | 1975.9 |
| O & M, Marine Corps | 21.4 | 0.0 | 0.0 |
| O & M, Navy Reserve | 0.0 | 0.0 | 0.0 |
| O & M, Marine Corp Reserve | 0.0 | 0.0 | 0.0 |
| Aircraft Procurement, Navy | 0.0 | 0.0 | 0.0 |
| Weapons Procurement, Navy | 0.0 | 0.0 | 0.0 |
| Ammunition Procurement, Navy/MC | 0.0 | 0.0 | 0.0 |
| Shipbuilding & Conversion, Navy | 0.0 | 0.0 | 0.0 |
| Other Procurement, Navy | 13.8 | 0.0 | 0.0 |
| Procurement, Marine Corps | 0.0 | 0.0 | 0.0 |
| Family Housing, Navy/MC | 0.0 | 0.0 | 0.0 |
| Research, Dev., Test, & Eval., Navy | 5.4 | 0.0 | 0.0 |
| Military Construction, Navy | 0.0 | 0.0 | 0.0 |
| National Defense Sealift Fund | 0.0 | 0.0 | 0.0 |
| Other Navy Appropriations | 568.2 | 528.6 | 540.9 |
| Other Marine Corps Appropriations | 0.0 | 0.0 | 0.0 |
| Department of the Army | 0.7 | 0.0 | 0.0 |
| Army Operation & Maintenance | 0.7 | 0.0 | 0.0 |
| Army Res, Dev, Test, Eval | 0.0 | 0.0 | 0.0 |
| Army Procurement | 0.0 | 0.0 | 0.0 |
| Army Other | 0.0 | 0.0 | 0.0 |
| Department of the Air Force | 35.7 | 41.6 | 48.9 |
| Air Force Operation & Maintenance | 35.7 | 41.6 | 48.9 |
| Air Force Res, Dev, Test, Eval | 0.0 | 0.0 | 0.0 |
| Air Force Procurement | 0.0 | 0.0 | 0.0 |
| Air Force Other | 0.0 | 0.0 | 0.0 |
| DOD Appropriation Accounts | 15.1 | 0.0 | 0.0 |
| Base Closure & Realignment | 0.0 | 0.0 | 0.0 |
| Operation & Maintenance Accounts | 13.8 | 0.0 | 0.0 |
| Res, Dev, Test & Eval Accounts | 0.0 | 0.0 | 0.0 |
| Procurement Accounts | 0.0 | 0.0 | 0.0 |
| Defense Emergency Relief Fund | 0.1 | 0.0 | 0.0 |
| DOD Other | 1.2 | 0.0 | 0.0 |
| b. Orders from other Fund Activity Groups | 49.3 | 50.3 | 50.5 |
| c. Total DoD | 2506.2 | 2326.6 | 2616.2 |
| d. Other Orders: | 6.6 | 0.0 | 0.0 |
| Other Federal Agencies | 6.6 | 0.0 | 0.0 |
| Foreign Military Sales | 0.0 | 0.0 | 0.0 |
| Non Federal Agencies | 0.0 | 0.0 | 0.0 |
| 2. Carry-In Orders | 288.0 | 334.9 | 334.9 |
| 3. Total Gross Orders | 2800.7 | 2661.6 | 2951.2 |
| a. Funded Carry-Over before Exclusions | 334.9 | 334.9 | 334.9 |
| b. Total Gross Sales | 2465.8 | 2326.6 | 2616.2 |
| 4. End of Year Work-In-Process (-) | 0.0 | 0.0 | 0.0 |
| 5. Non-DoD, BRAC, FMS, Inst. MRIFB (-) | -2.1 | -2.1 | -2.1 |
| 6. Net Funded Carryover | 332.8 | 332.8 | 332.8 |

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRIFB

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
Component: Military Sealift Command
Fund-2 Exhibit: Changes in the Costs of Operation
Fiscal Year (FY) 2010 Budget Estimates
May 2009

| | Total Expenses |
|--|---------------------------|
| 1. FY 2008 Estimate in Current Budget: | 2,596.2 |
| 2. FY 2009 Estimate in FY2009 President's Budget: | 2,537.7 |
| 3. Pricing Adjustments: | -142.3 |
| a. Change in FY 2009 Pay Raise Assumptions | 0.0 |
| b. Change in FY 2009 Fuel Price Assumptions | -133.0 |
| c. Change in FY 2009 General Inflation Assumptions | -9.3 |
| 4. Productivity Initiatives & Other Efficiencies: | 0.0 |
| a. Capital Investment Program Savings | 0.0 |
| b. LEAN SIX SIGMA | 0.0 |
| c. Other | 0.0 |
| 5. Program Changes: | 81.5 |
| a. MPF Restructure | 52.0 |
| b. Increased Port and Canal cost | 8.2 |
| c. Increased OPTEMPO | 50.2 |
| d. Overhauls | 19.0 |
| e. Contract Re-compete Changes | 2.2 |
| f. Increased CIVMAR Labor | 6.2 |
| g. Various Operational Schedule Changes | (44.4) |
| h. Workload Changes for MTF Funds | (11.9) |
| 6. Other Changes: | 64.7 |
| a. Depreciation | (3.6) |
| b. Realignment from Direct (Launches/TAC) | 5.8 |
| c. IT/IA | 13.5 |
| d. FTE Increase (Ashore) | 2.5 |
| e. FECA | 2.0 |
| f. Increased reimbursables | 44.1 |
| g. Norfolk move | 2.1 |
| h. Other Misc. | (1.7) |
| 7. FY 2009 Current Estimate: | 2,541.6 |
| 8. Pricing Adjustments: | 56.2 |
| a. FY 2010 Pay Raise | 7.2 |
| (1) Civilian Personnel | 6.4 |
| (2) Military Personnel | 0.8 |
| b. Annualization of Prior Year Pay Raises | 15.2 |
| (1) Civilian Personnel | 15.2 |
| (2) Military Personnel | 0.0 |
| c. Fuel | 16.3 |
| d. Working Capital Fund Price Changes | - |
| e. General Purchase Inflation | 17.5 |

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
Component: Military Sealift Command
Fund-2 Exhibit: Changes in the Costs of Operation
Fiscal Year (FY) 2010 Budget Estimates
May 2009

| | <u>Total Expenses</u> |
|--|------------------------------|
| 9. Productivity Initiatives & Other Efficiencies: | 0.0 |
| a. | 0.0 |
| 10. Program Changes: | (10.1) |
| a. MPF Restructure | (110.3) |
| b. Increased OPTEMPO | 50.5 |
| c. Sub-tenders modifications | 11.1 |
| d. T-AH 150 Day Mission | 20.9 |
| e. Various Workload Increases | 17.7 |
| 12. Other Changes: | 21.2 |
| a. Depreciation | 1.2 |
| b. Change in Civ Equiv Rate (Military) | (0.3) |
| c. Overhead Realignment From Transcom to Navy | 12.5 |
| d. Change in price for Paint/Commodities | 7.8 |
| e. | |
| 13. FY 2010 Estimate: | 2,608.9 |

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
TRANSPORTATION
MILITARY SEALIFT COMMAND
(\$ in Millions)

| Line Number | Item Description | FY 2008 | | FY 2009 | | FY 2010 | |
|----------------|--------------------------------|---------|---------------|---------|---------------|---------|---------------|
| | | Qty | Total Cost | Qty | Total Cost | Qty | Total Cost |
| | <u>Equipment</u> | | | | | | |
| 001 | Replacement | | | | | | |
| 002 | Productivity | | 0.0 | | 0.6 | | 0.5 |
| | New Mission | | | | | | |
| | Environmental Compliance | | | | | | |
| | ADPE & Telecomm | | | | | | |
| | Computer Hardware (Production) | | | | | | |
| 003 | LAN | | 4.3 | | 4.3 | | 9.3 |
| | Computer Software (Operating) | | 0.5 | | 0.5 | | 0.5 |
| | Telecommunications | | | | | | |
| | Other Communications and | | | | | | |
| | Telecommunications Support | | | | | | |
| | Equipment | | | | | | |
| | Software Development | | | | | | |
| 004 | Systems | | 4.2 | | 4.3 | | 3.3 |
| 005 | HRMS | | 2.1 | | 2.6 | | 3.0 |
| | Minor Construction | | | | | | |
| | Replacement | | | | | | |
| | Productivity | | | | | | |
| 006 | New Mission | | 0.4 | | 0.2 | | |
| | Environmental Compliance | | | | | | |
| | Grand Total | | 11.5 | 0 | 12.5 | 0 | 16.6 |
| | Total Capital Outlays | | 12.0 | | 14.9 | | 14.2 |
| | Total Depreciation Expense | | 13.1 | | 14.0 | | 15.1 |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands) | | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|---|---------|-----------|------------|---------------|-----------|------------|--|--------------------------|------------|--|--|--|
| Military Sealift Command/Transportation | | | | 002 Equipment | | | | Military Sealift Command | | | | |
| | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| SOFTWARE | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| HVAC | | | | | | 600 | | | 500 | | | |
| Total | 0 | | 0 | 0 | | 600 | 0 | | 500 | | | |
| Narrative Justification: | | | | | | | | | | | | |
| Current units are old and require constant repair. The current profile provides for replacement of units in two buildings in the Washington, DC area. | | | | | | | | | | | | |

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

Fiscal Year (FY) 2010 Budget Estimates
May 2009

Military Sealift Command/Transportation

003 ADPE and Telecommunications Capabilities

Military Sealift Command

FY 2008

FY 2009

FY 2010

| ADPE | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
|---|---------|-----------|------------|---------|-----------|------------|---------|-----------|------------|--|--|--|
| | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| New Mission Next Generation Wideband Hardware | | | | | | | 20 | 250 | 5,000 | | | |
| Total | 0 | | 0 | 0 | | 0 | 20 | | 5,000 | | | |

Narrative Justification:

Next Generation Wideband system to replace current Bandwidth Efficient Satellite Transport (BEST) Satellite system which will be obsolete and no longer supported by end of FY 2010.
Shipboard Infrastructure requirements are estimated to be \$250K per ships times 20 ships installed per year.
Next Generation Wideband solution is Mission Critical to maintain shipboard communications with no interruption as current BEST system satellites begin to fail.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION

(Dollars in Thousands)

Fiscal Year (FY) 2010 Budget Estimates
May 2009

Military Sealift Command/Transportation

003 ADPE and Telecommunications Capabilit

Military Sealift Command

| ADPE and Telecomm Equipment | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
|--------------------------------------|---------|-----------|------------|---------|-----------|------------|---------|-----------|------------|--|--|--|
| | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| Computer Hardware (Production) | | Varies | 4,350 | | Varies | 4,350 | | Varies | 4,350 | | | |
| Computer Software (Operating System) | | | 450 | | | 450 | | | 450 | | | |
| Telecommunications | | | | | | | | | | | | |
| Other Computer & Telecomm Equip | | | | | | | | | | | | |
| Total | 0 | | 4,800 | 0 | | 4,800 | 0 | | 4,800 | | | |

Narrative Justification:

The above represents MSC requirements to implement unclassified and classified LANS at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc.

Additionally funding will provide for Crypto Modernization Navy mandate

Additionally, funding will provide the ability to integrate with MSC Financial Management System (FMS,) replicate data shoreside, and facilitate web enablement in accordance with Taks Force Web (TFW) directives. EA for FMS completed January 2005.

MSC requires equipment and software to maintain backup sites - i.e. Mission Continuity Plan (MCP.) The refresh requirements are not covered by NMCI or Base Level Infrastructure Implementation (BLII) plans.

No EA for afloat ADPE as this was a directed CIP cost by OSD.

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands) | | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | |
|---|-----|-----------|------------|--------------|-----------|------------|--|-----------|------------|--|--|--|--|
| Military Sealift Command/Transportation | | | | 004 Software | | | Military Sealift Command | | | | | | |
| | | | FY 2008 | | FY 2009 | | | FY 2010 | | | | | |
| SOFTWARE | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | | |
| MSC-IS Portal | | | 3,200 | | | 3,200 | | | 2,000 | | | | |
| MSC - FMS | | | 964 | | | 1,140 | | | 1,260 | | | | |
| Total | 0 | | 4,164 | 0 | | 4,340 | 0 | | 3,260 | | | | |

Narrative Justification:

Development

Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment.

Includes funding required to implement DOD mandated travel system and integrate it with the Command financial management system as well as the paperless environment.

Information Systems: IS Portal and FMS

IS Portal: This is a standards based web application that will seamlessly integrate shipboard and shore-side information technology function and processes into one integrated portal. MSC IS Portal will be integrated with the Navy Enterprise Portal (NEO.)

FMS: This is a DOD/DFAS migratory finance and accounting system. It is consistent with the requirements of the Financial Integrity Act, Anti-Deficiency Act, Joint Financial Management Improvement Program (JMIP), and the Chief Financial Officer (CFO) Act.

This initiative will provide for cross functional requirements and continuing development of enhancement and upgrades to MSC business systems. Supports the introduction of additional modules required to provide a total automated procure to pay solution for MSC. It also will support the development of interfaces required with external systems - e.g. DOD wide implementation of the End -to-End procurement process.

Business Enterprise Architecture (BEA) 4.1 compliant EA completed in 2007, however, all items have obtained OSD Business Transformation Agency (BTA) certification.

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands) | | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|---|---------|-----------|------------|--------------|-----------|------------|--|-----------|------------|--|--|--|
| Military Sealift Command/Transportation | | | | 005 Software | | | Military Sealift Command | | | | | |
| | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| SOFTWARE | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| MSC - HRMS | | | 2,100 | | | 2,550 | | | 3,000 | | | |
| Total | 0 | | 2,100 | 0 | | 2,550 | 0 | | 3,000 | | | |

Narrative Justification:

MSC HRMS (Human Resources Management System)

MSC has consolidated its civmar personnel functions at the Afloat Personnel Management Center (APMC.) This funding will satisfy the requirement to migrate to a paperless environment - i.e. total automation of the AP process, automated workflow and documentation management utilizing Oracle Human Resource (HR) and Payroll. Implementation of HR also will provide the ability to integrate with MSC's corporate data environment.

Decrease in funding in FY08 and FY09 due to a decrease in functionality requirements per Business Transformation Agency (BTA)/ Investment Review Board (IRB) instruction.

Note: CIVMAR personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS.)

Business Enterprise Architecture (BEA) compliant EA was completed in 2007, all items have obtained OSD BTA certification.

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands) | | | | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | |
|--|---------|-----------|------------|------------------------|-----------|------------|--|--------------------------|------------|--|--|--|
| Military Sealift Command/Transportation | | | | 006 Minor Construction | | | | Military Sealift Command | | | | |
| | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| ELEMENTS OF COST | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | | | |
| Replacement Productivity New Mission Environmental | Varies | | 400 | Varies | | 200 | | | | | | |
| Total | 0 | 0 | 400 | 0 | 0 | 200 | 0 | | 0 | | | |
| Narrative Justification: | | | | | | | | | | | | |
| <p>The above covers requirements associated with the move of MSC personnel in the Norfolk Area. Renovation of all required buildings will allow MSCLANT to consolidate in the Tidewater area.</p> <p>If funding is not provided, consolidation could not be completed and portions of MSC Transformation efforts would be curtailed.</p> | | | | | | | | | | | | |

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
TRANSPORTATION
MILITARY SEALIFT COMMAND
(\$ in Millions)

| FY | Approved Projects | PB Amount | Reprogs | Approved Proj Cost | Current Proj Cost | Asset/Deficiency | Explanation |
|-------|----------------------------------|---------------|----------------|--------------------|-------------------|------------------|---|
| 08 | Equipment except ADPE & Telecom | \$2.0 | (\$2.0) | \$0.0 | \$0.0 | \$2.0 | Change in CPP threshold |
| | ADPE & Telecomm LAN | \$4.8 | | \$4.8 | \$4.8 | \$0.0 | No change |
| | Software Development Systems/Lan | \$7.2 | (\$0.9) | \$6.3 | \$6.3 | \$0.9 | Revised requirement for HR Mgmt System (HRMS) |
| | Minor Construction | \$0.4 | | \$0.4 | \$0.4 | \$0.0 | No change |
| | TOTAL FY 2008 | \$14.4 | (\$2.9) | \$11.5 | \$11.5 | \$2.9 | |
| <hr/> | | | | | | | |
| 09 | Equipment except ADPE & Telecom | \$2.0 | (\$1.4) | \$0.6 | \$0.6 | \$1.4 | Change in CPP threshold and adjustment for HVAC |
| | ADPE & Telecomm LAN | \$4.8 | | \$4.8 | \$4.8 | \$0.0 | No change |
| | Software Development Systems/Lan | \$7.3 | (\$0.4) | \$6.9 | \$6.9 | \$0.4 | Revised requirement for HR Mgmt System (HRMS) |
| | Minor Construction | \$0.2 | | \$0.2 | \$0.2 | \$0.0 | No change |
| | TOTAL FY 2009 | \$14.3 | (\$1.8) | \$12.5 | \$12.5 | \$1.8 | |

This page intentionally blank

Facilities Engineering Command

This page intentionally blank

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FACILITIES ENGINEERING COMMANDS (FEC)
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES**

May 2009

MISSION STATEMENT / OVERVIEW:

The mission of the Facilities Engineering Commands (FECs) is to provide Navy, DoD, and other Federal clients with quality public works support and services. The FECs provide utilities services, facilities sustainment, transportation support, engineering services, and environmental services required by afloat and ashore operating forces and other activities.

The Naval Facilities Engineering Command (NAVFACENGCOM) completed the transformation of its worldwide organization in FY 2008. By integrating all Public Works Departments (PWDs) into the FECs there will now be one public works delivery model that will be a single touch point for all FEC products and services. The FECs will enable the Navy to leverage "best of class" technology with the amalgamation of former Engineering Field Divisions (EFDs), Engineering Field Activities (EFAs), Resident Officers in Charge of Construction (ROICC), independent PWDs and the former PWCs. Sixteen installations throughout the world were not integrated due to BRAC decisions, joint basing decisions, NAVEUR closures, and three non-Commander, Navy Installations Command (CNIC) installations. These activities are to remain as General Fund mission activities under CNIC until their ultimate closure or transfer dates.

ACTIVITY GROUP COMPOSITION:

ACTIVITY *(Former PWCs)

LOCATION

| | |
|-----------------------------|-------------------------------|
| FEC Midwest* | Great Lakes, Illinois |
| FEC Marianas* | Agana, Guam, Marianas Islands |
| FEC Southeast* | Jacksonville, Florida |
| FEC Mid-Atlantic* | Norfolk, Virginia |
| FEC Hawaii* | Pearl Harbor, Hawaii |
| FEC Southwest* | San Diego, California |
| FEC Washington* | Washington, D.C. |
| FEC Far East* | Yokosuka, Japan |
| FEC Europe – Southwest Asia | Naples, Italy |
| FEC Northwest | Silverdale, Washington |

Significant Changes Since the FY 2009 President's Budget:

There are no significant changes in the activity group composition since the FY 2009 President's Budget.

Financial Profile:

| (\$Millions) | FY 2008 | FY 2009 | FY 2010 |
|-------------------------------------|----------------|----------------|----------------|
| Revenue | 2,567.2 | 2,626.7 | 2,709.0 |
| Cost of Goods Sold | 2,700.2 | 2,585.9 | 2,661.4 |
| Operating Results | -133.0 | 40.8 | 47.6 |
| Other Changes Affecting AOR | 23.9 | -88.4 | -47.6 |
| Accumulated Operating Results (AOR) | -88.4 | -47.6 | 0.0 |

Revenue and Cost of Goods Sold: The trend in revenue and expense is primarily a result of pay raise, general inflation, and fuel pricing factors in FY 2009 and FY 2010.

Operating Results: The FY 2009 operating results reflect the impact of changes in the foreign exchange rates and higher utility costs that have already occurred since the FECs' budget estimates were incorporated into the FY 2009 President's Budget. Further exchange rate variances and higher utility costs may occur in execution.

Foreign Currency Issues: As mentioned above, foreign currency exchange rates can have an impact on the FECs' operating results, especially since the incorporation of FEC Europe-Southwest Asia into the activity group in FY 2008. Current world financial conditions have contributed to more volatility in exchange rates.

Collections and Disbursements/Outlays (\$M):

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---------------|-----------------------|-----------------------|-----------------------|
| Collections | 2,417.5 | 2,698.2 | 2,775.3 |
| Disbursements | 2,639.8 | 2,538.0 | 2,740.0 |
| Net Outlays | 222.3 | -160.2 | -35.3 |

Workload:

| <u>Reimbursable Orders (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$2,586.2 | \$2,591.7 | \$2,712.8 |
| <u>Direct Labor Hours (000)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
| Current Estimate | 12,425 | 12,980 | 12,433 |

Acronym List

| | | | |
|-------|------------------------------------|------|-------------------------------|
| CHITS | In-House request for work document | MBTU | Million British Thermal Units |
| CUYD | Cubic Yard | MWH | Mega Watt Hour |
| KCF | Thousand Cubic Feet | SRO | Shop Repair Order |
| KGAL | Thousand Gallons | LBS | Pounds |

Total Units in all tables below:

| UTILITY SERVICES | MEASURE | <u>FY2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|------------------|---------|---------------|----------------|----------------|
| Electricity | MWH | 7,658,403 | 7,640,514 | 7,611,667 |
| Potable Water | KGAL | 27,268,555 | 27,353,306 | 27,521,413 |
| Salt Water | KGAL | 8,511,268 | 8,337,542 | 8,481,238 |
| Steam | MBTU | 9,604,868 | 10,199,311 | 10,069,168 |
| Sewage | KGAL | 18,057,997 | 20,700,188 | 19,939,860 |
| Natural Gas | MBTU | 3,483,921 | 3,338,802 | 3,211,499 |
| Compressed Air | KCF | 12,310,351 | 12,600,085 | 12,900,245 |

| SANITATION SERVICES | MEASURE | <u>FY2008</u> | <u>FY2009</u> | <u>FY2010</u> |
|------------------------|---------|---------------|---------------|---------------|
| Refuse Coll & Disposal | CUYD | 955,652 | 1,359,082 | 1,349,665 |
| Pest Control | HOURS | 61,184 | 65,846 | 62,564 |
| Haz Waste I | GAL | 243,438 | 315,653 | 327,846 |
| Haz Waste II | LBS | 20,539,944 | 12,126,610 | 18,918,965 |
| Industrial Waste | KGAL | 61,642 | 52,408 | 327,566 |
| Environmental Eng | HOUR | 64,099 | 64,530 | 55,705 |
| Environmental Lab | TEST | 86,293 | 77,706 | 78,774 |

| TRANSPORTATION SERVICES | MEASURE | <u>FY2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------|---------|---------------|----------------|----------------|
| Equipment Rental | HOURS | 42,980,475 | 43,710,803 | 43,678,954 |
| Vehicle Ops | HOURS | 979,956 | 1,141,862 | 1,122,106 |
| Vehicle Maintenance | SRO | 104,223 | 74,315 | 78,484 |

| MAINTENANCE & REPAIR | MEASURE | FY2008 | FY 2009 | FY 2010 |
|----------------------|---------|---------|---------|---------|
| Specifics | JOBS | 3,186 | 4,293 | 4,292 |
| Minors | ITEMS | 21,716 | 151,515 | 151,230 |
| Emergency | CHITS | 121,661 | 197,565 | 197,805 |
| Service | CHITS | 604,251 | 728,831 | 760,282 |
| Recurring | ITEMS | 197,344 | 237,425 | 238,159 |
| Engineering Support | | 202,532 | 318,473 | 289,235 |

Performance Indicators:

The primary performance indicators for the FECs are workload indicators and annual rate changes. Other key corporate performance measures include: operating results, timeliness, workforce safety and client satisfaction. Timeliness is an extremely important client satisfaction indicator in the area of facilities sustainment; it is reported quarterly.

| PERFORMANCE MEASUREMENTS | Goal | FY 2008 Actual | FY 2009 (YTD) | FY 2010 (Goal) |
|---|------|----------------|---------------|----------------|
| Emergency Work Response Time Schedule Adherence- | 80% | 80% | 90.0% | 90.0% |
| Service/Other Work Completion Date Schedule Adherence – | 80% | 80% | 90.0% | 90.0% |

Operational challenges include the potential for rising prices of purchased utilities and liquid fuel, and rising exchange rate differences. Purchased utilities and fuel costs comprise almost half of total costs; therefore, any price changes have a significant impact on the operating results and AOR.

Unit Cost (Dollars) in all tables below:

| UTILITY SERVICES | MEASURE | <u>FY2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|------------------|---------|---------------|----------------|----------------|
| Electricity | MWH | 132.04 | 120.85 | 126.15 |
| Potable Water | KGAL | 5.03 | 5.18 | 5.63 |
| Salt Water | KGAL | 0.85 | 0.80 | 0.99 |
| Steam | MBTU | 33.08 | 29.77 | 29.74 |
| Sewage | KGAL | 6.67 | 6.39 | 7.05 |
| Natural Gas | MBTU | 11.18 | 12.30 | 12.28 |
| Compressed Air | KCF | 1.61 | 1.77 | 1.86 |

| SANITATION SERVICES | MEASURE | <u>FY2008</u> | <u>FY2009</u> | <u>FY 2010</u> |
|------------------------|---------|---------------|---------------|----------------|
| Refuse Coll & Disposal | CUYD | 20.32 | 13.66 | 13.55 |
| Pest Control | HOURS | 47.72 | 46.64 | 43.97 |
| Haz Waste I | GAL | 8.40 | 8.82 | 8.09 |
| Haz Waste II | LBS | 0.73 | 1.33 | 1.10 |
| Industrial Waste | KGAL | 142.14 | 229.44 | 38.61 |
| Environmental Eng | HOUR | 90.40 | 96.67 | 106.96 |
| Environmental Lab | TEST | 59.41 | 94.32 | 95.26 |

| TRANSPORTATION SERVICES | MEASURE | <u>FY2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-------------------------|---------|---------------|----------------|----------------|
| Equipment Rental | HOURS | 4.54 | 4.58 | 4.79 |
| Vehicle Ops | HOURS | 68.55 | 54.10 | 52.86 |
| Vehicle Maintenance | SRO | 185.66 | 268.37 | 283.15 |

| MAINTENANCE & REPAIR | MEASURE | <u>FY2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|----------------------|---------|---------------|----------------|----------------|
| Specifics | JOBS | 28,266.82 | 17,019.44 | 17,149.60 |
| Minors | ITEMS | 4,948.00 | 600.97 | 594.60 |
| Emergency | CHITS | 124.98 | 82.80 | 84.23 |
| Service | CHITS | 155.21 | 122.84 | 122.40 |
| Recurring | ITEMS | 844.39 | 540.96 | 539.48 |
| Engineering Support | | 189.88 | 142.02 | 152.85 |

Utilities. Higher purchased electricity costs will continue to impact the FECs' cost of operations. Even though the FECs are impacted by higher purchased utilities, we are implementing energy conservation measures that are reducing the quantities of electricity and natural gas consumed. These initiatives included managing the kinds of fuel purchased; implementing efficient ways of using fuel to produce steam; aggressive energy management moving activities toward Common Output Level (COL) 3; arranging visits by Department of Energy (DOE) analysts to identify poor energy performers; maximizing the use of energy projects, increasing use of alternative sources of energy such as geothermal, ocean thermal, wind, solar, and wave; deploying Resource Efficiency Managers who are examining contracting methods and ordering arrangements with local authorities. The utility rates also include resources for utility system maintenance across all sites in order to adequately correct known environmental and safety deficiencies and to meet mission requirements. The amount budgeted for sustainment, restoration, and modernization is designed to keep facilities in acceptable operating condition.

Base Support Vehicles and Equipment (BSVE). Initiatives to standardize and lower vehicles and equipment operating costs include:

- Central management of BSVE NWCF Rates and Recapitalization
- Management of BSVE across Product Lines at all FECs.
- Lease Passenger Carrying Vehicles (PCVs) from GSA
- Establish BSVE management board
- Downsize vehicles and equipment to minimum size (i.e. mid-size sedan to compact sedan), includes Neighborhood Electric Vehicles and other slow moving vehicles
- Standardize vehicle and equipment type, sizes and configurations
- Optimize use of lease and short term rentals for vehicles and heavy equipment

Facility Management and Services. FECs are reducing the cost of facility service contracts through maximizing the use of regional contracts and seeking fewer and longer term contracts while still maintaining Small Business commitments. Additionally, a contracting template has been developed and deployed that standardizes required COL performance. This also serves to reduce costs by minimizing specification writing.

Facility Management and Sustainment. The Facilities Condition Assessment Process (FCAP) has been reengineered. This process replaces the labor intensive Annual Inspection Summary process with complete coverage through the Facility Sustainment Model (FSM) (90%) and "eyes-on" inspections (10%). This is expected to reduce facility inspection costs by over 50% through fewer "eyes-on" inspections. Additionally, call centers are being consolidated, the Work Induction System (WIS) is being developed, and standard method for dispatching work to shops is being implemented.

RATE CHANGES/UNIT COST:

Rate Changes

| <u>Percentages</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---------------------------|-----------------------|-----------------------|-----------------------|
| Composite Rates: | +6.4 | +5.5 | +2.0 |
| Utilities and Sanitation: | +7.2 | +7.6 | +2.9 |
| Other Services Composite: | +4.9 | +1.7 | +0.4 |

Staffing:

| <u>Civilian/Military ES & Workyears</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Civilian End Strength | 9,222 | 9,567 | 9,412 |
| Civilian Workyears (Straighttime) | 9,081 | 9,496 | 9,343 |
| Military End Strength | 67 | 78 | 78 |
| Military Workyears | 79 | 78 | 78 |

Civilian Personnel: Personnel resources are one of the most valuable assets to the FEC organization. The NWCF FEC Management team continues to focus on the optimal mix and quantity of personnel required to ensure effectiveness in providing quality products and service to our customers. The growth in civilian workyears in FY 2009 reflects a realignment of personnel from General Fund reimbursable to NWCF within the FECs to achieve greater standardization in the FECs' organizational and financial templates. The decrease in FY 2010 reflects the decline due to Commercial Activity (CA) and High Performing Organization (HPO) studies. These studies proposed reduced personnel levels through manpower efficiencies. These efficiencies improve and streamline all work-processes focusing on the optimal mix and quantity of personnel required to ensure the effectiveness in providing quality products and service to customers.

Military Personnel: Military end strength remains stable.

Capital Investment Program (CIP) Budget Authority:

| <u>Capital Investment Program (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Equipment, Non-ADP / Telecom | \$ 7.9 | \$ 11.9 | \$ 19.2 |
| Equipment ADPE / Telecom | \$ 0.0 | \$ 0.0 | \$ 0.0 |
| Software Development | \$ 0.0 | \$ 0.0 | \$ 0.0 |
| Minor Construction | \$ 6.6 | \$ 8.8 | \$ 8.8 |
| Total | \$ 14.5 | \$ 20.7 | \$ 28.0 |

The FECs' capital investments are a modest but important element of their operations. Increases in the FY 2009 and FY 2010 CIP reflect minor construction projects for utility systems in some cases necessary to meet local environmental standards and equipment purchases necessary to meet operational requirements and to replace equipment at the end of its useful life.

SUMMARY

The 10 geographic FECs strive to be efficient and effective organizations that provide high quality products and services to the afloat and ashore-based activities. Sound business practices are the core for decisions that promote continuous and innovative improvements of products and services. It is our objective for mission accomplishment to reduce total cost for services, increase productivity, improve quality/client satisfaction, and provide a safe and productive work environment.

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND
ACTIVITY GROUP / FACILITIES ENGINEERING COMMANDS
REVENUE and EXPENSES
AMOUNT IN MILLIONS

| | FY 2008 CCN | FY 2009 CCN | FY 2010 CCN |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 2,542.6 | 2,610.7 | 2,692.4 |
| Surcharges | .0 | .0 | .0 |
| Depreciation excluding Major Construction | 24.6 | 16.1 | 16.6 |
| Other Income | | | |
| Total Income | 2,567.2 | 2,626.7 | 2,709.0 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | 9.4 | 8.6 | 9.0 |
| Civilian Personnel | 619.1 | 669.7 | 678.5 |
| Travel and Transportation of Personnel | 6.3 | 14.3 | 14.1 |
| Material & Supplies (Internal Operations) | 329.5 | 304.5 | 301.3 |
| Equipment | 47.1 | 39.8 | 46.9 |
| Other Purchases from NWCF | 14.6 | 17.2 | 16.6 |
| Transportation of Things | .6 | .9 | .9 |
| Depreciation - Capital | 24.6 | 16.1 | 16.6 |
| Printing and Reproduction | .3 | 1.1 | 1.1 |
| Advisory and Assistance Services | 3.1 | .5 | .4 |
| Rent, Communication & Utilities | 1,031.4 | 975.5 | 1,006.8 |
| Other Purchased Services | 614.2 | 537.8 | 569.4 |
| Total Expenses | 2,700.2 | 2,585.9 | 2,661.4 |
| Work in Process Adjustment | .0 | .0 | .0 |
| Comp Work for Activity Reten Adjustment | .0 | .0 | .0 |
| Cost of Goods Sold | 2,700.2 | 2,585.9 | 2,661.4 |
| Operating Result | -133.0 | 40.8 | 47.6 |
| Less Surcharges | .0 | .0 | .0 |
| Plus Appropriations Affecting NOR/AOR | .0 | .0 | .0 |
| Other Changes Affecting NOR/AOR | .0 | .0 | .0 |
| Extraordinary Expenses Unmatched | .0 | .0 | .0 |
| Net Operating Result | -133.0 | 40.8 | 47.6 |
| Other Changes Affecting AOR | 68.4 | .0 | .0 |
| Accumulated Operating Result | -88.4 | -47.6 | .0 |

Exhibit Fund-14

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND
ACTIVITY GROUP / FACILITIES ENGINEERING COMMANDS
SOURCE of REVENUE
AMOUNT IN MILLIONS

| | FY 2008 CCN | FY 2009 CCN | FY 2010 CCN |
|--|----------------|----------------|----------------|
| | ----- | ----- | ----- |
| 1. New Orders | 2,586 | 2,592 | 2,713 |
| a. Orders from DoD Components | 1,993 | 2,009 | 2,097 |
| Department of the Navy | 1,763 | 1,744 | 1,823 |
| O & M, Navy | 1,638 | 1,570 | 1,630 |
| O & M, Marine Corps | 36 | 38 | 52 |
| O & M, Navy Reserve | 26 | 28 | 31 |
| O & M, Marine Corp Reserve | 3 | 3 | 5 |
| Aircraft Procurement, Navy | 0 | 1 | 1 |
| Weapons Procurement, Navy | 0 | 0 | 0 |
| Ammunition Procurement, Navy/MC | 0 | 0 | 0 |
| Shipbuilding & Conversion, Navy | 2 | 3 | 3 |
| Other Procurement, Navy | 2 | 1 | 2 |
| Procurement, Marine Corps | 0 | 0 | 0 |
| Family Housing, Navy/MC | 54 | 93 | 96 |
| Research, Dev., Test, & Eval., Navy | 2 | 3 | 2 |
| Military Construction, Navy | 0 | 2 | 2 |
| National Defense Sealift Fund | 0 | 0 | 0 |
| Other Navy Appropriations | 1 | 0 | 1 |
| Other Marine Corps Appropriations | 0 | 0 | 0 |
| Department of the Army | 48 | 52 | 53 |
| Army Operation & Maintenance | 18 | 24 | 25 |
| Army Res, Dev, Test, Eval | 1 | 1 | 3 |
| Army Procurement | 0 | 0 | 0 |
| Army Other | 28 | 27 | 26 |
| Department of the Air Force | 38 | 47 | 44 |
| Air Force Operation & Maintenance | 28 | 32 | 32 |
| Air Force Res, Dev, Test, Eval | 0 | 0 | 0 |
| Air Force Procurement | 0 | 3 | 0 |
| Air Force Other | 10 | 12 | 12 |
| DOD Appropriation Accounts | 144 | 166 | 177 |
| Base Closure & Realignment | 2 | 1 | 8 |
| Operation & Maintenance Accounts | 99 | 114 | 117 |
| Res, Dev, Test & Eval Accounts | 1 | 3 | 2 |
| Procurement Accounts | 1 | 3 | 1 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DOD Other | 42 | 45 | 49 |
| b. Orders from other WCF Activity Groups | 368 | 385 | 417 |
| c. Total DoD | 2,361 | 2,394 | 2,514 |
| d. Other Orders | 225 | 197 | 199 |
| Other Federal Agencies | 12 | 12 | 10 |
| Foreign Military Sales | 0 | 1 | 1 |
| Non Federal Agencies | 213 | 185 | 188 |
| 2. Carry-In Orders | 177 | 216 | 181 |
| 3. Total Gross Orders | 2,763 | 2,808 | 2,894 |
| a. Funded Carry-Over before Exclusions | 216 | 181 | 185 |
| b. Total Gross Sales | 2,547 | 2,627 | 2,709 |
| 4. End of Year Work-In-Process (-) | 0 | 0 | 0 |
| 5. Non-DoD, BRAC, FMS, Inst. MRIFB (-) | -7 | -10 | -10 |
| 6. Net Funded Carryover | 189 | 151 | 155 |

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRIFB

DEPARTMENT OF THE NAVY
Base Support / Facilities Engineering Commands
Changes in Costs of Operations
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ Millions)

| | Expenses |
|---|-----------------|
| 1. FY 2008 Actual | 2,700.2 |
| 2. FY 2009 Estimate in President's Budget: | 2,648.9 |
| 3. Estimated Impact in FY2009 of Actual FY 2008 Experience | -7.1 |
| 4. Price Changes: | |
| a. Change in FY 2009 Pay Raise | 4.6 |
| b. Change in FY 2009 Fuel Price Assumptions | -55.4 |
| c. Change in FY 2009 General Inflation Assumptions | -11.8 |
| d. Increase in foreign exchange rate impact | 3.8 |
| 5. Program Changes: | |
| a. Workload Changes | |
| (1) Disability Compensation (FECA) increase in costs associated with transfer of personnel during the PWD transition | 4.1 |
| (2) Increase costs associated with relocation of CVN73 <i>USS George Washington</i> to Yokosuka as replacement for CV63 <i>USS Kitty Hawk</i> | 4.0 |
| (3) Program increases in areas of recycling, environmental and safety | 2.3 |
| (4) Decrease in fuel consumption | -13.8 |
| (5) Increase in supplies and material | 6.2 |
| 6. FY 2009 Current Estimate: | 2,585.9 |
| 7. Price Changes: | |
| a. Annualization of Prior Year Pay Raises | |
| (1) Military | 0.0 |
| (2) Civilian | 6.6 |
| b. FY 2010 Pay Raise | |
| (1) Military Personnel | 0.2 |
| (2) Civilian Personnel | 10.0 |
| c. Fuel Price Changes | 3.2 |
| d. Working Capital Fund Price Changes | 0.0 |
| e. General Purchases Inflation | 20.4 |
| 8. Productivity Initiatives and Other Efficiencies: | |
| a. Anticipated A-76 study savings | -18.3 |
| 9. Program Changes: | |
| a. Increased utility and BOS services | 48.6 |
| 10. Other Changes | |
| a. Increase in anticipated VSIP costs | 2.6 |
| b. Decrease in FECA costs due to success of safety programs | -1.3 |
| c. Other | 3.5 |
| 11. FY 2010 Current Estimate | 2,661.4 |

Department of the Navy
Base Operating Support / Facilities Engineering Commands
Activity Group Capital Investment Summary
Fiscal Year (FY) 2010 Budget Estimates
Date: May 2009
\$ in Millions

| Line # | Description | FY 2008 | | FY 2009 | | FY 2010 | |
|--------|--|-----------|-----------------|-----------|-----------------|-----------|-----------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADP Equipment Total | | <u>\$7.927</u> | | <u>\$11.871</u> | | <u>\$19.224</u> |
| | - Replacement Capability** | 11 | \$7.927 | 20 | \$11.871 | 34 | \$19.224 |
| | - Productivity Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - New Mission Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Environmental Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 2 | ADP and Telecom Equipment Total | | <u>\$0.000</u> | | <u>\$0.000</u> | | <u>\$0.000</u> |
| | - Computer Hardware (Production) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Computer Software (Operating) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Telecommunications | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Oth Computer & Telecom Spt Equip | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 3 | Software Development Total | | <u>\$0.000</u> | | <u>\$0.000</u> | | <u>\$0.000</u> |
| | - Projects = or > \$1M (List Separately) | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Projects < \$1M | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| 4 | Minor Construction Total | | <u>\$6.610</u> | | <u>\$8.782</u> | | <u>\$8.827</u> |
| | - Replacement Capability | 16 | \$6.610 | 13 | \$5.665 | 22 | \$8.827 |
| | - Productivity Capability | 0 | \$0.000 | 8 | \$2.873 | 0 | \$0.000 |
| | - New Mission Capability | 0 | \$0.000 | 0 | \$0.000 | 0 | \$0.000 |
| | - Environmental Capability | 0 | \$0.000 | 1 | \$0.244 | 0 | \$0.000 |
| | Grand Total | 27 | \$14.537 | 42 | \$20.653 | 56 | \$28.051 |
| | Total Capital Outlays | | \$18.974 | | \$8.940 | | \$12.729 |
| | Total Depreciation Expense | | \$24.641 | | \$16.066 | | \$16.550 |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|-----------|------------|-------|--|------------|---------|---------|---------|---------------------|---------------------|---------------------|---|-------------------------|-----------------------------------|---|--------------------------|---------------------------------|----------------|-------------------------|---|------------------------|--|--------------------------------------|---------------------------------|---|-------------------------------|-------------------------------------|------------------------|--------------------------|------------------------------------|--------------------------|-------------------------|--------------------------------|---------------------------------------|---------------------|---------------------------------------|-------------------------------|-----------------------------------|--|-------------------------------|-----------------------------------|--|--------------------------------|---------------------------------------|--|------------------------------------|------------------------------|--|------------------------------------|--|--|--------------------------|--------------------------|--|---------------------------------------|---|--|---------------------------------|------------------------------------|--|---|---|--|--------------------------|-------------------------------|--|------------------------|----------------------------|--|--|---------------------------------|
| Department of the Navy / Base Support / Naval Facilities Engineering Commands | | #001 - Non-ADPE and Telecommunications Replacement Capabilities | | | | Facilities Engineering Commands (FECs) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | FY 2008 | | FY 2009 | | FY 2010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-ADPE and Telecommunications Equipmen | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Replacement Equipment | | 11 | 721 | 7,927 | 20 | 594 | 11,871 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | 11 | 721 | 7,927 | 20 | 594 | 11,871 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Justification:</p> <p>Civil Engineering Support Equipment (CESE) and Industrial Plant Equipment (IPE) FY08/09/10 CESE and IPE equipment requested will replace overaged, deteriorated and obsolete inventory covering the full range of public works support functions (Utilities/Maintenance/Transportation). All CESE replacements budgeted are reviewed and determined to meet activity allowances and replacement economic analysis criteria. Industrial Plant Equipment (IPE) includes metal lathes, metal shear bending or any heavy shop machinery used in the accomplishment of shop fabrications. All replacements requested are in continuous use in support of public works workload and have experienced accelerated age, downtimes and deterioration. In particular inventories of large equipment such as crawling cranes and/or truck cranes have critical safety lift and operational requirements to meet workload needs. Operation delays for repair or safety downtimes are offset by leasing where and when available. Leasing equipment ranges from 30% to 60% higher in cost than in-house equipment per hour. Replacements requested are projected to provide annual estimated lease and maintenance cost avoidance of \$540K in 2009. Replacements provide for more efficient and safe operation as well providing the latest technology in public works workload performance. The placement of these new assets in operation vary depending on the size, complexity, vendor availability and shipping involved. Generally, equipment cost avoidance begins within 30 to 60 days from receipt.</p> <p>Each FEC has conducted a comprehensive business review of it's equipment inventories and determined an optimal economic approach to containing costs as well as maintaining minimum interruption to services. The proposed replacements are essential to this planned cost control and service requirement. If the proposed equipment replacements are not provided, substantial opportunity to provide safe and reliable services at the least cost to the Navy will be lost.</p> <p>Replacement requirements by FEC are as follows.</p> <table border="0"> <thead> <tr> <th>FY 2008</th> <th>FY 2009</th> <th>FY 2010</th> </tr> <tr> <th>PROJECT DESCRIPTION</th> <th>PROJECT DESCRIPTION</th> <th>PROJECT DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>ML-Crane Trck MTD (HYD) 51 Tn & Up (Yorktown)</td> <td>ML-CRANE WHL MTD RT 75T</td> <td>FE-130Ton Mobile Crane - Yokosuka</td> </tr> <tr> <td>ML-Crane Trck MTD (HYD) 51 Tn & Up (Little Creek)</td> <td>ML-CRANE WHL MTD RT 100T</td> <td>FE-100Ton Mobile Crane - Atsugi</td> </tr> <tr> <td>MW-Truck Dozer</td> <td>ML-CRANE WHY MTD RT 65T</td> <td>FE- 2 Haz. Response Trk (Heavy) - Yokosuka/Sasebo</td> </tr> <tr> <td>SE-CRANE TRUCK MOUNTED</td> <td>MW-Truck, Hazardous Spill Cleanup (Medium)</td> <td>MAR-90 FOOT TELESCOPING BUCKET TRUCK</td> </tr> <tr> <td>SW-200 Ton Linkbelt Crane (VEN)</td> <td>MW-Truck, Hazardous Spill Cleanup (Large)</td> <td>ML-CRANE TRUCK MTD HYD 90 TON</td> </tr> <tr> <td>SW- 3 Crane Truck (Hyd) 51 Ton & Up</td> <td>SE-CRANE TRUCK MOUNTED</td> <td>ML-CRANE WHL MTD RT 100T</td> </tr> <tr> <td>SW-Crane Truck 4X4 MTD 30 Ton (SD)</td> <td>SE-TRUCK, HAZMAT RESPOSE</td> <td>ML-CRANE WHL MTD RT 80T</td> </tr> <tr> <td>SW-RESPONSE VEHICLE (STEP VAN)</td> <td>SW-Crane Truck (Hyd) 51 Ton & Up (SB)</td> <td>NW-NITROGEN TRAILER</td> </tr> <tr> <td>SW-Excavator Crawler MTD HYD Operated</td> <td>SW-Hazardous Response Vehicle</td> <td>SE- 3 Hazardous Response Vehicles</td> </tr> <tr> <td></td> <td>SW-Hazardous Response Vehicle</td> <td>SW- 2 Hazardous Response Vehicles</td> </tr> <tr> <td></td> <td>SW-Crane Truck MTD 100 Ton 4X4</td> <td>SW- 4 Crane Truck MTD HYD 51 Ton & Up</td> </tr> <tr> <td></td> <td>SW-Crane Truck MTD HYD 51 Ton & up</td> <td>SW- 2 Crane Truck MTD 90 Ton</td> </tr> <tr> <td></td> <td>SW-Crane Truck 4X4 Mtd 90 Ton (SD)</td> <td>SW- 6 Truck, tank aircraft refueling / defueling</td> </tr> <tr> <td></td> <td>SW-Tractor Crawler (VEN)</td> <td>SW-Tractor Crawler 195HP</td> </tr> <tr> <td></td> <td>SW-TRK REFUSE COLLECTION 6X4 DED AUTO</td> <td>SW-Truck Refuse Collection 6x4 DED Auto Trans</td> </tr> <tr> <td></td> <td>SW-Front Load Refuse Truck (SD)</td> <td>SW-Truck Container Roll-off/Forked</td> </tr> <tr> <td></td> <td>SW-Crane Wheel Mounted Swing Cab 4x4 15Ton & Up</td> <td>SW-Truck Material Handling Chain Hoist/Haul</td> </tr> <tr> <td></td> <td>SW-Tractor Crawler 195HP</td> <td>WA-Crane Rough Terrain 65 Ton</td> </tr> <tr> <td></td> <td>SW-Shear 10" hydraulic</td> <td>WA-Vacuum Truck (Dahlgren)</td> </tr> <tr> <td></td> <td>NW-RESPONSE VEHICLE (STEP VAN) PWD Kitsap-Bangor</td> <td>WA- 2 Hazardous Material Trucks</td> </tr> </tbody> </table> | | | | | | | | FY 2008 | FY 2009 | FY 2010 | PROJECT DESCRIPTION | PROJECT DESCRIPTION | PROJECT DESCRIPTION | ML-Crane Trck MTD (HYD) 51 Tn & Up (Yorktown) | ML-CRANE WHL MTD RT 75T | FE-130Ton Mobile Crane - Yokosuka | ML-Crane Trck MTD (HYD) 51 Tn & Up (Little Creek) | ML-CRANE WHL MTD RT 100T | FE-100Ton Mobile Crane - Atsugi | MW-Truck Dozer | ML-CRANE WHY MTD RT 65T | FE- 2 Haz. Response Trk (Heavy) - Yokosuka/Sasebo | SE-CRANE TRUCK MOUNTED | MW-Truck, Hazardous Spill Cleanup (Medium) | MAR-90 FOOT TELESCOPING BUCKET TRUCK | SW-200 Ton Linkbelt Crane (VEN) | MW-Truck, Hazardous Spill Cleanup (Large) | ML-CRANE TRUCK MTD HYD 90 TON | SW- 3 Crane Truck (Hyd) 51 Ton & Up | SE-CRANE TRUCK MOUNTED | ML-CRANE WHL MTD RT 100T | SW-Crane Truck 4X4 MTD 30 Ton (SD) | SE-TRUCK, HAZMAT RESPOSE | ML-CRANE WHL MTD RT 80T | SW-RESPONSE VEHICLE (STEP VAN) | SW-Crane Truck (Hyd) 51 Ton & Up (SB) | NW-NITROGEN TRAILER | SW-Excavator Crawler MTD HYD Operated | SW-Hazardous Response Vehicle | SE- 3 Hazardous Response Vehicles | | SW-Hazardous Response Vehicle | SW- 2 Hazardous Response Vehicles | | SW-Crane Truck MTD 100 Ton 4X4 | SW- 4 Crane Truck MTD HYD 51 Ton & Up | | SW-Crane Truck MTD HYD 51 Ton & up | SW- 2 Crane Truck MTD 90 Ton | | SW-Crane Truck 4X4 Mtd 90 Ton (SD) | SW- 6 Truck, tank aircraft refueling / defueling | | SW-Tractor Crawler (VEN) | SW-Tractor Crawler 195HP | | SW-TRK REFUSE COLLECTION 6X4 DED AUTO | SW-Truck Refuse Collection 6x4 DED Auto Trans | | SW-Front Load Refuse Truck (SD) | SW-Truck Container Roll-off/Forked | | SW-Crane Wheel Mounted Swing Cab 4x4 15Ton & Up | SW-Truck Material Handling Chain Hoist/Haul | | SW-Tractor Crawler 195HP | WA-Crane Rough Terrain 65 Ton | | SW-Shear 10" hydraulic | WA-Vacuum Truck (Dahlgren) | | NW-RESPONSE VEHICLE (STEP VAN) PWD Kitsap-Bangor | WA- 2 Hazardous Material Trucks |
| FY 2008 | FY 2009 | FY 2010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PROJECT DESCRIPTION | PROJECT DESCRIPTION | PROJECT DESCRIPTION | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ML-Crane Trck MTD (HYD) 51 Tn & Up (Yorktown) | ML-CRANE WHL MTD RT 75T | FE-130Ton Mobile Crane - Yokosuka | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ML-Crane Trck MTD (HYD) 51 Tn & Up (Little Creek) | ML-CRANE WHL MTD RT 100T | FE-100Ton Mobile Crane - Atsugi | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MW-Truck Dozer | ML-CRANE WHY MTD RT 65T | FE- 2 Haz. Response Trk (Heavy) - Yokosuka/Sasebo | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SE-CRANE TRUCK MOUNTED | MW-Truck, Hazardous Spill Cleanup (Medium) | MAR-90 FOOT TELESCOPING BUCKET TRUCK | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-200 Ton Linkbelt Crane (VEN) | MW-Truck, Hazardous Spill Cleanup (Large) | ML-CRANE TRUCK MTD HYD 90 TON | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW- 3 Crane Truck (Hyd) 51 Ton & Up | SE-CRANE TRUCK MOUNTED | ML-CRANE WHL MTD RT 100T | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-Crane Truck 4X4 MTD 30 Ton (SD) | SE-TRUCK, HAZMAT RESPOSE | ML-CRANE WHL MTD RT 80T | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-RESPONSE VEHICLE (STEP VAN) | SW-Crane Truck (Hyd) 51 Ton & Up (SB) | NW-NITROGEN TRAILER | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-Excavator Crawler MTD HYD Operated | SW-Hazardous Response Vehicle | SE- 3 Hazardous Response Vehicles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Hazardous Response Vehicle | SW- 2 Hazardous Response Vehicles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Truck MTD 100 Ton 4X4 | SW- 4 Crane Truck MTD HYD 51 Ton & Up | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Truck MTD HYD 51 Ton & up | SW- 2 Crane Truck MTD 90 Ton | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Truck 4X4 Mtd 90 Ton (SD) | SW- 6 Truck, tank aircraft refueling / defueling | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Tractor Crawler (VEN) | SW-Tractor Crawler 195HP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-TRK REFUSE COLLECTION 6X4 DED AUTO | SW-Truck Refuse Collection 6x4 DED Auto Trans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Front Load Refuse Truck (SD) | SW-Truck Container Roll-off/Forked | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Wheel Mounted Swing Cab 4x4 15Ton & Up | SW-Truck Material Handling Chain Hoist/Haul | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Tractor Crawler 195HP | WA-Crane Rough Terrain 65 Ton | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Shear 10" hydraulic | WA-Vacuum Truck (Dahlgren) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | NW-RESPONSE VEHICLE (STEP VAN) PWD Kitsap-Bangor | WA- 2 Hazardous Material Trucks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | |
|--|--|--|---|--|------------|--|-----------|------------|---|-----------|------------|
| Department of the Navy / Base Support / Naval Facilities Engineering Commands | | | #004 - Minor Construction \$100K-\$750K | | | | | | Facilities Engineering Commands (FECs) | | |
| | | | FY 2008 | | | FY 2009 | | | FY 2010 | | |
| Minor Construction | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Replacement | | | 16 | 413 | 6,610 | 13 | 436 | 5,665 | 22 | 401 | 8,827 |
| Productivity | | | | | | 8 | 359 | 2,873 | | | |
| New Mission | | | | | | 1 | 244 | 244 | | | |
| Environmental | | | | | | | | | | | |
| Total | | | 16 | 413 | 6,610 | 22 | 399 | 8,782 | 22 | 401 | 8,827 |
| Justification: Minor Construction FY 2008/2009/2010 FEC Minor construction projects represent the full range of public works facilities requirements for transportation, utilities, storage, and maintenance. These proposed projects are limited to and strictly controlled to the Capital Investment Program (CIP) thresholds. None of the projects requested in this budget exceed current MILCON thresholds. Projects budgeted are for construction, expansion, or improvement of a complete and useable building, structure, or other real property. Each FEC has conducted a comprehensive business review of its facilities needs and determined an optimal economic approach to costs containment, while providing for health and safety and maintaining minimum interruption to services. The proposed projects priorities are determined by economic analysis which is based on cost effective payback solutions which produce the fastest return on investment. Generally, FEC projects have a payback on the initial investment of 5 or less years. Completion of health/safety and environmental compliance projects will provide for cost avoidance resulting from elimination of potential hazmat situations. The proposed budget is essential to providing planned cost control and service reliability of the FEC plant account. If proposed projects are not provided, substantial opportunity to provide safe, environmentally compliant, and cost effective services at the least cost to the Navy will be lost. | | | | | | | | | | | |
| FY 2008 PROJECT DESCRIPTION MAR-Upgrade 10"CIP w/12" NAVMAG Rd. MAR-Install New PRV's on Main Base, Nav Sta MAR-Construct New Sewage Lift Station MAR-Install New Water Meters,Nimitz Hill & NavMag ML-Construct Transportation Bldg PNBC ML-Construct Offices Bldg A-9 Newport ML-Consolidate ROC & Reg Dispch Bldg HI-Construct Emergency Generator HI-Install Remote Elec MeterRead Sys HI-Convert Bldg. MP3 to EMCC SW-Storage PEBS to be built near B653 CNB SW-Upgrade Area Wide EMS/DDC NAVSTA SW-Upgraded Area Wide EMS/DDC Miramar SW-Upgraded Area Wide EMS/DDC Coronado SW-Upgraded Area Wide EMS/DDC San Diego FE-Construct Add & Repair PW Bldg 3573, Kadena | | | FY 2009 PROJECT DESCRIPTION FE-Inst. Digital Instru & Monitoring Equip FE-Inst. Water Filter & Softener Ht. Resis. FE-Inst. Static condenser fuel House pump #1 and #2 FE-Inst. Water Quality Measurement Instrument FE-Modify Steam Dist.Sys for Bldg.450 & Bldg.1483 FE-Inst Piping System, Sewage Collection HI-Install Remote Water Meter Reading Sys HI-New Access Control Point HI-Construct Emergency Generator WL-085 MAR-Nimitz Hill Water Main Imp, replace 8" with 10" PVC MAR-Install Generator Barrigada Water Booster Pump Sta MAR-Install Generator, Bona springs Pump Station SE-Expand Wastewater Reuse System-Kings Bay SE-Addition to Trans Bldg, Bldg. 5, NSA; Panama City SE-Demolish/Repl Haz Waste Storage/Disposal Fac, B1602, SW-Install Generator at SNI SW-Replace Electrical Storage Fac at NBSD SW-Expand Area Wide ALC EMS/DDC SW-Upgrade Area Wide EMS/DDC SD(Z7A) SW-Replace Conex Storage near B-653 CNB SW-Install Water Util SCADA at San Nic. Is. SW-Install 2nd Deck in B-3579 NBSD | | | FY 2010 PROJECT DESCRIPTION FE-Inst.Digital Instrum. & Monit. Equip for Utility Plant FE-Connencting Bridge btwn B-4302 & B-4364 FE-Modify Steam Dist. Sys. for B-450 & B-1483 (Tategami) FE-Const New Fire Prot. Tank at Awase Transmitter site FE-Install static condenser fuel house pump 1& 2 FE-Upgrade 11H2O Module/2 Water Transfer STA,R-Site FE-Procure transformer, NSP-PWD FE-Inst Piping System Sewage Collection FE-Provide Sewer Connection for Ship Barge, DDW/SBB HI-Install Remote TWACS Elec/Water Meter Reading Sys.-PMRF HI-Construct Emergency Generator WL-066 MAR-New Permanent Standby Generator for Asan BPS MAR-New Permanent Standby Generator for Adelup BPS MAR-New Permanent Standby Generator for Barrigada BPS MAR-New Permanent Standby Generator for Bona Springs BPS ML-Construct Electric Forklift Storage Shed - Yorktown ML-Construct Add'l PSS Space - New London ML-Construct Addit'l Parking/Pavement Shed 6 - Yorktown ML-Construct Emergency Generator (Boiler Plant) - Newport SW-Area Wide EMS/DDC (NAB) Coronado Zone 8 SW-Area Wide EMS/DDC (NMC) San Diego Zone 8 SW-Area Wide EMS/DDC NAVSTA, China Lake | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|-----------|------------|-------|--|------------|---------|---------|---------|---------------------|---------------------|---------------------|---|-------------------------|-----------------------------------|---|--------------------------|---------------------------------|----------------|-------------------------|---|------------------------|--|--------------------------------------|---------------------------------|---|-------------------------------|-------------------------------------|------------------------|--------------------------|------------------------------------|--------------------------|-------------------------|--------------------------------|---------------------------------------|---------------------|---------------------------------------|-------------------------------|-----------------------------------|--|-------------------------------|-----------------------------------|--|--------------------------------|---------------------------------------|--|------------------------------------|------------------------------|--|------------------------------------|--|--|--------------------------|--------------------------|--|---------------------------------------|---|--|---------------------------------|------------------------------------|--|---|---|--|--------------------------|-------------------------------|--|------------------------|----------------------------|--|--|---------------------------------|
| Department of the Navy / Base Support / Naval Facilities Engineering Commands | | #001 - Non-ADPE and Telecommunications Replacement Capabilities | | | | Facilities Engineering Commands (FECs) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | FY 2008 | | FY 2009 | | FY 2010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-ADPE and Telecommunications Equipmen | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Replacement Equipment | | 11 | 721 | 7,927 | 20 | 594 | 11,871 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | 11 | 721 | 7,927 | 20 | 594 | 11,871 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Justification:</p> <p>Civil Engineering Support Equipment (CESE) and Industrial Plant Equipment (IPE) FY08/09/10 CESE and IPE equipment requested will replace overaged, deteriorated and obsolete inventory covering the full range of public works support functions (Utilities/Maintenance/Transportation). All CESE replacements budgeted are reviewed and determined to meet activity allowances and replacement economic analysis criteria. Industrial Plant Equipment (IPE) includes metal lathes, metal shear bending or any heavy shop machinery used in the accomplishment of shop fabrications. All replacements requested are in continuous use in support of public works workload and have experienced accelerated age, downtimes and deterioration. In particular inventories of large equipment such as crawling cranes and/or truck cranes have critical safety lift and operational requirements to meet workload needs. Operation delays for repair or safety downtimes are offset by leasing where and when available. Leasing equipment ranges from 30% to 60% higher in cost than in-house equipment per hour. Replacements requested are projected to provide annual estimated lease and maintenance cost avoidance of \$540K in 2009. Replacements provide for more efficient and safe operation as well providing the latest technology in public works workload performance. The placement of these new assets in operation vary depending on the size, complexity, vendor availability and shipping involved. Generally, equipment cost avoidance begins within 30 to 60 days from receipt.</p> <p>Each FEC has conducted a comprehensive business review of it's equipment inventories and determined an optimal economic approach to containing costs as well as maintaining minimum interruption to services. The proposed replacements are essential to this planned cost control and service requirement. If the proposed equipment replacements are not provided, substantial opportunity to provide safe and reliable services at the least cost to the Navy will be lost.</p> <p>Replacement requirements by FEC are as follows.</p> <table border="0"> <thead> <tr> <th>FY 2008</th> <th>FY 2009</th> <th>FY 2010</th> </tr> <tr> <th>PROJECT DESCRIPTION</th> <th>PROJECT DESCRIPTION</th> <th>PROJECT DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>ML-Crane Trck MTD (HYD) 51 Tn & Up (Yorktown)</td> <td>ML-CRANE WHL MTD RT 75T</td> <td>FE-130Ton Mobile Crane - Yokosuka</td> </tr> <tr> <td>ML-Crane Trck MTD (HYD) 51 Tn & Up (Little Creek)</td> <td>ML-CRANE WHL MTD RT 100T</td> <td>FE-100Ton Mobile Crane - Atsugi</td> </tr> <tr> <td>MW-Truck Dozer</td> <td>ML-CRANE WHY MTD RT 65T</td> <td>FE- 2 Haz. Response Trk (Heavy) - Yokosuka/Sasebo</td> </tr> <tr> <td>SE-CRANE TRUCK MOUNTED</td> <td>MW-Truck, Hazardous Spill Cleanup (Medium)</td> <td>MAR-90 FOOT TELESCOPING BUCKET TRUCK</td> </tr> <tr> <td>SW-200 Ton Linkbelt Crane (VEN)</td> <td>MW-Truck, Hazardous Spill Cleanup (Large)</td> <td>ML-CRANE TRUCK MTD HYD 90 TON</td> </tr> <tr> <td>SW- 3 Crane Truck (Hyd) 51 Ton & Up</td> <td>SE-CRANE TRUCK MOUNTED</td> <td>ML-CRANE WHL MTD RT 100T</td> </tr> <tr> <td>SW-Crane Truck 4X4 MTD 30 Ton (SD)</td> <td>SE-TRUCK, HAZMAT RESPOSE</td> <td>ML-CRANE WHL MTD RT 80T</td> </tr> <tr> <td>SW-RESPONSE VEHICLE (STEP VAN)</td> <td>SW-Crane Truck (Hyd) 51 Ton & Up (SB)</td> <td>NW-NITROGEN TRAILER</td> </tr> <tr> <td>SW-Excavator Crawler MTD HYD Operated</td> <td>SW-Hazardous Response Vehicle</td> <td>SE- 3 Hazardous Response Vehicles</td> </tr> <tr> <td></td> <td>SW-Hazardous Response Vehicle</td> <td>SW- 2 Hazardous Response Vehicles</td> </tr> <tr> <td></td> <td>SW-Crane Truck MTD 100 Ton 4X4</td> <td>SW- 4 Crane Truck MTD HYD 51 Ton & Up</td> </tr> <tr> <td></td> <td>SW-Crane Truck MTD HYD 51 Ton & up</td> <td>SW- 2 Crane Truck MTD 90 Ton</td> </tr> <tr> <td></td> <td>SW-Crane Truck 4X4 Mtd 90 Ton (SD)</td> <td>SW- 6 Truck, tank aircraft refueling / defueling</td> </tr> <tr> <td></td> <td>SW-Tractor Crawler (VEN)</td> <td>SW-Tractor Crawler 195HP</td> </tr> <tr> <td></td> <td>SW-TRK REFUSE COLLECTION 6X4 DED AUTO</td> <td>SW-Truck Refuse Collection 6x4 DED Auto Trans</td> </tr> <tr> <td></td> <td>SW-Front Load Refuse Truck (SD)</td> <td>SW-Truck Container Roll-off/Forked</td> </tr> <tr> <td></td> <td>SW-Crane Wheel Mounted Swing Cab 4x4 15Ton & Up</td> <td>SW-Truck Material Handling Chain Hoist/Haul</td> </tr> <tr> <td></td> <td>SW-Tractor Crawler 195HP</td> <td>WA-Crane Rough Terrain 65 Ton</td> </tr> <tr> <td></td> <td>SW-Shear 10" hydraulic</td> <td>WA-Vacuum Truck (Dahlgren)</td> </tr> <tr> <td></td> <td>NW-RESPONSE VEHICLE (STEP VAN) PWD Kitsap-Bangor</td> <td>WA- 2 Hazardous Material Trucks</td> </tr> </tbody> </table> | | | | | | | | FY 2008 | FY 2009 | FY 2010 | PROJECT DESCRIPTION | PROJECT DESCRIPTION | PROJECT DESCRIPTION | ML-Crane Trck MTD (HYD) 51 Tn & Up (Yorktown) | ML-CRANE WHL MTD RT 75T | FE-130Ton Mobile Crane - Yokosuka | ML-Crane Trck MTD (HYD) 51 Tn & Up (Little Creek) | ML-CRANE WHL MTD RT 100T | FE-100Ton Mobile Crane - Atsugi | MW-Truck Dozer | ML-CRANE WHY MTD RT 65T | FE- 2 Haz. Response Trk (Heavy) - Yokosuka/Sasebo | SE-CRANE TRUCK MOUNTED | MW-Truck, Hazardous Spill Cleanup (Medium) | MAR-90 FOOT TELESCOPING BUCKET TRUCK | SW-200 Ton Linkbelt Crane (VEN) | MW-Truck, Hazardous Spill Cleanup (Large) | ML-CRANE TRUCK MTD HYD 90 TON | SW- 3 Crane Truck (Hyd) 51 Ton & Up | SE-CRANE TRUCK MOUNTED | ML-CRANE WHL MTD RT 100T | SW-Crane Truck 4X4 MTD 30 Ton (SD) | SE-TRUCK, HAZMAT RESPOSE | ML-CRANE WHL MTD RT 80T | SW-RESPONSE VEHICLE (STEP VAN) | SW-Crane Truck (Hyd) 51 Ton & Up (SB) | NW-NITROGEN TRAILER | SW-Excavator Crawler MTD HYD Operated | SW-Hazardous Response Vehicle | SE- 3 Hazardous Response Vehicles | | SW-Hazardous Response Vehicle | SW- 2 Hazardous Response Vehicles | | SW-Crane Truck MTD 100 Ton 4X4 | SW- 4 Crane Truck MTD HYD 51 Ton & Up | | SW-Crane Truck MTD HYD 51 Ton & up | SW- 2 Crane Truck MTD 90 Ton | | SW-Crane Truck 4X4 Mtd 90 Ton (SD) | SW- 6 Truck, tank aircraft refueling / defueling | | SW-Tractor Crawler (VEN) | SW-Tractor Crawler 195HP | | SW-TRK REFUSE COLLECTION 6X4 DED AUTO | SW-Truck Refuse Collection 6x4 DED Auto Trans | | SW-Front Load Refuse Truck (SD) | SW-Truck Container Roll-off/Forked | | SW-Crane Wheel Mounted Swing Cab 4x4 15Ton & Up | SW-Truck Material Handling Chain Hoist/Haul | | SW-Tractor Crawler 195HP | WA-Crane Rough Terrain 65 Ton | | SW-Shear 10" hydraulic | WA-Vacuum Truck (Dahlgren) | | NW-RESPONSE VEHICLE (STEP VAN) PWD Kitsap-Bangor | WA- 2 Hazardous Material Trucks |
| FY 2008 | FY 2009 | FY 2010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PROJECT DESCRIPTION | PROJECT DESCRIPTION | PROJECT DESCRIPTION | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ML-Crane Trck MTD (HYD) 51 Tn & Up (Yorktown) | ML-CRANE WHL MTD RT 75T | FE-130Ton Mobile Crane - Yokosuka | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ML-Crane Trck MTD (HYD) 51 Tn & Up (Little Creek) | ML-CRANE WHL MTD RT 100T | FE-100Ton Mobile Crane - Atsugi | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MW-Truck Dozer | ML-CRANE WHY MTD RT 65T | FE- 2 Haz. Response Trk (Heavy) - Yokosuka/Sasebo | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SE-CRANE TRUCK MOUNTED | MW-Truck, Hazardous Spill Cleanup (Medium) | MAR-90 FOOT TELESCOPING BUCKET TRUCK | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-200 Ton Linkbelt Crane (VEN) | MW-Truck, Hazardous Spill Cleanup (Large) | ML-CRANE TRUCK MTD HYD 90 TON | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW- 3 Crane Truck (Hyd) 51 Ton & Up | SE-CRANE TRUCK MOUNTED | ML-CRANE WHL MTD RT 100T | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-Crane Truck 4X4 MTD 30 Ton (SD) | SE-TRUCK, HAZMAT RESPOSE | ML-CRANE WHL MTD RT 80T | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-RESPONSE VEHICLE (STEP VAN) | SW-Crane Truck (Hyd) 51 Ton & Up (SB) | NW-NITROGEN TRAILER | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SW-Excavator Crawler MTD HYD Operated | SW-Hazardous Response Vehicle | SE- 3 Hazardous Response Vehicles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Hazardous Response Vehicle | SW- 2 Hazardous Response Vehicles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Truck MTD 100 Ton 4X4 | SW- 4 Crane Truck MTD HYD 51 Ton & Up | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Truck MTD HYD 51 Ton & up | SW- 2 Crane Truck MTD 90 Ton | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Truck 4X4 Mtd 90 Ton (SD) | SW- 6 Truck, tank aircraft refueling / defueling | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Tractor Crawler (VEN) | SW-Tractor Crawler 195HP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-TRK REFUSE COLLECTION 6X4 DED AUTO | SW-Truck Refuse Collection 6x4 DED Auto Trans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Front Load Refuse Truck (SD) | SW-Truck Container Roll-off/Forked | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Crane Wheel Mounted Swing Cab 4x4 15Ton & Up | SW-Truck Material Handling Chain Hoist/Haul | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Tractor Crawler 195HP | WA-Crane Rough Terrain 65 Ton | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SW-Shear 10" hydraulic | WA-Vacuum Truck (Dahlgren) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | NW-RESPONSE VEHICLE (STEP VAN) PWD Kitsap-Bangor | WA- 2 Hazardous Material Trucks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | Fiscal Year (FY) 2010 Budget Estimates May 2009 | | | | | | | |
|--|--|--|---|--|------------|--|-----------|------------|---|-----------|------------|
| Department of the Navy / Base Support / Naval Facilities Engineering Commands | | | #004 - Minor Construction \$100K-\$750K | | | | | | Facilities Engineering Commands (FECs) | | |
| | | | FY 2008 | | FY 2009 | | FY 2010 | | | | |
| Minor Construction | | | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost | Quant | Unit Cost | Total Cost |
| Replacement | | | 16 | 413 | 6,610 | 13 | 436 | 5,665 | 22 | 401 | 8,827 |
| Productivity | | | | | | 8 | 359 | 2,873 | | | |
| New Mission | | | | | | 1 | 244 | 244 | | | |
| Environmental | | | | | | | | | | | |
| Total | | | 16 | 413 | 6,610 | 22 | 399 | 8,782 | 22 | 401 | 8,827 |
| Justification: Minor Construction FY 2008/2009/2010 FEC Minor construction projects represent the full range of public works facilities requirements for transportation, utilities, storage, and maintenance. These proposed projects are limited to and strictly controlled to the Capital Investment Program (CIP) thresholds. None of the projects requested in this budget exceed current MILCON thresholds. Projects budgeted are for construction, expansion, or improvement of a complete and useable building, structure, or other real property. Each FEC has conducted a comprehensive business review of its facilities needs and determined an optimal economic approach to costs containment, while providing for health and safety and maintaining minimum interruption to services. The proposed projects priorities are determined by economic analysis which is based on cost effective payback solutions which produce the fastest return on investment. Generally, FEC projects have a payback on the initial investment of 5 or less years. Completion of health/safety and environmental compliance projects will provide for cost avoidance resulting from elimination of potential hazmat situations. The proposed budget is essential to providing planned cost control and service reliability of the FEC plant account. If proposed projects are not provided, substantial opportunity to provide safe, environmentally compliant, and cost effective services at the least cost to the Navy will be lost. | | | | | | | | | | | |
| FY 2008 PROJECT DESCRIPTION MAR-Upgrade 10"CIP w/12" NAVMAG Rd. MAR-Install New PRV's on Main Base, Nav Sta MAR-Construct New Sewage Lift Station MAR-Install New Water Meters,Nimitz Hill & NavMag ML-Construct Transportation Bldg PNBC ML-Construct Offices Bldg A-9 Newport ML-Consolidate ROC & Reg Dispch Bldg HI-Construct Emergency Generator HI-Install Remote Elec MeterRead Sys HI-Convert Bldg. MP3 to EMCC SW-Storage PEBS to be built near B653 CNB SW-Upgrade Area Wide EMS/DDC NAVSTA SW-Upgraded Area Wide EMS/DDC Miramar SW-Upgraded Area Wide EMS/DDC Coronado SW-Upgraded Area Wide EMS/DDC San Diego FE-Construct Add & Repair PW Bldg 3573, Kadena | | | FY 2009 PROJECT DESCRIPTION FE-Inst. Digital Instru & Monitoring Equip FE-Inst. Water Filter & Softener Ht. Resis. FE-Inst. Static condenser fuel House pump #1 and #2 FE-Inst. Water Quality Measurement Instrument FE-Modify Steam Dist.Sys for Bldg.450 & Bldg.1483 FE-Inst Piping System, Sewage Collection HI-Install Remote Water Meter Reading Sys HI-New Access Control Point HI-Construct Emergency Generator WL-085 MAR-Nimitz Hill Water Main Imp, replace 8" with 10" PVC MAR-Install Generator Barrigada Water Booster Pump Sta MAR-Install Generator, Bona springs Pump Station SE-Expand Wastewater Reuse System-Kings Bay SE-Addition to Trans Bldg, Bldg. 5, NSA; Panama City SE-Demolish/Repl Haz Waste Storage/Disposal Fac, B1602, SW-Install Generator at SNI SW-Replace Electrical Storage Fac at NBSD SW-Expand Area Wide ALC EMS/DDC SW-Upgrade Area Wide EMS/DDC SD(Z7A) SW-Replace Conex Storage near B-653 CNB SW-Install Water Util SCADA at San Nic. Is. SW-Install 2nd Deck in B-3579 NBSD | | | FY 2010 PROJECT DESCRIPTION FE-Inst.Digital Instrum. & Monit. Equip for Utility Plant FE-Connencting Bridge btwn B-4302 & B-4364 FE-Modify Steam Dist. Sys. for B-450 & B-1483 (Tategami) FE-Const New Fire Prot. Tank at Awase Transmitter site FE-Install static condenser fuel house pump 1& 2 FE-Upgrade 11H2O Module/2 Water Transfer STA,R-Site FE-Procure transformer, NSP-PWD FE-Inst Piping System Sewage Collection FE-Provide Sewer Connection for Ship Barge, DDW/SBB HI-Install Remote TWACS Elec/Water Meter Reading Sys.-PMRF HI-Construct Emergency Generator WL-066 MAR-New Permanent Standby Generator for Asan BPS MAR-New Permanent Standby Generator for Adelup BPS MAR-New Permanent Standby Generator for Barrigada BPS MAR-New Permanent Standby Generator for Bona Springs BPS ML-Construct Electric Forklift Storage Shed - Yorktown ML-Construct Add'l PSS Space - New London ML-Construct Addit'l Parking/Pavement Shed 6 - Yorktown ML-Construct Emergency Generator (Boiler Plant) - Newport SW-Area Wide EMS/DDC (NAB) Coronado Zone 8 SW-Area Wide EMS/DDC (NMC) San Diego Zone 8 SW-Area Wide EMS/DDC NAVSTA, China Lake | | | | | |

Department of the Navy
Base Support / Facilities Engineering Commands
Projects on the FY 2009 President's Budget
Fiscal Year (FY) 2010 Budget Estimates
Date: May 2009

(Dollars in Millions)

| FY | Approved Project | PRESIDENT'S BUDGET | REPROGS | APPROVED PROJ COST | CURRENT PROJ COST | ASSET/ DEFICIENCY | JUSTIFICATION |
|------|--|--------------------|----------------------|--------------------|-------------------|-------------------|--|
| 2009 | Equipment except ADPE and TELCOM | 7.532 | 4.339 | 11.871 | 11.871 | 0.000 | |
| | Equipment - ADPE and TELCOM | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | |
| | Software Development | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | |
| | Minor Construction | 8.551 | 0.231 | 8.782 | 8.782 | 0.000 | |
| | TOTAL FY 2009 | 16.083 | 4.570 | 20.653 | 20.653 | 0.000 | |
| | EQUIPMENT | | FEC | | QNTY | (\$000) | |
| | Crane WHL MTD RT 40T | | MIDLANT | | (1) | (550) | Requirement deferred to support higher priority |
| | Crane WHL MTD RT 70T | | MIDLANT | | (1) | (550) | Requirement deferred to support higher priority |
| | Crane WHL MTD RT 75T | | MIDLANT | | 1 | 650 | Unanticipated priority facility requirements to meet workload requirements |
| | Crane WHY MTD RT 65T | | MIDLANT | | 1 | 475 | Unanticipated priority facility requirements to meet workload requirements |
| | Truck, Hazardous Spill Cleanup (Medium) | | MIDWEST | | | 100 | price increase |
| | Truck, Hazardous Spill Cleanup (Large) | | MIDWEST | | | 30 | price increase |
| | Crane Truck Mounted - Mayport | | SOUTHEAST | | | 38 | price increase |
| | Crane Truck (Hyd) 51 Ton & Up (SB) | | SOUTHWEST | | | (1) | price decrease |
| | Crane Truck 4X4 Mtd 90 Ton (SD) | | SOUTHWEST | | | (2) | price decrease |
| | Hazardous Response Vehicle | | SOUTHWEST | | 1 | 590 | Unanticipated priority facility requirements to meet workload requirements |
| | Hazardous Response Vehicle | | SOUTHWEST | | 1 | 590 | Unanticipated priority facility requirements to meet workload requirements |
| | Crane Truck MTD 100 Ton 4X4 | | SOUTHWEST | | 1 | 831 | Unanticipated priority facility requirements to meet workload requirements |
| | Crane Truck MTD HYD 51 Ton & up | | SOUTHWEST | | 1 | 1,159 | Unanticipated priority facility requirements to meet workload requirements |
| | Tractor Crawler (VEN) | | SOUTHWEST | | | 10 | price increase |
| | Trk Rrefuse Collection 6X4 Ded Auto | | SOUTHWEST | | | 7 | price increase |
| | Front Load Refuse Truck (SD) | | SOUTHWEST | | | 9 | price increase |
| | Excavator Crawler MTD HYD Operated | | SOUTHWEST | | -1 | (444) | Requirement deferred to support higher priority |
| | Crane Wheel Mounted Swing Cab 4x4 15Ton & Up | | SOUTHWEST | | 1 | 363 | Unanticipated priority facility requirements to meet workload requirements |
| | Tractor Crawler 195HP | | SOUTHWEST | | 1 | 277 | Unanticipated priority facility requirements to meet workload requirements |
| | Shear 10" hydraulic (cutting large pieces of metal-China Lake) | | SOUTHWEST | | 1 | 400 | Emergent requirement |
| | Response Vehicle (Step Van) PWD Kitsap-Bangor | | NORTHWEST | | 1 | 357 | Unanticipated priority facility requirements to meet workload requirements |
| | | | SUBTOTAL | | 7 | 4,339 | |
| | MINOR CONSTRUCTION | | | | | | |
| | Upgrade & Replace Harbor Rd waterline, NAVSTA 8" w/10" | | MARIANAS | | -1 | (375) | Project deferred due to higher priority emergent projects |
| | Install Fena Dam Emergency Warning System | | MARIANAS | | -1 | (450) | Project deferred due to higher priority emergent projects |
| | Convert 4.16KV to 13.8KV Distribution System, Guam Shipyard | | MARIANAS | | -1 | (500) | Project deferred due to higher priority emergent projects |
| | Install Generator, Bona springs Pump Station | | MARIANAS | | 1 | 227 | Emergent higher priority project |
| | Nimitz Hill Water Main Improvement, replace 8" with 10" PVC waterline | | MARIANAS | | 1 | 278 | Emergent higher priority project |
| | Install Generator at Barrigada Water Booster Pump Station | | MARIANAS | | 1 | 710 | Emergent higher priority project |
| | Construct Emergency Generator WL-066 | | HAWAII | | -1 | (200) | Project deferred to FY10 to accommodate "Construct Emergency Generator WL-085" project. |
| | Construct Emergency Generator WL-085 | | HAWAII | | 1 | 190 | Project was substituted/added because repairs are more critical for this project. Project at first categorized as Minor construction, after engineering's review, recategorized as Equipment item. |
| | Provide Flame Sensors for Boiler Plants | | FAR EAST | | -1 | (342) | Below CIP Equipment's threshold (\$250K); will be covered by Operating expense budget.. |
| | Inst. Digital Instrumentation & Monitoring Equipment Boiler Plant #1 | | FAR EAST | | | 22 | Reflects change in Current Working Estimate when final designs were completed. |
| | Inst. Water Filter & Softner of Heat Resistance Type | | FAR EAST | | | (14) | Price Change |
| | Add. Deep Well for Back up & emergency Time | | FAR EAST | | -1 | (750) | Required further analysis on scope change, PWO Atsugi requested to defer the project to FY11 |
| | Install static condenser fuel House pump #1 & #2 (FY10 APPROVED) | | FAR EAST | | 1 | 250 | Emergent requirement for higher priority project. Project can be awarded in 4th Qtr FY09. |
| | Install Water Quality Measurement Instrument | | FAR EAST | | 1 | 244 | Emergent requirement to comply with the JEGS (Japanese Environmental Governing Standard) and Japanese water regulation. |
| | Modify Steam Dist.Sys.for Bldg.450&Bldg.1483 (Tategami Boiler Plants) | | FAR EAST | | 1 | 250 | Emergent requirement for higher priority project. |
| | Inst Piping System, Sewage Collection (FY10 APPROVED) | | FAR EAST | | 1 | 340 | Emergent requirement for higher priority project. |
| | Expand Utility System | | SOUTHEAST | | -1 | (250) | Project deferred due to higher priority emergent projects |
| | Expand Wastewater Reuse System Sub Base Kings Bay | | SOUTHEAST | | 1 | 150 | Project brings Navy in compliance with impending regulations for nutrient discharges to St John's River |
| | Demolish/replace Haz Waste Storage/Disposal Facility, Bldg. 1602, NS Mayport | | SOUTHEAST | | 1 | 350 | Emergent higher priority project |
| | Addition to Trans Bldg, Bldg. 5, NSA; Panama City | | SOUTHEAST | | 1 | 250 | Emergent higher priority project |
| | Replace Electrical Storage Facility at NBSD | | SOUTHWEST | | | (2) | price decrease |
| | Upgrade Area Wide EMS/DDC San Diego (Z7A) | | SOUTHWEST | | | 1 | price increase |
| | Install 2nd Deck in B-3579 NBSD | | SOUTHWEST | | | (148) | price decrease |
| | | | SUBTOTAL | | 4 | 231 | |
| | | | FEC TOTAL ALL | | 11 | 4,570 | |

This page intentionally blank

Naval Facilities Engineering
Services Center

This page intentionally blank

**DEPARTMENT OF THE NAVY
BASE SUPPORT – NAVAL FACILITIES ENGINEERING SERVICE CENTER
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009**

Mission Statement / Overview

The Naval Facilities Engineering Service Center (NFESC) is a Navy-wide technical center, delivering quality products and services in:

- Energy and Utilities
- Amphibious and Expeditionary Systems
- Environment
- Shore, Ocean, and Waterfront Facilities

As a member of the Naval Facilities Engineering Command team, NFESC provides worldwide support services to the Navy, Marine Corps, and other DOD agencies. These support services provide solutions to problems through engineering, design, construction, consultation, test and evaluation, technology demonstration and implementation, and program management support. In accomplishing these services NFESC leverages technology to enhance customer effectiveness and efficiency. NFESC uses existing technology where possible, identifies and adapts breakthrough technology when appropriate, and performs technology development when required.

The NFESC is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support, and amphibious and expeditionary systems. The work performed by NFESC is accomplished by mobilizing the proper mix of personnel expertise and other technological resources to address customer requirements. NFESC provides a synergism of expertise and practical experience to solve field activity and fleet needs. NFESC supports a very broad range of Navy and Marine Corps customers with focus on delivering quality products and services. Program execution is funded by many appropriations, to include Operations and Maintenance, Navy; Research, Development, Test & Evaluation, Navy; working capital fund; and other DOD accounts.

The energy and utilities mission focuses on the Navy's ashore establishment energy program. Efforts focus on utilities and energy management, conservation systems, data management, technology transfer, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The amphibious and expeditionary mission involves developing and providing support and enhancement to Naval construction battalions and Marine Corp advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer systems, expedient facilities, and logistics engineering.

The environmental mission entails planning, reviewing, and analyzing Navy-wide functions, and assembling and deploying customized technology to meet the environmental requirements of the naval shore establishment. Efforts focus on environmental restoration, compliance, data management, technology transfer, waste management, pollution prevention, indoor air management, and oil spill program.

The ocean facilities mission is to develop, implement, and improve the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

The shore facilities mission is to provide innovative engineering solutions, designs, technological tools and field services to support a viable naval shore establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability electronics thermal and power plant engineering.

Activity Group Composition:

| | |
|-----------------------|----------------------------|
| NFESC Headquarters | Port Hueneme, CA. |
| East Coast Detachment | Navy Yard, Washington, DC. |

Significant Changes Since the FY 2009 President's Budget:

There are no significant changes in the activity group or composition since the FY 2009 President's Budget.

Workload:

| <u>Reimbursable Orders (\$M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Estimate | \$80.5 | \$107.7 | \$104.2 |

Reimbursable orders are based on projected customer requirements.

| <u>Direct Labor Hours (000)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Estimate | 532 | 486 | 490 |

Direct labor hours reflect the Center's efforts to maintain the correct level of organic expertise to meet recurring customer demand.

Financial Profile:

| <u>Revenue/Expense/NOR/AOR (\$ in M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Revenue | \$115.7 | \$101.1 | \$102.5 |
| Expense | \$115.7 | \$101.8 | \$102.5 |
| Operating Results | \$0.0 | -\$0.7 | \$0.0 |
| Other Changes Affecting AOR | \$0.0 | \$0.0 | \$0.0 |
| Accumulated Operating Results (AOR) | \$0.7 | \$0.0 | \$0.0 |

Revenue and Expense:

Revenue and expenses are expected to remain fairly constant through the budget period, consistent with customer requirements.

Operating Results:

NFESC's current operating results are consistent with levels approved in the FY 2009 President's Budget submission.

Collections/Disbursements/Outlays

| <u>Outlays (\$ in M)</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| Collections | \$102.6 | \$109.9 | \$109.9 |
| Disbursements | \$103.1 | \$108.1 | \$109.7 |
| Outlays | \$0.5 | -\$1.8 | -\$0.2 |

Net outlays are projected to remain relatively stable over the course of this budget.

Performance Indicators:

The primary performance indicator is unit cost. Unit cost measures total direct labor and overhead costs per direct labor hour. Changes in unit cost are primarily due to price/escalation factors and adjustments in customer requirements.

| <u>Unit Cost</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Total Stabilized Cost (\$M) | \$51.3 | \$47.8 | \$47.9 |
| Workload (DLHs) (000) | 532 | 486 | 490 |
| Unit Cost (per DLH) | \$96.31 | \$98.32 | \$97.90 |

| <u>Stabilized/Composite Rates</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Stabilized Rate | \$94.37 | \$95.35 | \$97.88 |
| Change from Prior Year | +10.7% | +1.0% | +2.7% |
| Composite Rate Change | +6.8% | +1.5% | +1.9% |

Staffing:

| <u>Civilian/Military ES & Work Years</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|-----------------------|-----------------------|-----------------------|
| Civilian End Strength | 366 | 374 | 374 |
| Civilian Work Years | 365 | 370 | 372 |
| Military End Strength | 3 | 3 | 3 |
| Military Work Years | 3 | 3 | 3 |

Civilian Personnel:

End strength and work years remain stable and are based upon workload requirements.

Military Personnel:

Military end strength and work years remain level.

Capital Investment Program (CIP) Budget Authority: The NFESC has no CIP requirements at this time.

Revenue and Expenses
Department of the Navy
Base Support - Naval Facilities Engineering Service Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 CON | FY 2009 CON | FY 2010 CON |
|---|----------------|----------------|----------------|
| Revenue: | | | |
| Gross Sales | | | |
| Operations | 115.5 | 100.9 | 102.4 |
| Surcharges | .0 | .0 | .0 |
| Depreciation excluding Major Construction | .2 | .2 | .0 |
| Other Income | | | |
| Total Income | 115.7 | 101.1 | 102.5 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | | | |
| Salaries and Wages: | | | |
| Military Personnel | .4 | .4 | .4 |
| Civilian Personnel | 44.8 | 46.5 | 48.1 |
| Travel and Transportation of Personnel | 5.1 | 3.6 | 3.8 |
| Material & Supplies (Internal Operations) | 6.8 | 3.2 | 3.3 |
| Equipment | 1.3 | 1.7 | 1.7 |
| Other Purchases from Revolving Funds | 3.7 | 1.9 | 1.8 |
| Transportation of Things | .6 | .5 | .5 |
| Depreciation - Capital | .2 | .2 | .0 |
| Printing and Reproduction | .1 | .1 | .1 |
| Advisory and Assistance Services | .0 | .0 | .0 |
| Rent, Communication & Utilities | .8 | .5 | .7 |
| Other Purchased Services | 52.0 | 43.3 | 42.1 |
| Total Expenses | 115.7 | 101.8 | 102.5 |
| Work in Process Adjustment | .0 | .0 | .0 |
| Work for Activity Retention Adjustment | .0 | .0 | .0 |
| Cost of Goods Sold | 115.7 | 101.8 | 102.5 |
| Operating Result | .0 | -.7 | .0 |
| Less Surcharges | .0 | .0 | .0 |
| Plus Appropriations Affecting NOR/AOR | .0 | .0 | .0 |
| Other Changes Affecting NOR/AOR | .0 | .0 | .0 |
| Extraordinary Expenses Unmatched | .0 | .0 | .0 |
| Net Operating Result | .0 | -.7 | .0 |
| Other Changes Affecting AOR | .0 | .0 | .0 |
| Accumulated Operating Result | .7 | .0 | .0 |

Exhibit Fund-14 Revenue and Expenses

Sources of New Orders and Revenue
Department of the Navy
Base Support - Naval Facilities Engineering Service Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | FY 2008 CCN ----- | FY 2009 CCN ----- | FY 2010 CCN ----- |
|--|-------------------------|-------------------------|-------------------------|
| 1. New Orders | 80 | 108 | 104 |
| a. Orders from DoD Components | 59 | 95 | 87 |
| Department of the Navy | 42 | 78 | 71 |
| O & M, Navy | 10 | 40 | 36 |
| O & M, Marine Corps | 3 | 2 | 2 |
| O & M, Navy Reserve | 0 | 0 | 0 |
| O & M, Marine Corp Reserve | 0 | 0 | 0 |
| Aircraft Procurement, Navy | 0 | 0 | 0 |
| Weapons Procurement, Navy | 0 | 0 | 0 |
| Ammunition Procurement, Navy/MC | 0 | 0 | 0 |
| Shipbuilding & Conversion, Navy | 0 | 0 | 0 |
| Other Procurement, Navy | 4 | 2 | 1 |
| Procurement, Marine Corps | 0 | 0 | 0 |
| Family Housing, Navy/MC | 0 | 0 | 0 |
| Research, Dev., Test, & Evaluation, Navy | 26 | 32 | 32 |
| Military Construction, Navy | 0 | 1 | 0 |
| National Defense Sealift Fund | 0 | 0 | 0 |
| Other Navy Appropriations | 0 | 0 | 0 |
| Other Marine Corps Appropriations | 0 | 0 | 0 |
| Department of the Army | 3 | 1 | 1 |
| Army Operation & Maintenance | 2 | 0 | 0 |
| Army Res, Dev, Test, Eval | 2 | 1 | 1 |
| Army Procurement | 0 | 0 | 0 |
| Army Other | 0 | 1 | 1 |
| Department of the Air Force | 1 | 0 | 0 |
| Air Force Operation & Maintenance | 1 | 0 | 0 |
| Air Force Res, Dev, Test, Evaluation | 0 | 0 | 0 |
| Air Force Procurement | 0 | 0 | 0 |
| Air Force Other | 0 | 0 | 0 |
| DOD Appropriation Accounts | 12 | 16 | 14 |
| Base Closure & Realignment | 1 | 0 | 2 |
| Operation & Maintenance Accounts | 0 | 1 | 1 |
| Res, Dev, Test & Evaluation Accounts | 10 | 13 | 8 |
| Procurement Accounts | 1 | 1 | 1 |
| Defense Emergency Relief Fund | 0 | 0 | 0 |
| DOD Other | 0 | 2 | 3 |
| b. Orders from other WCF Activity Groups | 21 | 7 | 7 |
| c. Total DoD | 80 | 102 | 94 |
| d. Other Orders | 0 | 5 | 10 |
| Other Federal Agencies | 0 | 2 | 5 |
| Foreign Military Sales | 0 | 0 | 0 |
| Non Federal Agencies | 0 | 4 | 5 |
| 2. Carry-In Orders | 55 | 20 | 26 |
| 3. Total Gross Orders | 136 | 128 | 131 |
| a. Funded Carry-Over before Exclusions | 20 | 26 | 28 |
| b. Total Gross Sales | 116 | 101 | 102 |
| 4. End of Year Work-In-Process (-) | 0 | 0 | 0 |
| 5. Non-DoD, BRAC, FMS, Inst. MRTFB (-) | 0 | -3 | -7 |
| 6. Net Funded Carryover | 20 | 23 | 21 |

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DoD, BRAC & FMS and Institutional MRTFB

Changes in the Cost of Operations
Department of the Navy
Base Support - Naval Facilities Engineering Service Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

| | <u>Total Cost</u> |
|---|--------------------------|
| FY 2008 Actual Execution | 115.7 |
| FY 2009 Estimate in FY 2009 President's Budget | 102.3 |
| <u>Estimated Impact in FY 2009 of Actual FY 2008 Experience</u> | 0.0 |
| <u>Price Changes</u> | |
| Change in FY 2009 Pay Raise Assumptions | 0.3 |
| Change in FY 2009 Fuel Price Assumptions | -0.1 |
| Change in FY 2009 General Inflation Assumptions | -0.3 |
| <u>Program and Other Changes</u> | -0.3 |
| FY 2009 Current Estimate | 101.8 |
| <u>Price Changes:</u> | |
| Annualization of Prior Year Pay Raises | |
| Military | 0.0 |
| Civilian | 0.5 |
| FY 2010 Pay Raise | |
| Military Personnel | 0.0 |
| Civilian Personnel | 0.7 |
| Working Capital Fund Price Changes | 0.0 |
| General Purchase Inflation | 0.6 |
| <u>Program Changes</u> | |
| Workload, e.g., Oceans, Environmental and Shore programs | -1.1 |
| FY 2010 Current Estimate | 102.5 |

This page intentionally blank

Navy Supply

This page intentionally blank

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009

Mission Statement/Overview:

The mission of Navy Supply Management is to perform inventory management functions resulting in the sale of aviation and shipboard components, ship's store stock and consumables to a wide variety of customers. Major customers include Fleet and Marine Corps forces, Department of the Navy (DON) shore activities, Army, Air Force, Defense Agencies, other government agencies and foreign governments. Costs related to supplying this material to customers are recouped through stabilized rate recovery elements such as prior year gains and losses, inventory maintenance, repair costs including attrition, and local elements. Navy Supply Management is divided into six Budget Projects to organize the financial operations of the fund.

| | Budget Project |
|----------------------------------|-----------------------|
| Wholesale | |
| Aviation Consumables | BP34 |
| Ship Repairables and Consumables | BP81 |
| Aviation Repairables | BP85 |
| Retail | |
| Ship's Store | BP21 |
| General Consumables | BP28 |
| Operations | |
| Operations and Reimbursables | BP91 |

Activity Group Composition:

Navy Working Capital Fund Supply Management (NWCF-SM) activity group is comprised of:
 Naval Inventory Control Point (NAVICP):

NAVICP Mechanicsburg, PA

NAVICP Philadelphia, PA

Commander, Fleet and Industrial Supply Centers (COMFISCS):

Fleet and Industrial Supply Center, San Diego, CA

Fleet and Industrial Supply Center, Jacksonville, FL

Fleet and Industrial Supply Center, Norfolk, VA

Fleet and Industrial Supply Center, Pearl Harbor, HI

Fleet and Industrial Supply Center, Puget Sound, WA

Fleet and Industrial Supply Center, Yokosuka, JP

Fleet and Industrial Supply Center, Sigonella, IT

Navy Supply Information Systems Activity (NAVSISA), Mechanicsburg, PA

Executive Summary

Significant Changes Since the FY 2008 President's Budget:

The following significant changes occurred since the FY 2008 President's Budget:

Capitalization Afloat

Capitalization afloat is an initiative focused on capitalization of inventory on "small boys" (i.e. destroyers, frigates, etc) into the NWCF, similar to the "big deck" (i.e. carriers, large amphibious ships) capitalization that occurred during 1990's. Execution of material capitalization afloat is being reevaluated due to IT system development and implementation issues. Implementation delays have voided the initial ship capitalization schedule and no updated schedule has been completed to date. As a result, previously projected budgetary impacts have been removed from this budget submission.

Enterprise Resource Planning (ERP) System Implementation Strategy

Navy ERP release 1.1 (Single Supply Solution), originally scheduled to deploy the beginning of FY 2010, has been delayed to February 2010. As a hedge against potential disruptions to Fleet customer support, the FY 2009 NAVSUP budget accelerated requirements, resulting in earlier than normal procurement actions to ensure a full supply pipeline would be maintained. The slip to February 2010 eliminates the repair-ahead requirement. As a result, the FY 2010 budget submission restores ERP repair obligations from FY 2009 back to FY 2010. This approach is similar to the process used by the Defense Logistics Agency when the Business Systems Modernization (BSM) was implemented and is deemed to be prudent given the complexity of deploying a new system of this magnitude.

Obligation values below are based upon the assumption that an ERP disruption would last approximately six months and implementation roll-out is phased in increments rather than instantaneously.

| Budget Project (\$M) | FY 2008 | FY 2009 | FY 2010 |
|---|----------------|----------------|----------------|
| Ship Repairables and Consumables (BP81) | 0 | 11.5 | 0 |
| Aviation Repairables (BP85) | 10.7 | 0 | 0 |
| Aviation Consumables (BP34) | 0 | 22.8 | 0 |

Budget Highlights:

Operating Results

| Revenue/Expense/NOR/AOR (\$M) | FY 2008 | FY 2009 | FY 2010 |
|--------------------------------------|----------------|----------------|----------------|
| Net Revenue | 5,697.0 | 6,042.3 | 5,951.9 |
| Expenses | 5,743.8 | 6,108.8 | 5,961.3 |
| Net Operating Results | -33.2 | 26.2 | 6.7 |
| Other Changes Affecting AOR | 0.0 | 0.0 | 0.0 |
| Accumulated Operating Result (AOR) | -32.8 | -6.7 | 0.0 |

Revenue and Expense: FY 2009 revenue increases are driven by wholesale. Revenue forecasts remain fairly steady FY 2009 through FY 2010 and expense changes are consistent with revenue adjustments.

Operating Results: The Navy Working Capital Fund Supply Management's operating results show offset for the final impact of the FY 2009 Cost Recovery Rates.

Cash Management:

As a primary consideration of this budget, NAVSUP has carefully balanced concerns of NWCF solvency, impacts of potential changes to customer rates, and customer support effectiveness.

| Collections/Disbursement/Outlays (\$M) | FY 2008 | FY 2009 | FY 2010 |
|---|----------------|----------------|----------------|
| Collections | 5,706.3 | 5,871.2 | 5,951.9 |
| Disbursements | 5,796.4 | 5,994.6 | 6,010.3 |
| Outlays | 90.1 | 123.4 | 58.4 |
| Transfers | -25.1 | 1.6 | 0.0 |

Sales:

| Gross Sales (with CIP) | FY 2008 | FY 2009 | FY 2010 |
|-------------------------------|----------------|----------------|----------------|
| Wholesale | 4,353.2 | 4,690.6 | 4,696.9 |
| Retail | 929.9 | 943.9 | 961.7 |
| Total | 5,283.1 | 5,634.5 | 5,658.6 |

Wholesale & Retail: Sales are tied to customer funding and NAVICP's ability to fill orders.

Metrics:

| | FY 2008 | FY 2009 | FY 2010 |
|-----------------------|----------------|----------------|----------------|
| Items Managed | 336,874 | 339,003 | 340,165 |
| Requisitions Received | 491,260 | 516,236 | 514,266 |
| Receipts | 1,119,948 | 1,219,588 | 1,224,465 |
| Issues | 1,197,183 | 1,290,559 | 1,268,807 |
| Contracts Executed | 43,355 | 45,683 | 44,316 |
| Purchase Inflation | 1.9% | 1.3% | 1.2% |

Undelivered Orders: Undelivered orders represent contracts or orders for goods for which a liability has not yet accrued. The accrual of the liability creates an outlay requirement.

| | FY 2008 | FY 2009 | FY 2010 |
|--------------------------|----------------|----------------|----------------|
| Undelivered Orders (\$M) | 3991.3 | 3945.2 | 3962.3 |

Performance Indicators:

Primary performance measurement tool for the Supply Management business area is the “Dashboard Metrics” tool. Dashboard Metrics provide indicators that link NAVSUP’s strategic plan to the performance budget and to Chief of Naval Operations priorities, which directly support DoD strategic goals as described in the Quadrennial Defense Review (QDR).

Supply Management’s primary performance indicators are:

| | FY 2008 | FY 2009 | FY 2010 |
|-------------------------------------|---------|---------|---------|
| Customer Wait Time (days) | 12.5 | 12.5 | 12.5 |
| Ship Operating Time w/C3/C4 CASREP | | | |
| Deployed | 25% | 25% | 25% |
| Non-deployed | 28% | 28% | 28% |
| Aircraft Non Mission Capable Supply | | | |
| Deployed | 10% | 10% | 10% |
| Non-Deployed | 10% | 10% | 10% |
| Supply Material Availability | 85% | 85% | 85% |

Unit Cost

| | FY 2008 | FY 2009 | FY 2010 |
|-----------|---------|---------|---------|
| Wholesale | 1.014 | .968 | .974 |
| Retail | .995 | 1.001 | 1.002 |

Composite Rates:

| | FY 2008 | FY 2009 | FY 2010 |
|------------------------------------|---------|---------|---------|
| Annual Price Change | 2.7% | 1.8% | 1.6% |
| Composite Cost Recovery Rate (CRR) | 14.5% | 12.7% | 13.3% |

Staffing:

| Civilian/Military ES & Workyears | FY 2008 | FY 2009 | FY 2010 |
|----------------------------------|---------|---------|---------|
| Civilian End Strength | 7,655 | 7,814 | 6,222 |
| Civilian Workyears | 7,702 | 7,809 | 6,217 |
| Military End Strength | 369 | 369 | 369 |
| Military Workyears | 376 | 376 | 369 |

Civilian Personnel: Additional workforce reductions are anticipated as BRAC recommendations are implemented, products and services are transformed, requirements are refined, and new ways are discovered to help contribute to re-capitalizing and transforming the Navy of the future. Upcoming Functional Transfers to DLA are below:

| Manpower (Workyears) | FY 2010 |
|-----------------------------|----------------|
| SS&D BRAC | 642 |
| DLR Procurement BRAC | 160 |
| Navy Warehouse Transfer | 610 |
| Total | 1412 |

Supply Storage, and Distribution (SS&D) consolidates all supply, storage and distribution functions and associated inventories at the industrial sites co-located with a DLA distribution depot and transfers the resources to DLA. DLR Procurement transfers the procurement management and related support functions of Depot Level Repairable items to DLA. The Navy Warehouse Transfer is an initiative to transfer a significant percentage of Navy warehousing, storage, and tactical distribution functions to DLA. The transfer contributes to the CNO's objective to reduce Navy infrastructure footprint.

Capital Investment Program (CIP) Budget Authority:

| Capital Investment Program (\$M) | FY 2008 | FY 2009 | FY 2010 |
|---|----------------|----------------|----------------|
| Equipment, Non-ADPE / Telecom | 1.5 | 2.1 | 1.9 |
| Equipment, ADPE / Telecom | 1.8 | 1.5 | 1.0 |
| Software Development | 6.8 | 4.2 | 3.7 |
| Minor Construction | 1.2 | 2.4 | 2.4 |
| Total | 11.3 | 10.2 | 9.0 |

The Navy Working Capital Fund Supply Management's CIP authority reflects a reduction in the out years due to reduced requirements. Legacy system costs have been reduced due to the implementation of ERP.

Supply Management Summary
Department of the Navy
Navy Working Capital Fund
Fiscal Year (FY) 2010 Budget Estimates - May 2009
Obligation Targets
(\$ in Millions)
FY 2008

| DIVISION | PEACETIME INVENTORY | NET CUSTOMER ORDERS | NET SALES | OPERATING | MOBILIZATION | TOTAL OBLIGATIONS | VARIABILITY TARGET | TARGET TOTAL | CREDIT SALES |
|-----------------|----------------------------|----------------------------|------------------|------------------|---------------------|--------------------------|---------------------------|---------------------|---------------------|
| BP 21 | | | | | | | | | |
| Approved | 31.538 | 68.121 | 68.121 | 68.121 | 0.000 | 68.121 | 0.000 | 68.121 | 0.000 |
| Request | 35.468 | 67.223 | 67.223 | 71.173 | 0.000 | 71.173 | 0.000 | 71.173 | 0.000 |
| Delta | 3.930 | (0.898) | (0.898) | 3.052 | 0.000 | 3.052 | 0.000 | 3.052 | 0.000 |
| BP 28 | | | | | | | | | |
| Approved | 1,156.422 | 889.534 | 889.534 | 890.877 | 0.000 | 890.877 | 0.000 | 890.877 | 4.888 |
| Request | 1,472.469 | 858.076 | 858.076 | 849.890 | 0.000 | 849.890 | 0.000 | 849.890 | 4.647 |
| Delta | 316.047 | (31.458) | (31.458) | (40.987) | 0.000 | (40.987) | 0.000 | (40.987) | (0.241) |
| BP 34 | | | | | | | | | |
| Approved | 953.914 | 324.379 | 323.432 | 300.292 | 0.000 | 300.292 | 40.000 | 340.292 | 0.648 |
| Request | 937.400 | 370.787 | 369.536 | 332.001 | 0.000 | 332.001 | 0.000 | 332.001 | 0.154 |
| Delta | (16.514) | 46.408 | 46.104 | 31.709 | 0.000 | 31.709 | (40.000) | (8.291) | (0.494) |
| BP 81 | | | | | | | | | |
| Approved | 8,556.279 | 808.314 | 808.314 | 691.237 | 0.000 | 691.237 | 90.500 | 781.737 | 29.000 |
| Request | 8,472.659 | 810.636 | 810.636 | 702.736 | 0.000 | 702.736 | 0.000 | 702.736 | 22.831 |
| Delta | (83.620) | 2.322 | 2.322 | 11.499 | 0.000 | 11.499 | (90.500) | (79.001) | (6.169) |
| | | | ** REPAIR-> | 283.437 | | | | | |
| BP85 | | | | | | | | | |
| Approved | 31,851.626 | 3,205.837 | 3,224.264 | 2,735.028 | 0.000 | 2,735.028 | 425.500 | 3,160.528 | 56.800 |
| Request | 35,954.418 | 3,066.941 | 3,099.273 | 2,718.876 | 0.000 | 2,718.876 | 0.000 | 2,718.876 | 50.778 |
| Delta | 4,102.792 | (138.896) | (124.991) | (16.152) | 0.000 | (16.152) | (425.500) | (441.652) | (6.022) |
| | | | ** REPAIR-> | 1,777.056 | | | | | |
| BP 91 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 1,304.168 | 0.000 | 1,304.168 | 0.000 | 1,304.168 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 1,281.680 | 0.000 | 1,281.680 | 0.000 | 1,281.680 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | (22.488) | 0.000 | (22.488) | 0.000 | (22.488) | 0.000 |
| TOTAL | | | | | | | | | |
| Approved | 42,549.779 | 5,296.185 | 5,313.665 | 5,989.723 | 0.000 | 5,989.723 | 556.000 | 6,545.723 | 91.336 |
| Request | 46,872.414 | 5,173.663 | 5,204.744 | 5,956.356 | 0.000 | 5,956.356 | 0.000 | 5,956.356 | 78.410 |
| Delta | 4,322.635 | (122.522) | (108.921) | (33.367) | 0.000 | (33.367) | (556.000) | (589.367) | (12.926) |

Supply Management Summary
Department of the Navy
Navy Working Capital Fund
Fiscal Year (FY) 2010 Budget Estimates - May 2009
Obligation Targets
(\$ in Millions)
FY 2009

| DIVISION | PEACETIME INVENTORY | NET CUSTOMER ORDERS | NET SALES | OPERATING | MOBILIZATION | TOTAL OBLIGATIONS | VARIABILITY TARGET | TARGET TOTAL | CREDIT SALES |
|--------------|---------------------|---------------------|-------------|-----------|--------------|-------------------|--------------------|--------------|--------------|
| BP 21 | | | | | | | | | |
| Approved | 33.289 | 66.760 | 66.760 | 67.300 | 0.000 | 67.300 | 0.000 | 67.300 | 0.000 |
| Request | 37.219 | 66.760 | 66.760 | 67.300 | 0.000 | 67.300 | 0.000 | 67.300 | 0.000 |
| Delta | 3.930 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| BP 28 | | | | | | | | | |
| Approved | 1,105.597 | 940.368 | 940.368 | 943.340 | 0.000 | 943.340 | 0.000 | 943.340 | 4.888 |
| Request | 1,439.672 | 872.203 | 872.203 | 872.203 | 0.000 | 872.203 | 0.000 | 872.203 | 4.888 |
| Delta | 334.075 | (68.165) | (68.165) | (71.137) | 0.000 | (71.137) | 0.000 | (71.137) | 0.000 |
| BP 34 | | | | | | | | | |
| Approved | 973.403 | 346.717 | 347.387 | 314.194 | 0.000 | 314.194 | 40.000 | 354.194 | 0.705 |
| Request | 911.975 | 384.637 | 385.181 | 332.736 | 0.000 | 332.736 | 40.000 | 372.736 | 0.000 |
| Delta | (61.429) | 37.920 | 37.794 | 18.542 | 0.000 | 18.542 | 0.000 | 18.542 | (0.705) |
| BP 81 | | | | | | | | | |
| Approved | 8,438.659 | 793.102 | 793.102 | 709.217 | 0.000 | 709.217 | 90.500 | 799.717 | 29.000 |
| Request | 8,319.755 | 794.139 | 794.139 | 704.757 | 0.000 | 704.757 | 90.500 | 795.257 | 29.000 |
| Delta | (118.904) | 1.037 | 1.037 | (4.460) | 0.000 | (4.460) | 0.000 | (4.460) | 0.000 |
| | | | ** REPAIR-> | 289.086 | | | | | |
| BP85 | | | | | | | | | |
| Approved | 30,834.341 | 3,415.822 | 3,336.852 | 2,745.535 | 0.000 | 2,745.535 | 425.500 | 3,171.035 | 56.800 |
| Request | 35,817.944 | 3,498.866 | 3,429.508 | 2,763.668 | 0.000 | 2,763.668 | 425.500 | 3,189.168 | 52.800 |
| Delta | 4,983.604 | 83.044 | 92.656 | 18.133 | 0.000 | 18.133 | 0.000 | 18.133 | (4.000) |
| | | | ** REPAIR-> | 1,972.957 | | | | | |
| BP 91 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 1,344.729 | 0.000 | 1,344.729 | 0.000 | 1,344.729 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 1,349.951 | 0.000 | 1,349.951 | 0.000 | 1,349.951 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | 5.222 | 0.000 | 5.222 | 0.000 | 5.222 | 0.000 |
| TOTAL | | | | | | | | | |
| Approved | 41,385.289 | 5,562.769 | 5,484.469 | 6,124.315 | 0.000 | 6,124.315 | 556.000 | 6,680.315 | 91.393 |
| Request | 46,526.565 | 5,616.605 | 5,547.791 | 6,090.615 | 0.000 | 6,090.615 | 556.000 | 6,646.615 | 86.688 |
| Delta | 5,141.276 | 53.836 | 63.322 | (33.700) | 0.000 | (33.700) | 0.000 | (33.700) | (4.705) |

Supply Management Summary
Department of the Navy
Navy Working Capital Fund
Fiscal Year (FY) 2010 Budget Estimates - May 2009
Obligation Targets
(\$ in Millions)
FY 2010

| DIVISION | PEACETIME INVENTORY | NET CUSTOMER ORDERS | NET SALES | OPERATING | MOBILIZATION | TOTAL OBLIGATIONS | VARIABILITY TARGET | TARGET TOTAL | CREDIT SALES |
|--------------|------------------------|---------------------------|--------------|-----------|--------------|----------------------|-----------------------|-----------------|-----------------|
| BP 21 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 39.190 | 67.200 | 67.200 | 67.950 | 0.000 | 67.950 | 0.000 | 67.950 | 0.000 |
| Delta | 39.190 | 67.200 | 67.200 | 67.950 | 0.000 | 67.950 | 0.000 | 67.950 | 0.000 |
| BP 28 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 1,451.380 | 889.647 | 889.647 | 890.816 | 0.000 | 890.816 | 0.000 | 890.816 | 4.888 |
| Delta | 1,451.380 | 889.647 | 889.647 | 890.816 | 0.000 | 890.816 | 0.000 | 890.816 | 4.888 |
| BP 34 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 870.191 | 397.605 | 399.013 | 273.151 | 0.000 | 273.151 | 40.000 | 313.151 | 0.000 |
| Delta | 870.191 | 397.605 | 399.013 | 273.151 | 0.000 | 273.151 | 40.000 | 313.151 | 0.000 |
| BP 81 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 8,125.689 | 791.768 | 791.863 | 702.487 | 0.000 | 702.487 | 90.500 | 792.987 | 29.000 |
| Delta | 8,125.689 | 791.768 | 789.563 | 702.487 | 0.000 | 702.487 | 90.500 | 792.987 | 29.000 |
| | | | ** REPAIR-> | 302.743 | | | | | |
| BP85 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 35,992.447 | 3,507.274 | 3,424.193 | 2,843.390 | 0.000 | 2,843.390 | 429.603 | 3,272.993 | 52.800 |
| Delta | 35,992.447 | 3,507.274 | 3,424.193 | 2,843.390 | 0.000 | 2,843.390 | 429.603 | 3,272.993 | 52.800 |
| | | | ** REPAIR-> | 2,049.552 | | | | | |
| BP 91 | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 1,256.440 | 0.000 | 1,256.440 | 0.000 | 1,256.440 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | 1,256.440 | 0.000 | 1,256.440 | 0.000 | 1,256.440 | 0.000 |
| TOTAL | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 46,478.897 | 5,653.494 | 5,571.916 | 6,034.234 | 0.000 | 6,034.234 | 560.103 | 6,594.337 | 86.688 |
| Delta | 46,478.897 | 5,653.494 | 5,571.916 | 6,034.234 | 0.000 | 6,034.234 | 560.103 | 6,594.337 | 86.688 |

Operating Requirement by Weapon System
Budget Project 34
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008

| <u>Weapon System</u> | <u>NMCS Rates¹</u> | <u>Buy-in Outfitting</u> | <u>Special Programs</u> | <u>Basic Replen</u> | <u>TOTAL</u> |
|------------------------------|-------------------------------|--------------------------|-------------------------|---------------------|----------------|
| F/A-18 | 8.6 | 8.742 | 0.000 | 29.386 | 38.128 |
| AV-8B/T-45 | 10.7/4.4 | 0.000 | 0.000 | 2.267 | 2.267 |
| EA-6B | 9.7 | 5.494 | 0.000 | 4.619 | 10.113 |
| V-22 | 5.9 | 19.510 | 0.000 | 33.065 | 52.575 |
| C-130 | 7.6 | 0.000 | 0.000 | 0.472 | 0.472 |
| P-3 | 9.4/7.2 | 0.021 | 0.000 | 1.413 | 1.434 |
| E-2/C-2 | n/a | 0.000 | 0.000 | 2.035 | 2.035 |
| Common Systems | n/a | 1.452 | 0.000 | 6.783 | 8.235 |
| Aircraft Engines | n/a | 0.000 | 15.772 | 55.344 | 71.116 |
| Aviation Support Systems | 11.6 | 0.000 | 5.991 | 32.493 | 38.484 |
| H-1 | 10.1 | 0.000 | 0.000 | 4.156 | 4.156 |
| H-46 | 10.7 | 0.000 | 0.000 | 8.070 | 8.070 |
| H-53 | 8.3 | 0.000 | 0.000 | 2.640 | 2.640 |
| H-60 | n/a | 12.644 | 2.730 | 7.876 | 23.250 |
| Multi-application | n/a | 0.000 | 0.000 | 64.124 | 64.124 |
| Efficiencies | n/a | 0.000 | 0.000 | (0.712) | (0.712) |
| Full PBL | n/a | 0.000 | 0.000 | 5.614 | 5.614 |
| Operating Requirement | | 47.863 | 24.493 | 259.645 | 332.001 |

¹Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

Operating Requirement by Weapon System
Budget Project 34
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009

| <u>Weapon System</u> | <u>NMCS Rates¹</u> | <u>Buy-in Outfitting</u> | <u>Special Programs</u> | <u>Basic Replen</u> | <u>TOTAL</u> |
|------------------------------|-------------------------------|--------------------------|-------------------------|---------------------|----------------|
| F/A-18 | 8.6 | 7.516 | 0.000 | 25.172 | 32.688 |
| AV-8B/T-45 | 10.7/4.4 | 0.000 | 0.000 | 1.424 | 1.424 |
| EA-6B | 9.7 | 1.059 | 0.000 | 4.301 | 5.360 |
| V-22 | 5.9 | 13.983 | 0.000 | 12.377 | 26.360 |
| C-130 | 7.6 | 0.000 | 0.000 | 0.549 | 0.549 |
| P-3 | 9.4/7.2 | 0.408 | 0.000 | 1.645 | 2.053 |
| E-2/C-2 | n/a | 0.000 | 0.000 | 2.959 | 2.959 |
| Common Systems | n/a | 1.215 | 0.000 | 8.487 | 9.702 |
| Aircraft Engines | n/a | 0.000 | 14.000 | 49.611 | 63.611 |
| Aviation Support Systems | 11.6 | 0.000 | 0.000 | 33.961 | 33.961 |
| H-1 | 10.1 | 4.668 | 0.000 | 4.812 | 9.480 |
| H-46 | 10.7 | 0.000 | 0.000 | 7.394 | 7.394 |
| H-53 | 8.3 | 0.000 | 0.000 | 3.969 | 3.969 |
| H-60 | n/a | 10.452 | 0.000 | 5.212 | 15.664 |
| Multi-application | n/a | 0.000 | 0.000 | 74.638 | 74.638 |
| Efficiencies | n/a | 0.000 | 0.000 | (0.521) | (0.521) |
| Anticipated Special Programs | n/a | 0.000 | 15.000 | 0.000 | 15.000 |
| Full PBL | n/a | 0.000 | 0.000 | 5.647 | 5.647 |
| ERP Buy-Ahead | n/a | 0.000 | 0.000 | 22.800 | 22.800 |
| Total | | 39.301 | 29.000 | 264.435 | 332.736 |

¹Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

Operating Requirement by Weapon System
Budget Project 34
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010

| <u>Weapon System</u> | <u>NMCS Rates¹</u> | <u>Buy-in Outfitting</u> | <u>Special Programs</u> | <u>Basic Replen</u> | <u>TOTAL</u> |
|------------------------------|-------------------------------|--------------------------|-------------------------|---------------------|----------------|
| F/A-18 | 8.6 | 2.580 | 0.000 | 22.426 | 25.006 |
| AV-8B/T-45 | 10.7/4.4 | 0.000 | 0.000 | 0.538 | 0.538 |
| EA-6B | 9.7 | 1.075 | 0.000 | 2.656 | 3.731 |
| V-22 | 5.9 | 16.748 | 0.000 | 15.227 | 31.975 |
| C-130 | 7.6 | 0.000 | 0.000 | 0.416 | 0.416 |
| P-3 | 9.4/7.2 | 0.462 | 0.000 | 1.247 | 1.709 |
| E-2/C-2 | n/a | 0.000 | 0.000 | 1.795 | 1.795 |
| Common Systems | n/a | 2.536 | 0.000 | 5.578 | 8.114 |
| Aircraft Engines | n/a | 0.000 | 14.000 | 49.517 | 63.517 |
| Aviation Support Systems | 11.6 | 0.000 | 0.000 | 29.532 | 29.532 |
| H-1 | 10.1 | 3.408 | 0.000 | 3.667 | 7.075 |
| H-46 | 10.7 | 0.000 | 0.000 | 7.120 | 7.120 |
| H-53 | 8.3 | 0.000 | 0.000 | 2.329 | 2.329 |
| H-60 | n/a | 5.625 | 0.000 | 7.954 | 13.579 |
| Multi-application | n/a | 0.000 | 0.000 | 56.575 | 56.575 |
| Efficiencies/Self Financing | n/a | 0.000 | 0.000 | (0.460) | (0.460) |
| Anticipated Special Programs | n/a | 0.000 | 15.000 | 0.000 | 15.000 |
| Full PBL | n/a | 0.000 | 0.000 | 5.600 | 5.600 |
| Total | | 32.434 | 29.000 | 211.717 | 273.151 |

¹Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

Operating Requirement by Weapon System
Budget Project 81
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008

| <u>WEAPON SYSTEM NAME</u> | <u>BASIC REPLEN</u> | <u>OUTFITTING</u> | <u>SPECIAL PROGRAMS</u> | <u>REWORK</u> | <u>TOTAL</u> |
|----------------------------|-------------------------|-------------------|-----------------------------|----------------|----------------|
| AIR TRAFFIC CONTROL | 18.834 | 5.200 | 5.848 | 38.515 | 68.397 |
| NUCLEAR | 44.783 | 8.800 | 5.870 | 0.500 | 59.953 |
| SUBSAFE LI/ASDS/DSSP | 23.763 | 0.000 | 12.028 | 9.781 | 45.572 |
| HM&E | 39.899 | 0.400 | 51.671 | 68.710 | 160.680 |
| END ITEM MGT/CARPER/MSC | 12.102 | 0.000 | 4.995 | 6.165 | 23.262 |
| GPETE | 0.707 | 0.000 | 29.270 | 2.098 | 32.075 |
| FIRE CONTROL/DET | 17.248 | 2.000 | 18.125 | 75.238 | 112.611 |
| INTEGRATED SELF-DEFENSE | 27.473 | 8.300 | 36.260 | 52.722 | 124.755 |
| COMMUNICATION/SURVEILLANCE | 19.274 | 6.300 | 20.149 | 29.708 | 75.431 |
| GROSS REQUIREMENT | 204.083 | 31.000 | 184.216 | 283.437 | 702.736 |

| <u>PLATFORM</u> | <u>FY08 POTF *</u> |
|-----------------------------|--------------------|
| AIRCRAFT CARRIERS | 88% |
| AMPHIBIOUS WARFARE | 76% |
| COMBAT LOGISTICS SHIPS | 80% |
| MINE WARFARE SHIPS | 43% |
| SUBMARINES | 94% |
| SURFACE COMBATANTS | 75% |
| SURFACE SHIPS | 72% |
| MISCELLANEOUS | 83% |
| ACROSS ALL PLATFORMS | 77% |

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY08 POTF projections are driven by historical readiness status located in the Corporate Information System (CIS).

**Operating Requirement by Weapon System
Budget Project 81
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009**

| <u>WEAPON SYSTEM NAME</u> | <u>BASIC REPLEN</u> | <u>OUTFITTING</u> | <u>SPECIAL PROGRAMS</u> | <u>REWORK</u> | <u>TOTAL</u> |
|----------------------------|-------------------------|-------------------|-----------------------------|----------------|----------------|
| AIR TRAFFIC CONTROL | 17.560 | 16.900 | 5.738 | 37.854 | 78.052 |
| NUCLEAR | 44.625 | 7.500 | 9.327 | 0.500 | 61.952 |
| SUBSAFE LI/ASDS/DSSP | 23.080 | 0.000 | 13.753 | 9.614 | 46.447 |
| HM&E | 40.624 | 0.700 | 29.580 | 67.533 | 138.437 |
| END ITEM MGT/CARPER/MSC | 11.903 | 0.000 | 5.699 | 6.059 | 23.661 |
| GPETE | 0.695 | 0.000 | 27.741 | 2.062 | 30.498 |
| FIRE CONTROL/DET | 17.171 | 4.700 | 17.657 | 73.948 | 113.476 |
| INTEGRATED SELF-DEFENSE | 20.977 | 17.200 | 27.412 | 51.818 | 117.407 |
| COMMUNICATION/SURVEILLANCE | 18.519 | 8.100 | 17.010 | 39.698 | 83.327 |
| ERP | 11.500 | 0.000 | 0.000 | 0.000 | 11.500 |
| GROSS REQUIREMENT | 206.654 | 55.100 | 153.917 | 289.086 | 704.757 |

| <u>PLATFORM</u> | <u>FY09 POTF *</u> |
|------------------------|--------------------|
| AIRCRAFT CARRIERS | 88% |
| AMPHIBIOUS WARFARE | 76% |
| COMBAT LOGISTICS SHIPS | 80% |
| MINE WARFARE SHIPS | 43% |
| SUBMARINES | 94% |
| SURFACE COMBATANTS | 75% |
| SURFACE SHIPS | 72% |
| MISCELLANEOUS | 83% |
| ACROSS ALL PLATFORMS | 77% |

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY09 POTF projections are carried forward from FY08 projected performance.

Operating Requirement by Weapon System
Budget Project 81
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010

| <u>WEAPON SYSTEM NAME</u> | <u>BASIC REPLEN</u> | <u>OUTFITTING</u> | <u>SPECIAL PROGRAMS</u> | <u>REWORK</u> | <u>TOTAL</u> |
|----------------------------|-------------------------|-------------------|-----------------------------|----------------|----------------|
| AIR TRAFFIC CONTROL | 22.792 | 21.500 | 6.053 | 41.143 | 91.488 |
| NUCLEAR | 45.349 | 7.700 | 8.049 | 0.500 | 61.598 |
| SUBSAFE LI/ASDS/DSSP | 23.264 | 0.000 | 7.448 | 10.449 | 41.161 |
| HM&E | 40.264 | 1.600 | 25.514 | 73.399 | 140.777 |
| END ITEM MGT/CARPER/MSC | 11.999 | 0.000 | 0.914 | 6.586 | 19.499 |
| GPETE | 0.701 | 0.000 | 22.647 | 2.241 | 25.589 |
| FIRE CONTROL/DET | 11.456 | 6.800 | 24.521 | 80.371 | 123.148 |
| INTEGRATED SELF-DEFENSE | 18.319 | 13.000 | 34.774 | 56.319 | 122.412 |
| COMMUNICATION/SURVEILLANCE | 20.142 | 22.600 | 13.838 | 31.735 | 88.315 |
| ERP | -11.500 | 0.000 | 0.000 | 0.000 | -11.500 |
| GROSS REQUIREMENT | 182.786 | 73.200 | 143.758 | 302.743 | 702.487 |

| <u>PLATFORM</u> | <u>FY09 POTF *</u> |
|------------------------|--------------------|
| AIRCRAFT CARRIERS | 88% |
| AMPHIBIOUS WARFARE | 76% |
| COMBAT LOGISTICS SHIPS | 80% |
| MINE WARFARE SHIPS | 43% |
| SUBMARINES | 94% |
| SURFACE COMBATANTS | 75% |
| SURFACE SHIPS | 72% |
| MISCELLANEOUS | 83% |
| ACROSS ALL PLATFORMS | 77% |

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.

FY10 POTF projections are carried forward from FY08 projected performance.

**Operating Requirement by Weapon System
Budget Project 85
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008**

| <u>Weapon System</u> | <u>NMCS Rates</u> ¹ | <u>Buy-In Outfitting</u> | <u>Special Programs</u> | <u>Basic Replen</u> | <u>Repair</u> | <u>Total</u> |
|--------------------------------|--------------------------------|--------------------------|-------------------------|---------------------|-----------------|-----------------|
| F/A-18 | 8.6 | 84.771 | 86.435 | 72.494 | 210.783 | 454.483 |
| AV-8B/T-45 | 10.7/4.4 | 0.000 | 0.000 | 4.378 | 18.965 | 23.343 |
| EA-6B | 9.7 | 43.101 | 14.458 | 17.645 | 41.149 | 116.353 |
| V-22 | 21.5 | 82.136 | 0.000 | 36.605 | 0.000 | 118.741 |
| S-3 | 5.9 | 0.000 | 0.000 | 0.000 | 0.850 | 0.850 |
| C-130 | 9.7 | 0.000 | 0.000 | 3.203 | 5.050 | 8.253 |
| P-3 | 7.6 | 0.256 | 0.000 | 13.294 | 42.667 | 56.217 |
| E-2/C-2 | 9.4/7.2 | 7.120 | 3.116 | 15.558 | 39.211 | 65.005 |
| Common Systems | n/a | 17.442 | 0.000 | 15.931 | 49.875 | 83.248 |
| Aircraft Engines | n/a | 28.598 | 0.000 | 33.537 | 85.294 | 147.429 |
| Aviation Support Systems | n/a | 0.000 | 6.298 | 4.454 | 19.179 | 29.931 |
| H-1 | 11.6 | 0.000 | 0.000 | 17.222 | 63.790 | 81.012 |
| H-46 | 10.1 | 0.000 | 0.000 | 4.968 | 41.790 | 46.758 |
| H-53 | 10.7 | 0.000 | 22.525 | 25.976 | 110.559 | 159.060 |
| H-60 | 8.3 | 108.056 | 3.979 | 29.416 | 11.884 | 153.335 |
| Multi-application | n/a | 0.000 | 0.000 | 109.028 | 361.744 | 470.772 |
| Efficiencies/Self Financing | n/a | (113.128) | 0.341 | (17.510) | 0.000 | (130.297) |
| Anticipated Special Programs | n/a | 0.000 | 0.000 | | | 0.000 |
| Carcass Losses - incl MCR adj. | n/a | 0.000 | 0.000 | 18.000 | 0.000 | 18.000 |
| Full PBL | n/a | 0.000 | 0.000 | 134.640 | 718.829 | 853.469 |
| LECP Investment/Savings | n/a | 0.000 | 0.000 | (2.877) | (44.909) | (47.786) |
| ERP Buy-Ahead | | 0.000 | 0.000 | 10.700 | 0.000 | 10.700 |
| Total | | 258.352 | 137.152 | 546.662 | 1776.710 | 2718.876 |

¹Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

Operating Requirement by Weapon System
Budget Project 85
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009

| <u>Weapon System</u> | <u>NMCS Rates¹</u> | <u>Buy-In Outfitting</u> | <u>Special Programs</u> | <u>Basic Replen</u> | <u>Repair</u> | <u>Total</u> |
|------------------------------|-------------------------------|--------------------------|-------------------------|---------------------|-----------------|-----------------|
| F/A-18 | 8.6 | 115.068 | 79.888 | 48.533 | 226.626 | 470.115 |
| AV-8B/T-45 | 10.7/4.4 | 0.000 | 0.000 | 1.425 | 14.986 | 16.411 |
| EA-6B | 9.7 | 11.321 | 0.000 | 9.196 | 35.488 | 56.005 |
| VTUAV | n/a | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| V-22 | 21.5 | 39.240 | 0.000 | 17.258 | 60.920 | 117.418 |
| S-3 | 5.9 | 0.000 | 0.000 | 0.000 | 1.000 | 1.000 |
| C-130 | 9.7 | 0.000 | 0.000 | 1.082 | 6.293 | 7.375 |
| P-3 | 7.6 | 4.371 | 0.000 | 4.293 | 42.107 | 50.771 |
| E-2/C-2 | 9.4/7.2 | 0.000 | 0.000 | 4.108 | 32.642 | 36.750 |
| Common Systems | n/a | 13.771 | 0.000 | 6.073 | 54.946 | 74.790 |
| Aircraft Engines | n/a | 36.942 | 0.000 | 12.205 | 114.668 | 163.815 |
| Aviation Support Systems | n/a | 0.000 | 0.518 | 1.289 | 15.414 | 17.221 |
| H-1 | 11.6 | 49.902 | 0.000 | 10.197 | 53.056 | 113.155 |
| H-46 | 10.1 | 0.000 | 0.000 | 1.730 | 35.338 | 37.068 |
| H-53 | 10.7 | 0.000 | 0.000 | 9.066 | 94.905 | 103.971 |
| H-60 | 8.3 | 136.058 | 5.917 | 12.328 | 14.063 | 168.366 |
| Multi-application | n/a | 0.000 | 0.000 | 39.600 | 360.276 | 399.876 |
| Efficiencies/Self Financing | n/a | (87.791) | 0.490 | (11.603) | 0.000 | (98.904) |
| Anticipated Special Programs | n/a | 0.000 | 50.000 | 0.000 | 20.000 | 70.000 |
| Carcass Losses | n/a | 0.000 | 0.000 | 18.000 | 0.000 | 18.000 |
| Full PBL | n/a | 0.000 | 0.000 | 132.706 | 829.104 | 961.810 |
| LECP Investment/Savings | n/a | 0.000 | 0.000 | 17.530 | (38.875) | (21.345) |
| Total | | 318.882 | 136.813 | 335.016 | 1972.957 | 2763.668 |

¹Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

**Operating Requirement by Weapon System
Budget Project 85
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010**

| <u>Weapon System</u> | <u>NMCS Rates¹</u> | <u>Buy-In Outfitting</u> | <u>Special Programs</u> | <u>Basic Replen</u> | <u>Repair</u> | <u>Total</u> |
|------------------------------|-------------------------------|--------------------------|-------------------------|---------------------|-----------------|-----------------|
| F/A-18 | 8.6 | 65.224 | 85.408 | 62.088 | 230.935 | 443.655 |
| AV-8B/T-45 | 10.7/4.4 | 0.000 | 0.000 | 1.842 | 14.386 | 16.228 |
| EA-6B | 9.7 | 11.725 | 0.000 | 8.188 | 42.931 | 62.844 |
| VTUAV | n/a | 9.946 | 0.000 | 0.000 | 0.000 | 9.946 |
| V-22 | 21.5 | 80.984 | 0.000 | 21.014 | 79.732 | 181.730 |
| S-3 | 5.9 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| C-130 | 9.7 | 0.000 | 0.000 | 1.410 | 6.152 | 7.562 |
| P-3 | 7.6 | 5.047 | 0.000 | 5.575 | 42.908 | 53.530 |
| E-2/C-2 | 9.4/7.2 | 0.000 | 16.800 | 5.347 | 34.350 | 56.497 |
| Common Systems | n/a | 19.689 | 0.000 | 6.431 | 57.204 | 83.324 |
| Aircraft Engines | n/a | 43.067 | 0.000 | 15.862 | 116.923 | 175.852 |
| Aviation Support Systems | n/a | 0.000 | 0.000 | 1.675 | 15.813 | 17.488 |
| H-1 | 11.6 | 37.169 | 0.000 | 7.509 | 50.733 | 95.411 |
| H-46 | 10.1 | 0.000 | 0.000 | 2.236 | 34.362 | 36.598 |
| H-53 | 10.7 | 0.000 | 0.000 | 11.813 | 97.082 | 108.895 |
| H-60 | 8.3 | 169.376 | 5.917 | 34.619 | 15.607 | 225.519 |
| Multi-application | n/a | 0.000 | 0.000 | 51.612 | 363.186 | 414.798 |
| Efficiencies/Self Financing | n/a | (169.832) | 0.490 | (10.477) | 0.000 | (179.819) |
| Anticipated Special Programs | n/a | 0.000 | 50.000 | 0.000 | 20.000 | 70.000 |
| Carcass Losses | n/a | 0.000 | 0.000 | 18.000 | 0.000 | 18.000 |
| Full PBL | n/a | 0.000 | 0.000 | 99.715 | 867.330 | 967.045 |
| LECP Investment/Savings | n/a | 0.000 | 0.000 | 18.368 | (40.081) | (21.713) |
| Total | | 272.395 | 158.615 | 362.827 | 2049.553 | 2843.390 |

¹Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

**Inventory Status
Budget Project Summary
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008**

| | Total | Mobilization | Operating | ---Peacetime--- Other |
|---|--------------|--------------|--------------|--------------------------|
| 1. INVENTORY BOP | 41,869.834 | 6.351 | 22,570.213 | 19,293.270 |
| 2. BOP INVENTORY ADJUSTMENTS | 621.765 | 0.071 | 5,471.026 | (4,849.332) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 5,203.190 | (5,203.190) |
| B. PRICE CHANGE AMOUNT (memo) | 621.765 | 0.071 | 267.836 | 353.858 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 42,491.599 | 6.422 | 28,041.239 | 14,443.938 |
| 3. RECEIPTS AT STANDARD | 2,218.061 | 0.000 | 2,140.456 | 77.605 |
| 4. SALES AT STANDARD | 5,283.154 | 0.000 | 5,283.154 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 1,251.332 | 0.000 | 1,101.262 | 150.070 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 78.411 | 0.000 | 60.408 | 18.002 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 23,661.912 | 0.000 | 8,073.569 | 15,588.343 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (4,216.133) | 0.000 | 0.000 | (4,216.133) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (1,569.554) | 0.000 | (183.680) | (1,385.874) |
| G. OTHER (listed in Section 9) | (11,169.869) | (1.540) | (10,400.996) | (767.333) |
| H. TOTAL ADJUSTMENTS | 7,450.790 | (1.540) | (1,349.437) | 8,801.767 |
| 6. INVENTORY EOP | 46,877.296 | 4.882 | 23,549.104 | 23,323.310 |
| 7. INVENTORY EOP (REVALUED) | 26,022.875 | 3.829 | 14,383.201 | 11,635.845 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 9,895.243 |
| B. ECONOMIC RETENTION (memo) | | | | 1,119.171 |
| C. CONTINGENCY RETENTION (memo) | | | | 567.228 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 54.204 |
| 8. INVENTORY ON ORDER EOP (memo) | 2,108.440 | 0.000 | 2,075.486 | 52.775 |

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

| | | | | |
|----------------------------------|--------------|---------|--------------|-----------|
| Other Gains/Losses | (885.738) | 0.000 | (696.584) | (189.154) |
| Strata Transfers | 0.000 | (1.540) | 579.719 | (578.179) |
| Net/Standard Difference | (10,284.131) | 0.000 | (10,284.131) | 0.000 |
| Discounted Unserviceable Returns | 0.000 | 0.000 | 0.000 | 0.000 |

| | | | | |
|-------|--------------|---------|--------------|-----------|
| Total | (11,169.869) | (1.540) | (10,400.996) | (767.333) |
|-------|--------------|---------|--------------|-----------|

**Inventory Status
Budget Project Summary
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009**

| | Total | Mobilization | ---Peacetime--- | |
|---|--------------|--------------|-----------------|-------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 46,877.296 | 4.882 | 23,549.104 | 23,323.310 |
| 2. BOP INVENTORY ADJUSTMENTS | 624.141 | 0.099 | 6,528.107 | (5,904.065) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 6,110.710 | (6,110.710) |
| B. PRICE CHANGE AMOUNT (memo) | 624.141 | 0.099 | 417.397 | 206.645 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 47,501.437 | 4.981 | 30,077.211 | 17,419.245 |
| 3. RECEIPTS AT STANDARD | 3,238.349 | 0.000 | 3,246.975 | (8.626) |
| 4. SALES AT STANDARD | 5,634.479 | 0.000 | 5,634.479 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 176.734 | 0.000 | 25.665 | 151.069 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 86.688 | 0.000 | 11.720 | 74.968 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 16,873.931 | 0.000 | 8,438.530 | 8,435.401 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (4,061.773) | 0.000 | 0.000 | (4,061.773) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (275.717) | 0.000 | (186.661) | (89.056) |
| G. OTHER (listed in Section 9) | (11,373.624) | 0.000 | (11,633.315) | 259.691 |
| H. TOTAL ADJUSTMENTS | 1,426.239 | 0.000 | (3,344.061) | 4,770.300 |
| 6. INVENTORY EOP | 46,531.546 | 4.981 | 24,345.646 | 22,180.919 |
| 7. INVENTORY EOP (REVALUED) | 26,093.446 | 3.910 | 14,923.342 | 11,166.194 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 9,488.280 |
| B. ECONOMIC RETENTION (memo) | | | | 1,079.973 |
| C. CONTINGENCY RETENTION (memo) | | | | 545.786 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 52.155 |
| 8. INVENTORY ON ORDER EOP (memo) | 1,943.768 | 0.000 | 1,941.243 | 2.525 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (114.597) | 0.000 | (67.055) | (47.542) |
| Strata Transfers | 0.000 | 0.000 | 579.826 | (579.826) |
| Net/Standard Difference | (12,146.086) | 0.000 | (12,146.086) | 0.000 |
| Discounted Unserviceable Returns | 887.059 | 0.000 | 0.000 | 887.059 |
| Total | (11,373.624) | 0.000 | (11,633.315) | 259.691 |

**Inventory Status
Budget Project Summary
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010**

| | Total | Mobilization | ---Peacetime--- | |
|---|--------------|--------------|-----------------|-------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 46,531.546 | 4.981 | 24,345.646 | 22,180.919 |
| 2. BOP INVENTORY ADJUSTMENTS | 465.141 | 0.105 | 6,474.908 | (6,009.872) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 6,031.646 | (6,031.646) |
| B. PRICE CHANGE AMOUNT (memo) | 465.141 | 0.105 | 443.262 | 21.774 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 46,996.687 | 5.086 | 30,820.554 | 16,171.047 |
| 3. RECEIPTS AT STANDARD | 3,323.166 | 0.000 | 3,349.180 | (26.014) |
| 4. SALES AT STANDARD | 5,658.604 | 0.000 | 5,658.604 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 197.125 | 0.000 | 25.716 | 171.409 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 86.688 | 0.000 | 11.752 | 74.936 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 17,536.790 | 0.000 | 9,123.396 | 8,413.394 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (3,967.405) | 0.000 | 0.000 | (3,967.405) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (247.583) | 0.000 | (158.527) | (89.056) |
| G. OTHER (listed in Section 9) | (11,782.880) | 0.000 | (12,236.874) | 453.993 |
| H. TOTAL ADJUSTMENTS | 1,822.735 | 0.000 | (3,234.537) | 5,057.271 |
| 6. INVENTORY EOP | 46,483.983 | 5.086 | 25,276.593 | 21,202.304 |
| 7. INVENTORY EOP (REVALUED) | 26,218.521 | 3.967 | 15,445.720 | 10,768.834 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 9,136.563 |
| B. ECONOMIC RETENTION (memo) | | | | 1,052.249 |
| C. CONTINGENCY RETENTION (memo) | | | | 529.297 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 50.725 |
| 8. INVENTORY ON ORDER EOP (memo) | 1,917.493 | 0.000 | 1,917.493 | 0.000 |

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

| | | | | |
|----------------------------------|---------------------|--------------|---------------------|----------------|
| Other Gains/Losses | (85.699) | 0.000 | (49.598) | (36.102) |
| Strata Transfers | 0.000 | 0.000 | 435.184 | (435.184) |
| Net/Standard Difference | (12,622.460) | 0.000 | (12,622.460) | 0.000 |
| Discounted Unserviceable Returns | 925.279 | 0.000 | 0.000 | 925.279 |
| Total | (11,782.880) | 0.000 | (12,236.874) | 453.993 |

Inventory Status
Budget Project 21
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008

| | Total | Mobilization | ---- Peacetime ---- | |
|---|--------|--------------|---------------------|-------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 30.296 | 0.000 | 30.296 | 0.000 |
| 2. BOP INVENTORY ADJUSTMENTS | 1.222 | 0.000 | 1.222 | 0.000 |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. PRICE CHANGE AMOUNT (memo) | 1.222 | 0.000 | 1.222 | 0.000 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 31.518 | 0.000 | 31.518 | 0.000 |
| 3. RECEIPTS AT STANDARD | 71.173 | 0.000 | 71.173 | 0.000 |
| 4. SALES AT STANDARD | 67.223 | 0.000 | 67.223 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 35.468 | 0.000 | 35.468 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | 0.000 | 0.000 | 0.000 | 0.000 |
| H. TOTAL ADJUSTMENTS | 0.000 | 0.000 | 0.000 | 0.000 |
| 6. INVENTORY EOP | 35.468 | 0.000 | 35.468 | 0.000 |
| 7. INVENTORY EOP (REVALUED) | 0.000 | 0.000 | 0.000 | 0.000 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 0.000 |
| B. ECONOMIC RETENTION (memo) | | | | 0.000 |
| C. CONTINGENCY RETENTION (memo) | | | | 0.000 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 0.000 |
| 8. INVENTORY ON ORDER EOP (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | 0.000 | 0.000 | 0.000 | 0.000 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | 0.000 | 0.000 | 0.000 | 0.000 |

Inventory Status
Budget Project 21
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009

| | Total | Mobilization | ---- Peacetime ---- | |
|---|--------------|--------------|---------------------|--------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 35.468 | 0.000 | 35.468 | 0.000 |
| 2. BOP INVENTORY ADJUSTMENTS | 1.211 | 0.000 | 1.211 | 0.000 |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. PRICE CHANGE AMOUNT (memo) | 1.211 | 0.000 | 1.211 | 0.000 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 36.679 | 0.000 | 36.679 | 0.000 |
| 3. RECEIPTS AT STANDARD | 67.300 | 0.000 | 67.300 | 0.000 |
| 4. SALES AT STANDARD | 66.760 | 0.000 | 66.760 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | 0.000 | 0.000 | 0.000 | 0.000 |
| H. TOTAL ADJUSTMENTS | 0.000 | 0.000 | 0.000 | 0.000 |
| 6. INVENTORY EOP | 37.219 | 0.000 | 37.219 | 0.000 |
| 7. INVENTORY EOP (REVALUED) | 0.000 | 0.000 | 0.000 | 0.000 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 0.000 |
| B. ECONOMIC RETENTION (memo) | | | | 0.000 |
| C. CONTINGENCY RETENTION (memo) | | | | 0.000 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 0.000 |
| 8. INVENTORY ON ORDER EOP (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | 0.000 | 0.000 | 0.000 | 0.000 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | 0.000 | 0.000 | 0.000 | 0.000 |

Inventory Status
Budget Project 21
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010

| | Total | Mobilization | ---- Peacetime ---- | |
|---|--------------|--------------|---------------------|--------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 37.219 | 0.000 | 37.219 | 0.000 |
| 2. BOP INVENTORY ADJUSTMENTS | 1.221 | 0.000 | 1.221 | 0.000 |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. PRICE CHANGE AMOUNT (memo) | 1.221 | 0.000 | 1.221 | 0.000 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 38.440 | 0.000 | 38.440 | 0.000 |
| 3. RECEIPTS AT STANDARD | 67.950 | 0.000 | 67.950 | 0.000 |
| 4. SALES AT STANDARD | 67.200 | 0.000 | 67.200 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | 0.000 | 0.000 | 0.000 | 0.000 |
| H. TOTAL ADJUSTMENTS | 0.000 | 0.000 | 0.000 | 0.000 |
| 6. INVENTORY EOP | 39.190 | 0.000 | 39.190 | 0.000 |
| 7. INVENTORY EOP (REVALUED) | 0.000 | 0.000 | 0.000 | 0.000 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 0.000 |
| B. ECONOMIC RETENTION (memo) | | | | 0.000 |
| C. CONTINGENCY RETENTION (memo) | | | | 0.000 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 0.000 |
| 8. INVENTORY ON ORDER EOP (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | 0.000 | 0.000 | 0.000 | 0.000 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | 0.000 | 0.000 | 0.000 | 0.000 |

**Inventory Status
Budget Project 28
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008**

| | Total | Mobilization | ---- Peacetime ---- | |
|---|-----------|--------------|---------------------|-----------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 1,182.310 | 2.535 | 1,048.418 | 131.357 |
| 2. BOP INVENTORY ADJUSTMENTS | 164.878 | 0.056 | 72.963 | 91.859 |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 5.417 | (5.417) |
| B. PRICE CHANGE AMOUNT (memo) | 164.878 | 0.056 | 67.546 | 97.276 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 1,347.188 | 2.591 | 1,121.381 | 223.216 |
| 3. RECEIPTS AT STANDARD | 855.349 | 0.000 | 865.728 | (10.379) |
| 4. SALES AT STANDARD | 862.723 | 0.000 | 862.723 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 168.793 | 0.000 | 32.732 | 136.061 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 4.647 | 0.000 | 4.647 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 420.270 | 0.000 | 33.291 | 386.979 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (124.880) | 0.000 | 0.000 | (124.880) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (256.775) | 0.000 | (168.094) | (88.681) |
| G. OTHER (listed in Section 9) | (76.809) | 0.000 | (69.560) | (7.249) |
| H. TOTAL ADJUSTMENTS | 135.246 | 0.000 | (166.984) | 302.230 |
| 6. INVENTORY EOP | 1,475.060 | 2.591 | 957.402 | 515.067 |
| 7. INVENTORY EOP (REVALUED) | 1,290.927 | 2.591 | 957.402 | 330.934 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 327.368 |
| B. ECONOMIC RETENTION (memo) | | | | 0.000 |
| C. CONTINGENCY RETENTION (memo) | | | | 0.000 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 3.566 |
| 8. INVENTORY ON ORDER EOP (memo) | 73.698 | 0.000 | 73.698 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (76.809) | 0.000 | (69.560) | (7.249) |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | (76.809) | 0.000 | (69.560) | (7.249) |

**Inventory Status
Budget Project 28
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009**

| | Total | Mobilization | ---- Peacetime ---- | |
|---|---------------|--------------|---------------------|---------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 1,475.060 | 2.591 | 957.402 | 515.067 |
| 2. BOP INVENTORY ADJUSTMENTS | 74.989 | 0.049 | 80.201 | (5.261) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 2.500 | (2.500) |
| B. PRICE CHANGE AMOUNT (memo) | 74.989 | 0.049 | 77.701 | (2.761) |
| C. INVENTORY RECLASSIFIED AND REPRICED | 1,550.049 | 2.640 | 1,037.603 | 509.806 |
| 3. RECEIPTS AT STANDARD | 881.376 | 0.000 | 911.088 | (29.712) |
| 4. SALES AT STANDARD | 877.091 | 0.000 | 877.091 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 176.734 | 0.000 | 25.665 | 151.069 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 4.888 | 0.000 | 4.888 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 111.735 | 0.000 | 30.360 | 81.375 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (147.322) | 0.000 | 0.000 | (147.322) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (275.717) | 0.000 | (186.661) | (89.056) |
| G. OTHER (listed in Section 9) | 17.660 | 0.000 | (17.334) | 34.994 |
| H. TOTAL ADJUSTMENTS | (112.022) | 0.000 | (143.082) | 31.060 |
| 6. INVENTORY EOP | 1,442.312 | 2.640 | 928.518 | 511.154 |
| 7. INVENTORY EOP (REVALUED) | 1,259.578 | 2.640 | 928.518 | 328.420 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 324.881 |
| B. ECONOMIC RETENTION (memo) | | | | 0.000 |
| C. CONTINGENCY RETENTION (memo) | | | | 0.000 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 3.539 |
| 8. INVENTORY ON ORDER EOP (memo) | 77.025 | 0.000 | 77.025 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | 17.660 | 0.000 | (17.334) | 34.994 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | 17.660 | 0.000 | (17.334) | 34.994 |

Inventory Status
Budget Project 28
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010

| | Total | Mobilization | ---- Peacetime ---- | |
|---|---------------|--------------|---------------------|---------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 1,442.312 | 2.640 | 928.518 | 511.154 |
| 2. BOP INVENTORY ADJUSTMENTS | 75.145 | 0.050 | 80.356 | (5.261) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 2.500 | (2.500) |
| B. PRICE CHANGE AMOUNT (memo) | 75.145 | 0.050 | 77.856 | (2.761) |
| C. INVENTORY RECLASSIFIED AND REPRICED | 1,517.457 | 2.690 | 1,008.874 | 505.893 |
| 3. RECEIPTS AT STANDARD | 904.028 | 0.000 | 931.130 | (27.102) |
| 4. SALES AT STANDARD | 894.535 | 0.000 | 894.535 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 197.125 | 0.000 | 25.716 | 171.409 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 4.888 | 0.000 | 4.888 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 111.795 | 0.000 | 30.420 | 81.375 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (183.170) | 0.000 | 0.000 | (183.170) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (247.583) | 0.000 | (158.527) | (89.056) |
| G. OTHER (listed in Section 9) | 44.065 | 0.000 | (0.879) | 44.944 |
| H. TOTAL ADJUSTMENTS | (72.880) | 0.000 | (98.382) | 25.502 |
| 6. INVENTORY EOP | 1,454.070 | 2.690 | 947.087 | 504.293 |
| 7. INVENTORY EOP (REVALUED) | 1,273.789 | 2.690 | 947.087 | 324.012 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 320.520 |
| B. ECONOMIC RETENTION (memo) | | | | 0.000 |
| C. CONTINGENCY RETENTION (memo) | | | | 0.000 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 3.492 |
| 8. INVENTORY ON ORDER EOP (memo) | 78.566 | 0.000 | 78.566 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | 44.065 | 0.000 | (0.879) | 44.944 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | 44.065 | 0.000 | (0.879) | 44.944 |

Inventory Status
Budget Project 34
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008

| | Total | Mobilization | ---- Peacetime ---- | |
|---|-----------------|----------------|---------------------|---------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 897.424 | 1.262 | 284.786 | 611.376 |
| 2. BOP INVENTORY ADJUSTMENTS | 72.751 | 0.015 | 178.545 | (105.809) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 120.344 | (120.344) |
| B. PRICE CHANGE AMOUNT (memo) | 72.751 | 0.015 | 58.201 | 14.535 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 970.175 | 1.277 | 463.331 | 505.567 |
| 3. RECEIPTS AT STANDARD | 293.695 | 0.000 | 237.663 | 56.032 |
| 4. SALES AT STANDARD | 369.690 | 0.000 | 369.690 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 8.979 | 0.000 | 37.415 | (28.436) |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 0.154 | 0.000 | 0.137 | 0.017 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 272.399 | 0.000 | 13.562 | 258.837 |
| D. RETURNS TO SUPPLIERS (-) | | | | |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (67.530) | 0.000 | 0.000 | (67.530) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (95.132) | 0.000 | (14.671) | (80.461) |
| G. OTHER (listed in Section 9) | (75.913) | (1.540) | (87.137) | 12.764 |
| H. TOTAL ADJUSTMENTS | 42.957 | (1.540) | (50.694) | 95.191 |
| 6. INVENTORY EOP | 937.137 | (0.263) | 280.610 | 656.790 |
| 7. INVENTORY EOP (REVALUED) | 716.170 | (0.216) | 230.577 | 485.809 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 387.860 |
| B. ECONOMIC RETENTION (memo) | | | | 67.348 |
| C. CONTINGENCY RETENTION (memo) | | | | 29.524 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 1.077 |
| 8. INVENTORY ON ORDER EOP (memo) | 314.703 | 0.000 | 294.309 | 20.394 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (75.913) | 0.000 | (76.124) | 0.211 |
| Strata Transfers | 0.000 | (1.540) | (11.013) | 12.553 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | (75.913) | (1.540) | (87.137) | 12.764 |

**Inventory Status
Budget Project 34
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009**

| | Total | Mobilization | ---- Peacetime ---- | |
|---|----------------|--------------|---------------------|----------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 937.137 | (0.263) | 280.610 | 656.790 |
| 2. BOP INVENTORY ADJUSTMENTS | 15.548 | 0.000 | 30.488 | (14.940) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 23.585 | (23.585) |
| B. PRICE CHANGE AMOUNT (memo) | 15.548 | 0.000 | 6.903 | 8.645 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 952.685 | (0.263) | 311.098 | 641.850 |
| 3. RECEIPTS AT STANDARD | 321.346 | 0.000 | 315.893 | 5.453 |
| 4. SALES AT STANDARD | 385.181 | 0.000 | 385.181 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 90.511 | 0.000 | 4.471 | 86.040 |
| D. RETURNS TO SUPPLIERS (-) | | | | |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (64.451) | 0.000 | 0.000 | (64.451) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | (3.198) | 0.000 | (3.137) | (0.061) |
| H. TOTAL ADJUSTMENTS | 22.862 | 0.000 | 1.334 | 21.528 |
| 6. INVENTORY EOP | 911.712 | (0.263) | 243.144 | 668.831 |
| 7. INVENTORY EOP (REVALUED) | 677.767 | (0.211) | 194.986 | 482.992 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 385.611 |
| B. ECONOMIC RETENTION (memo) | | | | 66.958 |
| C. CONTINGENCY RETENTION (memo) | | | | 29.353 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 1.070 |
| 8. INVENTORY ON ORDER EOP (memo) | 315.226 | 0.000 | 314.829 | 0.397 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (3.198) | 0.000 | (3.141) | (0.057) |
| Strata Transfers | 0.000 | 0.000 | 0.004 | (0.004) |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | (3.198) | 0.000 | (3.137) | (0.061) |

Inventory Status
Budget Project 34
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010

| | Total | Mobilization | ---- Peacetime ---- | |
|---|----------------|--------------|---------------------|----------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 911.712 | (0.263) | 243.144 | 668.831 |
| 2. BOP INVENTORY ADJUSTMENTS | (30.494) | (0.002) | 131.893 | (162.385) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 148.893 | (148.893) |
| B. PRICE CHANGE AMOUNT (memo) | (30.494) | (0.002) | (17.000) | (13.492) |
| C. INVENTORY RECLASSIFIED AND REPRICED | 881.218 | (0.265) | 375.037 | 506.446 |
| 3. RECEIPTS AT STANDARD | 355.652 | 0.000 | 355.158 | 0.494 |
| 4. SALES AT STANDARD | 399.013 | 0.000 | 399.013 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 0.000 | 0.000 | 0.000 | 0.000 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 94.340 | 0.000 | 4.660 | 89.680 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | | | |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (59.235) | 0.000 | 0.000 | (59.235) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | (3.035) | 0.000 | (2.981) | (0.055) |
| H. TOTAL ADJUSTMENTS | 32.070 | 0.000 | 1.679 | 30.390 |
| 6. INVENTORY EOP | 869.926 | (0.265) | 332.861 | 537.330 |
| 7. INVENTORY EOP (REVALUED) | 690.058 | (0.224) | 281.372 | 408.910 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 326.465 |
| B. ECONOMIC RETENTION (memo) | | | | 56.688 |
| C. CONTINGENCY RETENTION (memo) | | | | 24.851 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 0.906 |
| 8. INVENTORY ON ORDER EOP (memo) | 255.643 | 0.000 | 255.643 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (3.035) | 0.000 | (2.981) | (0.055) |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Net/Standard Difference | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | (3.035) | 0.000 | (2.981) | (0.055) |

**Inventory Status
Budget Project 81
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008**

| | Total | Mobilization | ---- Peacetime ---- | |
|---|-------------|--------------|---------------------|-----------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 8,249.675 | 0.000 | 3,221.058 | 5,028.617 |
| 2. BOP INVENTORY ADJUSTMENTS | 311.039 | 0.000 | 217.073 | 93.966 |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 129.848 | (129.848) |
| B. PRICE CHANGE AMOUNT (memo) | 311.039 | 0.000 | 87.225 | 223.814 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 8,560.714 | 0.000 | 3,438.131 | 5,122.583 |
| 3. RECEIPTS AT STANDARD | 342.772 | 0.000 | 340.475 | 2.297 |
| 4. SALES AT STANDARD | 833.467 | 0.000 | 833.467 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 4.831 | 0.000 | 1.963 | 2.868 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 22.831 | 0.000 | 7.590 | 15.241 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 2,273.065 | 0.000 | 831.502 | 1,441.563 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (817.342) | 0.000 | 0.000 | (817.342) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (73.227) | 0.000 | (0.915) | (72.312) |
| G. OTHER (listed in Section 9) | (1,007.518) | 0.000 | (663.936) | (343.582) |
| H. TOTAL ADJUSTMENTS | 402.640 | 0.000 | 176.204 | 226.436 |
| 6. INVENTORY EOP | 8,472.659 | 0.000 | 3,121.343 | 5,351.316 |
| 7. INVENTORY EOP (REVALUED) | 5,213.956 | 0.000 | 2,293.071 | 2,920.885 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 2,200.077 |
| B. ECONOMIC RETENTION (memo) | | | | 497.572 |
| C. CONTINGENCY RETENTION (memo) | | | | 206.057 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 17.180 |
| 8. INVENTORY ON ORDER EOP (memo) | 248.223 | 0.000 | 248.223 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (122.986) | 0.000 | (37.710) | (85.276) |
| Strata Transfers | 0.000 | 0.000 | 258.306 | (258.306) |
| Net/Standard Difference | (884.532) | 0.000 | (884.532) | 0.000 |
| Total | (1,007.518) | 0.000 | (663.936) | (343.582) |

Inventory Status
Budget Project 81
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009

| | Total | Mobilization | ---- Peacetime ---- | |
|---|------------------|--------------|---------------------|------------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 8,472.659 | 0.000 | 3,121.343 | 5,351.316 |
| 2. BOP INVENTORY ADJUSTMENTS | 10.904 | 0.000 | 136.482 | (125.578) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 131.422 | (131.422) |
| B. PRICE CHANGE AMOUNT (memo) | 10.904 | 0.000 | 5.060 | 5.844 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 8,483.563 | 0.000 | 3,257.825 | 5,225.738 |
| 3. RECEIPTS AT STANDARD | 546.286 | 0.000 | 546.286 | 0.000 |
| 4. SALES AT STANDARD | 823.139 | 0.000 | 823.139 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 29.000 | 0.000 | 5.321 | 23.679 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 1,723.340 | 0.000 | 616.906 | 1,106.434 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (714.000) | 0.000 | 0.000 | (714.000) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | (925.295) | 0.000 | (331.394) | (593.901) |
| H. TOTAL ADJUSTMENTS | 113.045 | 0.000 | 290.833 | (177.788) |
| 6. INVENTORY EOP | 8,319.755 | 0.000 | 3,271.805 | 5,047.950 |
| 7. INVENTORY EOP (REVALUED) | 5,358.384 | 0.000 | 2,499.633 | 2,858.751 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 2,153.276 |
| B. ECONOMIC RETENTION (memo) | | | | 486.987 |
| C. CONTINGENCY RETENTION (memo) | | | | 201.673 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 16.815 |
| 8. INVENTORY ON ORDER EOP (memo) | 230.410 | 0.000 | 230.410 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (63.034) | 0.000 | (27.065) | (35.969) |
| Strata Transfers | 0.000 | 0.000 | 557.932 | (557.932) |
| Net/Standard Difference | (862.261) | 0.000 | (862.261) | 0.000 |
| Total | (925.295) | 0.000 | (331.394) | (593.901) |

**Inventory Status
Budget Project 81
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010**

| | Total | Mobilization | ---- Peacetime ---- | |
|---|-----------|--------------|---------------------|-----------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 8,319.755 | 0.000 | 3,271.805 | 5,047.950 |
| 2. BOP INVENTORY ADJUSTMENTS | 22.766 | 0.000 | 144.494 | (121.728) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 132.586 | (132.586) |
| B. PRICE CHANGE AMOUNT (memo) | 22.766 | 0.000 | 11.908 | 10.858 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 8,342.521 | 0.000 | 3,416.299 | 4,926.222 |
| 3. RECEIPTS AT STANDARD | 553.191 | 0.000 | 553.191 | 0.000 |
| 4. SALES AT STANDARD | 820.863 | 0.000 | 820.863 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 29.000 | 0.000 | 5.321 | 23.679 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 1,735.963 | 0.000 | 657.307 | 1,078.656 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (785.000) | 0.000 | 0.000 | (785.000) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | (929.123) | 0.000 | (547.885) | (381.238) |
| H. TOTAL ADJUSTMENTS | 50.840 | 0.000 | 114.743 | (63.903) |
| 6. INVENTORY EOP | 8,125.689 | 0.000 | 3,263.370 | 4,862.319 |
| 7. INVENTORY EOP (REVALUED) | 5,452.892 | 0.000 | 2,545.010 | 2,907.882 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 2,190.282 |
| B. ECONOMIC RETENTION (memo) | | | | 495.357 |
| C. CONTINGENCY RETENTION (memo) | | | | 205.139 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 17.104 |
| 8. INVENTORY ON ORDER EOP (memo) | 219.331 | 0.000 | 219.331 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (61.863) | 0.000 | (26.565) | (35.298) |
| Strata Transfers | 0.000 | 0.000 | 345.940 | (345.940) |
| Net/Standard Difference | (867.260) | 0.000 | (867.260) | 0.000 |
| | | | | |
| Total | (929.123) | 0.000 | (547.885) | (381.238) |

**Inventory Status
Budget Project 85
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008**

| | Total | Mobilization | --- Peacetime --- | |
|---|---------------------|--------------|--------------------|------------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 31,510.129 | 2.554 | 17,985.655 | 13,521.920 |
| 2. BOP INVENTORY ADJUSTMENTS | 71.875 | 0.000 | 5,001.223 | (4,929.348) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 4,947.581 | (4,947.581) |
| B. PRICE CHANGE AMOUNT (memo) | 71.875 | 0.000 | 53.642 | 18.233 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 31,582.004 | 2.554 | 22,986.878 | 8,592.572 |
| 3. RECEIPTS AT STANDARD | 655.072 | 0.000 | 625.417 | 29.655 |
| 4. SALES AT STANDARD | 3,150.051 | 0.000 | 3,150.051 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 1,068.729 | 0.000 | 1,029.152 | 39.577 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 50.778 | 0.000 | 48.034 | 2.744 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 20,696.178 | 0.000 | 7,195.214 | 13,500.964 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | | | |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (3,791.689) | 0.000 | 0.000 | (3,791.689) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (1,144.420) | 0.000 | 0.000 | (1,144.420) |
| G. OTHER (listed in Section 9) | (10,009.629) | 0.000 | (9,580.363) | (429.266) |
| H. TOTAL ADJUSTMENTS | 6,869.947 | 0.000 | (1,307.963) | 8,177.910 |
| 6. INVENTORY EOP | 35,956.972 | 2.554 | 19,154.281 | 16,800.137 |
| 7. INVENTORY EOP (REVALUED) | 18,801.822 | 1.454 | 10,902.151 | 7,898.217 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 6,979.938 |
| B. ECONOMIC RETENTION (memo) | | | | 554.251 |
| C. CONTINGENCY RETENTION (memo) | | | | 331.647 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 32.381 |
| 8. INVENTORY ON ORDER EOP (memo) | 1,471.816 | 0.000 | 1,459.256 | 12.560 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (610.030) | 0.000 | (513.190) | (96.840) |
| Strata Transfers | 0.000 | 0.000 | 332.426 | (332.426) |
| Net/Standard Difference | (9,399.599) | 0.000 | (9,399.599) | 0.000 |
| Discounted Unserv Returns | | | | |
| Total | (10,009.629) | 0.000 | (9,580.363) | (429.266) |

Inventory Status
Budget Project 85
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009

| | Total | Mobilization | --- Peacetime --- | |
|---|---------------------|--------------|---------------------|----------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 35,956.972 | 2.554 | 19,154.281 | 16,800.137 |
| 2. BOP INVENTORY ADJUSTMENTS | 521.489 | 0.050 | 6,279.725 | (5,758.286) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 5,953.203 | (5,953.203) |
| B. PRICE CHANGE AMOUNT (memo) | 521.489 | 0.050 | 326.522 | 194.917 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 36,478.461 | 2.604 | 25,434.006 | 11,041.851 |
| | | | 1,777.056 | |
| 3. RECEIPTS AT STANDARD | 1,422.041 | 0.000 | 1,406.408 | 15.633 |
| 4. SALES AT STANDARD | 3,482.308 | 0.000 | 3,482.308 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 52.800 | 0.000 | 1.511 | 51.289 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 14,948.345 | 0.000 | 7,786.793 | 7,161.552 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | | | |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (3,136.000) | 0.000 | 0.000 | (3,136.000) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | (10,462.791) | 0.000 | (11,281.450) | 818.659 |
| H. TOTAL ADJUSTMENTS | 1,402.354 | 0.000 | (3,493.146) | 4,895.500 |
| 6. INVENTORY EOP | 35,820.548 | 2.604 | 19,864.960 | 15,952.984 |
| 7. INVENTORY EOP (REVALUED) | 18,797.717 | 1.481 | 11,300.205 | 7,496.031 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 6,624.512 |
| B. ECONOMIC RETENTION (memo) | | | | 526.028 |
| C. CONTINGENCY RETENTION (memo) | | | | 314.760 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 30.731 |
| 8. INVENTORY ON ORDER EOP (memo) | 1,321.107 | 0.000 | 1,318.979 | 2.128 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | | | |
| Other Gains/Losses | (66.025) | 0.000 | (19.515) | (46.510) |
| Strata Transfers | 0.000 | 0.000 | 21.890 | (21.890) |
| Net/Standard Difference | (11,283.825) | 0.000 | (11,283.825) | 0.000 |
| Discounted Unserv Returns | 887.059 | 0.000 | 0.000 | 887.059 |
| Total | (10,462.791) | 0.000 | (11,281.450) | 818.659 |

**Inventory Status
Budget Project 85
Department of the Navy
Supply Mangement - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010**

| | Total | Mobilization | ---- Peacetime ---- | |
|---|--------------|--------------|---------------------|-------------|
| | | | Operating | Other |
| 1. INVENTORY BOP | 35,820.548 | 2.604 | 19,864.960 | 15,952.984 |
| 2. BOP INVENTORY ADJUSTMENTS | 396.503 | 0.057 | 6,116.944 | (5,720.498) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 5,747.667 | (5,747.667) |
| B. PRICE CHANGE AMOUNT (memo) | 396.503 | 0.057 | 369.277 | 27.169 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 36,217.051 | 2.661 | 25,981.904 | 10,232.486 |
| | | | 1,777.056 | |
| 3. RECEIPTS AT STANDARD | 1,442.345 | 0.000 | 1,441.751 | 0.594 |
| 4. SALES AT STANDARD | 3,476.993 | 0.000 | 3,476.993 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT | 52.800 | 0.000 | 1.543 | 51.257 |
| C. RETURNS FROM CUSTOMERS, NO CREDIT | 15,594.692 | 0.000 | 8,431.009 | 7,163.683 |
| D. RETURNS TO SUPPLIERS (-) | 0.000 | | | |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (2,940.000) | 0.000 | 0.000 | (2,940.000) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | 0.000 | 0.000 | 0.000 | 0.000 |
| G. OTHER (listed in Section 9) | (10,894.787) | 0.000 | (11,685.129) | 790.342 |
| H. TOTAL ADJUSTMENTS | 1,812.705 | 0.000 | (3,252.577) | 5,065.282 |
| 6. INVENTORY EOP | 35,995.108 | 2.661 | 20,694.085 | 15,298.362 |
| 7. INVENTORY EOP (REVALUED) | 18,801.782 | 1.501 | 11,672.251 | 7,128.030 |
| A. APPROVED ACQUISITION OBJECTIVE (memo) | | | | 6,299.296 |
| B. ECONOMIC RETENTION (memo) | | | | 500.204 |
| C. CONTINGENCY RETENTION (memo) | | | | 299.307 |
| D. POTENTIAL DOD REUTILIZATION (memo) | | | | 29.223 |
| 8. INVENTORY ON ORDER EOP (memo) | 1,363.953 | 0.000 | 1,363.953 | 0.000 |
| 9. NARRATIVE: | | | | |
| Other adjustments (Total posted to line 5g): | | Mobilization | Operating | Other |
| Other Gains/Losses | (64.866) | 0.000 | (19.173) | (45.693) |
| Strata Transfers | 0.000 | 0.000 | 89.244 | (89.244) |
| Net/Standard Difference | (11,755.200) | 0.000 | (11,755.200) | 0.000 |
| Discounted Unserv Returns | 925.279 | 0.000 | 0.000 | 925.279 |
| Total | (10,894.787) | 0.000 | (11,685.129) | 790.342 |

Wholesale Cost Recovery Rate Calculation
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)

| SHIPS/AVIATION | FY 2008 | FY 2009 | FY 2010 |
|--|-----------|-----------|-----------|
| 1. Net sales at Cost | 3,755.525 | 4,050.978 | 4,150.948 |
| 2. Less: Material Inflation Adj | (30.791) | 132.761 | 46.285 |
| 3. Revised Net Sales at Cost | 3,786.316 | 3,918.218 | 4,104.663 |
| 4. Surcharge (\$) | 545.409 | 512.867 | 550.625 |
| 5. Change to Customers | | | |
| a. Previous Year's Surcharge (%) | 0.124 | 0.145 | 0.127 |
| b. This year's Surcharge and material inflation divided by line 3 above (\$) | 0.136 | 0.165 | 0.145 |
| c. Percent change to customer | 2.7% | 1.8% | 1.6% |

Wholesale Cost Recovery Rate Calculation
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)

| BP34-AVIATION CONSUMABLES | FY 2008 | FY 2009 | FY 2010 |
|--|---------|---------|---------|
| 1. Net sales at Cost | 341.594 | 298.816 | 359.510 |
| 2. Less: Material Inflation Adj | 4.431 | (2.301) | 5.528 |
| 3. Revised Net Sales at Cost | 337.163 | 301.117 | 353.982 |
| 4. Surcharge (\$) | 46.573 | 49.275 | 39.951 |
| 5. Change to Customers | | | |
| a. Previous Year's Surcharge (%) | 0.083 | 0.136 | 0.165 |
| b. This year's Surcharge and material inflation divided by line 3 above (\$) | 0.151 | 0.156 | 0.128 |
| c. Percent change to customer | 6.3% | 1.7% | -3.1% |

Wholesale Cost Recovery Rate Calculation
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)

| BP81-SHIP | FY 2008 | FY 2009 | FY 2010 |
|--|---------|---------|---------|
| 1. Net sales at Cost | 676.773 | 706.049 | 699.745 |
| 2. Less: Material Inflation Adj | 20.777 | 14.676 | 5.307 |
| 3. Revised Net Sales at Cost | 655.996 | 691.373 | 694.438 |
| 4. Surcharge (\$) | 126.794 | 116.054 | 121.923 |
| 5. Change to Customers | | | |
| a. Previous Year's Surcharge (%) | 0.176 | 0.187 | 0.164 |
| b. This year's Surcharge and material inflation divided by line 3 above (\$) | 0.225 | 0.189 | 0.183 |
| c. Percent change to customer | 4.2% | 1.2% | 1.6% |

Wholesale Cost Recovery Rate Calculation
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)

| BP85-AVIATION REPAIRABLES | FY 2008 | FY 2009 | FY 2010 |
|--|-----------|-----------|-----------|
| 1. Net sales at Cost | 2,737.160 | 3,046.114 | 3,091.693 |
| 2. Less: Material Inflation Adj | (55.999) | 120.386 | 35.450 |
| 3. Revised Net Sales at Cost | 2,793.159 | 2,925.728 | 3,056.243 |
| 4. Surcharge (\$) | 372.042 | 347.539 | 388.752 |
| 5. Change to Customers | | | |
| a. Previous Year's Surcharge (%) | 0.101 | 0.136 | 0.114 |
| b. This year's Surcharge and material inflation divided by line 3 above (\$) | 0.113 | 0.160 | 0.139 |
| c. Percent change to customer | 1.9% | 1.9% | 2.2% |

War Reserve Material (WRM) Stockpile
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy

Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008

| STOCKPILE STATUS | <u>Total</u> | <u>WRM Protected</u> | <u>WRM Other</u> |
|-------------------------------|--------------|--------------------------|----------------------|
| 1. Inventory BOP @ std | 6.351 | 6.351 | |
| 2. Price Change | 0.071 | 0.071 | |
| 3. Reclassification | 0.000 | 0.000 | |
| 4. Inventory Changes | (1.540) | (1.540) | 0.000 |
| a. Receipts @ std | 0.000 | 0.000 | 0.000 |
| (1). Purchases | 0.000 | 0.000 | |
| (2). Returns from customers | 0.000 | 0.000 | |
| b. Issues @ std | 0.000 | 0.000 | 0.000 |
| (1). Sales | 0.000 | 0.000 | |
| (2). Returns to suppliers | 0.000 | 0.000 | |
| (3). Disposals | 0.000 | 0.000 | |
| (4). Issues/receipts w/o ADJs | 0.000 | 0.000 | |
| c. Adjustments @ std | (1.540) | (1.540) | 0.000 |
| (1). Capitalizations | 0.000 | 0.000 | |
| (2). Gains and losses | 0.000 | 0.000 | |
| (3). Other | (1.540) | (1.540) | |
| 5. Inventory EOP | 4.882 | 4.882 | 0.000 |

STOCKPILE COSTS

| | |
|----------------------|-------|
| 1. Storage | 0.002 |
| 2. Management | 0.000 |
| 3. Maintenance/Other | 0.000 |
| Total Cost | 0.002 |

WRM BUDGET REQUEST

| | |
|-------------------------|-------|
| 1. Obligations @ cost | 0.000 |
| a. Additional WRM | 0.000 |
| b. Replen. WRM | 0.000 |
| c. Repair WRM | 0.000 |
| d. Assemble/Disassemble | 0.000 |
| e. Other | 0.000 |
| Total Request | 0.000 |

War Reserve Material (WRM) Stockpile
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009

| STOCKPILE STATUS | Total | WRM Protected | WRM Other |
|-------------------------------|--------------|--------------------------|----------------------|
| 1. Inventory BOP @ std | 4.882 | 4.882 | |
| 2. Price Change | 0.099 | 0.099 | |
| 3. Reclassification | 0.000 | 0.000 | |
| 4. Inventory Changes | 0.000 | 0.000 | 0.000 |
| a. Receipts @ std | 0.000 | 0.000 | 0.000 |
| (1). Purchases | 0.000 | 0.000 | |
| (2). Returns from customers | 0.000 | 0.000 | |
| b. Issues @ std | 0.000 | 0.000 | 0.000 |
| (1). Sales | 0.000 | 0.000 | |
| (2). Returns to suppliers | 0.000 | 0.000 | |
| (3). Disposals | 0.000 | 0.000 | |
| (4). Issues/receipts w/o ADJs | 0.000 | 0.000 | |
| c. Adjustments @ std | 0.000 | 0.000 | 0.000 |
| (1). Capitalizations | 0.000 | 0.000 | |
| (2). Gains and losses | 0.000 | 0.000 | |
| (3). Other | 0.000 | 0.000 | |
| 5. Inventory EOP | 4.981 | 4.981 | 0.000 |

STOCKPILE COSTS

| | |
|----------------------|-------|
| 1. Storage | 0.002 |
| 2. Management | 0.000 |
| 3. Maintenance/Other | 0.000 |
| Total Cost | 0.002 |

WRM BUDGET REQUEST

| | |
|-------------------------|-------|
| 1. Obligations @ cost | 0.000 |
| a. Additional WRM | 0.000 |
| b. Replen. WRM | 0.000 |
| c. Repair WRM | 0.000 |
| d. Assemble/Disassemble | 0.000 |
| e. Other | 0.000 |
| Total Request | 0.000 |

War Reserve Material (WRM) Stockpile
Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2010

| STOCKPILE STATUS | <u>Total</u> | <u>WRM Protected</u> | <u>WRM Other</u> |
|-------------------------------|---------------------|-----------------------------|-------------------------|
| 1. Inventory BOP @ std | 4.981 | 4.981 | |
| 2. Price Change | 0.105 | 0.105 | |
| 3. Reclassification | 0.000 | 0.000 | |
| 4. Inventory Changes | 0.000 | 0.000 | 0.000 |
| a. Receipts @ std | 0.000 | 0.000 | 0.000 |
| (1). Purchases | 0.000 | 0.000 | |
| (2). Returns from customers | 0.000 | 0.000 | |
| b. Issues @ std | 0.000 | 0.000 | 0.000 |
| (1). Sales | 0.000 | 0.000 | |
| (2). Returns to suppliers | 0.000 | 0.000 | |
| (3). Disposals | 0.000 | 0.000 | |
| (4). Issues/receipts w/o ADJs | 0.000 | 0.000 | |
| c. Adjustments @ std | 0.000 | 0.000 | 0.000 |
| (1). Capitalizations | 0.000 | 0.000 | |
| (2). Gains and losses | 0.000 | 0.000 | |
| (3). Other | 0.000 | 0.000 | |
| 5. Inventory EOP | 5.086 | 5.086 | 0.000 |

STOCKPILE COSTS

| | |
|----------------------|-------|
| 1. Storage | 0.002 |
| 2. Management | 0.000 |
| 3. Maintenance/Other | 0.000 |
| Total Cost | 0.002 |

WRM BUDGET REQUEST

| | |
|-------------------------|-------|
| 1. Obligations @ cost | 0.000 |
| a. Additional WRM | 0.000 |
| b. Replen. WRM | 0.000 |
| c. Repair WRM | 0.000 |
| d. Assemble/Disassemble | 0.000 |
| e. Other | 0.000 |
| Total Request | 0.000 |

Activity Group Capital Investment Summary
Department of the Navy
Supply Management-Navy
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES - May 2009
(\$ IN MILLIONS)

| LINE NUMBER | ITEM DESCRIPTION | FY 2008 | | FY 2009 | | FY 2010 | |
|-------------|---|----------|---|----------|---|----------|---|
| | | QUANTITY | TOTAL COST | QUANTITY | TOTAL COST | QUANTITY | TOTAL COST |
| 0001 | Equipment Capabilities -Replacement -Productivity -New Mission -Environmental | VAR | 1.509 1.509 | VAR | 2.069 2.069 | VAR | 1.893 1.893 |
| 0002 | ADPE & Telecommunications Equipment Capabilities Computer Hardware (Production) Computer Software (Operating System) Telecoms, Other Computer & Telecom Sup Equip. | VAR | 1.756 1.756 | VAR | 1.527 1.527 | VAR | 1.019 1.019 |
| 0003 | Software Development Internally Developed One Touch v3.0 UADPS-ICP/UADPS-U2/SP One Supply | VAR | 6.835 3.096 0.700 1.146 1.250 | VAR | 4.253 4.253 0.700 2.645 0.908 | VAR | 3.743 3.743 0.850 1.393 1.500 |
| 0004 | Externally Development Enterprise Resource Planning Minor Construction Capabilities -Replacement -Productivity -New Mission -Environmental | VAR | 3.739 3.739 1.238 1.238 | VAR | 0.000 0.000 2.365 2.365 | VAR | 0.000 0.000 2.430 2.430 |
| | TOTAL | | 11.338 | | 10.214 | | 9.085 |
| | Total Capital Outlays | | 10.688 | | 12.703 | | 10.622 |
| | Total Depreciation Expense | | 28.403 | | 27.168 | | 25.103 |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | A. Budget Submission FISCAL YEAR (FY) 2010 BUDGET ESTIMATES | | | |
|--|----------|--|----------|--|----------|-----------|------------|
| B. Component/Business Area/Date Navy/Supply Management/May 2009 | | C. Line No. & Item Description 0001 Civil Engineering Support Equipment | | D. Activity Identification NWCF | | | |
| Element of Cost | FY 2008 | | FY 2009 | | FY 2010 | | Total Cost |
| | Quantity | Unit Cost | Quantity | Unit Cost | Quantity | Unit Cost | |
| Replacement Productivity New Mission Environmental | VAR | VAR | VAR | VAR | VAR | VAR | 893 |
| | | 329 | | | | | |
| | | | | | | | 869 |

Narrative Justification:

Naval Supply Systems Command (NAVSUP) is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the Navy. This equipment is necessary to maintain and improve the working conditions and assist NAVSUP operations employees. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment. Economic analysis is not provided since equipment is only replaced as useful life has been exceeded due to age and or usage. Dollar values are established by NAVFAC procuring activity in Port Hueneme, CA. Examples: Tanker truck, fire fighting pumper truck, 20 ton semi trailer stake 2 axle, 20 ton semi trailer van 2 axle.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES

B. Component/Business Area/Date
Navy/Supply Management/May 2009

C. Line No. & Item Description
0001 Material Handling Equipment (Forklifts)

D. Activity Identification
NWCF

| Element of Cost | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
|----------------------|----------|-----------|------------|----------|-----------|------------|----------|-----------|------------|--|--|--|
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | |
| Equipment Capability | | | | | | | | | | | | |
| Replacement | 40 | VAR | 1,180 | 40 | VAR | 1,200 | 29 | VAR | 1,000 | | | |
| Productivity | | | | | | | | | | | | |
| New Mission | | | | | | | | | | | | |
| Environmental | | | | | | | | | | | | |

Narrative Justification:

This program funds the procurement of new/initial outfitting and replacement of Material Handling Equipment (MHE) and Automated Material Handling Systems (AMHS) to satisfy operational requirements within the Navy Supply System. Replacement MHE is for over aged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various Fleet and Industrial Supply Centers (FISCs) there will always be units eligible for replacement through procurement. If fully supported, this funding will allow the Navy to develop the right mix of new procurements, resulting in overall requirement reductions, and resolving the problem of trying to maintain old equipment at high maintenance cost and reduced state of readiness. MHE funding limitations in past years has precluded the purchase of required MHE planned for issue. We can not emphasize enough that this is a continuing program and one year builds on the next. Delaying any funding only postpones the inevitable requirement to procure a new unit at a higher cost. Supply readiness and logistical support are dependent upon the availability of reliable MHE. Non-repairable equipment is not cost effective to maintain for continued operation, and repair parts are difficult to obtain. Replacement of non-repairable equipment with new and more efficient models will reduce excessive costs attributed to repair/overhaul, downtime and maintenance. New equipment will enhance productivity and enable users to meet handling and logistics requirements in an efficient and effective manner. For these reasons it is essential to maintain funding to cover procurement of new equipment as required. Due to FISC realignment with DLA, the number of forklifts requiring replacement has decreased in the out years thus lowering our FY-10 and 11 funding requirement.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES

B. Component/Business Area/Date
Navy/Supply Management/May 2009

C. Line No. & Item Description
0002 Information Technology

D. Activity Identification
NWCF

| Element of Cost | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
|--|----------|-----------|------------|----------|-----------|------------|----------|-----------|------------|--|--|--|
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | |
| ADPE & Telecommunications Equipment Capabilities | | | | | | | | | | | | |
| Computer Hardware (Production) | VAR | VAR | 1,756 | VAR | VAR | 1,527 | VAR | VAR | 1,019 | | | |
| Computer Software (Operating System) | | | | | | | | | | | | |
| Telecoms, Other Computer & Telecom Sup Equip. | | | | | | | | | | | | |

Narrative Justification:

Navy Supply Information Systems Activity (NAVSISA) - Funds provide support to the NAVSISA Legacy/Non-Navy/Marine Corps Intranet (NMCI) Network Plan. As part of the plan, NAVSISA is upgrading its network, which will replace obsolete non-NMCI ADP equipment to provide an environment for client/server development. A variety of PC hardware platforms currently exists in NAVSISA that prevents deployment of the development tools needed to maintain its competitiveness. Upgrading and standardizing hardware infrastructure will allow NAVSISA to use the network to deploy the latest legacy/non-NMCI software products.

Naval Inventory Control Point (NAVICP) – Funds provide support for the procurement of an integrated security management system that would replace the current technologically outdated system. The current and vulnerable security system lacks the ability to meet safeguards that have become necessary in today's post 911 environment. The integrated system will provide an open architecture allowing NAVICP options and choices to include database technologies, client operating systems, digital video technologies, etc. The integrated security system is anticipated to provide future savings, by providing one system to maintenance, as compared to the current system that involves multiple parts (e.g. Closed Circuit Television, Card Readers). The integrated system will help streamline security procedures and processes, allowing NAVICP to better utilize our resources more effectively.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
 (\$ in Thousands)

A. Budget Submission
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES

B. Component/Business Area/Date
 Navy/Supply Management/May 2009

C. Line No. & Item Description
 0003 One Touch Support

D. Activity Identification
 NWCF

| Element of Cost | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
|----------------------|----------|-----------|------------|----------|-----------|------------|----------|-----------|------------|--|--|--|
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | |
| Software Development | | | | | | | | | | | | |
| One Touch Support | VAR | VAR | 700 | VAR | VAR | 700 | VAR | VAR | 850 | | | |

Narrative Justification:
 Web-based real-time data access and status information to legacy Navy and DLA legacy/DLA ERP supply system providing supply technical screening, stock check information for NSNs, requisition status, MILSTRIP entry, shipment status, and serial number tracking for Depot Level Repairables. OTS provides a common view across DLA and Navy inventory applications and distributed databases and provides a single-point, centrally managed global access available to all authorized users through a standard web-browser. Complete end-to-end real-time supply chain capability and visibility is provided through OTS. Navy ERP has incorporated OTS as customer portal interface pending deployment of SAP portal solution. OTS is an identified interface for Navy ERP 1.1 and 1.X. Cost avoidance associated with this ERP interface is the projected user base multiplied by associated SAP licenses, as well as the cost avoidance associated with SAP integration to the multiple DoD and Navy legacy system interfaces that One Touch currently provides. One Touch transaction workload reverting to a call center, i.e. the Global Distance Support Center (GDSC) and person assistance, i.e. Logistics Support Centers (LSC) and other submission processes into the supply system exponentially increases transaction processing time and support costs. Application of a simple workload formula produces a rough order of magnitude which indicates a significant cost impact without access to OTS capability within these logistics support functions. If 50% of OTS workload pushed into the GDSC, cost for processing workload is projected at \$23,045,650. Additional cost for processing actions accessing multiple systems rather than one system (OTS) will drive individual transaction costs even higher. If 10% of OTS workload pushed into the LSC, costs would increase within the LSC by \$16,344,143. Additional time required for processing actions accessing multiple systems rather than one system (OTS) will drive transaction costs higher. An economic analysis was performed and submitted as part of the FY06 BMMP submission for One Touch Support. It was approved January 25, 2006. Cost avoidance related to operational efficiencies in use of OTS is estimated at \$1.5 million annually FY06-FY12 during the system's remaining lifecycle. Investment & Return (FYDP \$'s based on FY07 BES) (Projected) ROI: 1.05 Breakeven: 2012 NPV: \$0.327M. Denial of this funding would greatly affect DoN operations. Customer Support is not part of the current Navy ERP process footprint. The customer self-service capability and workload capacity associated with OTS as an interim solution processing into both ERP systems and legacy systems significantly streamlines and standardizes management of logistics functions and requisitioning processes. OTS provides worldwide, real time visibility of Naval and DLA assets. The OTS program insures that timely and accurate information is provided to meet the needs of the war fighter, and further enables Navy Human Capital Strategy goals by providing a capability that permits significantly more work to be done by fewer personnel. Customer Support Process impact due to funding elimination: a. Fractures customer support methods and requires workload processing through disparate systems rather than single point of entry. b. If at least 40% of the OTS workload back to Fleet for processing through multiple systems, significant additional training costs associated with use of multiple systems and affects Human Capital Strategy objectives associated with moving workload ashore. Higher transaction cost than if OTS available to customer. Customers' greater reliance on Global Distance Support Center and Logistics Support Center would overload the capabilities of both those alternatives. c. Impairs Fleet readiness by forcing use of multiple tools rather than single point of entry. d. Asset visibility is reduced as alternate systems do not presently provide access to all systems OTS provides e. Full supply chain status visibility is degraded - elimination of OTS eliminates end-to-end view of requisition status (requisition input through delivery) including procurement status information as well as asset visibility. This full picture is not provided through any other tool presently available to over 17,000 active registered users. Web-enabled system facilitates ease of integration with other DOD/DON logistics/supply systems, DLA and Navy ERP systems, and affords 24/7 access by the user. The system is in sustainment with limited integration and interface requirements through ERP brownout in FY10. The software is maintained and developed internally at NAVSISA, Mechanicsburg, PA. License fees are included as part of the NAVSUP enterprise Oracle licenses and are not separately charged to the program.

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | | | | A. Budget Submission FISCAL YEAR (FY) 2010 BUDGET ESTIMATES | | | | | |
|--|----------|-----------|------------|--|-----------|------------|--|-----------|------------|--|--|--|
| B. Component/Business Area/Date Navy/Supply Management/May 2009 | | | | C. Line No. & Item Description 0003 UADPS-ICP/UADPS-U2/SP | | | D. Activity Identification NWC | | | | | |
| Element of Cost | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | |
| Software Development UADPS-ICP/UADPS-U2/SP | VAR | VAR | 1,146 | VAR | VAR | 2,645 | VAR | VAR | 1.393 | | | |
| Narrative Justification: | | | | | | | | | | | | |
| <p>Reengineer and modernize core business systems that will not be replaced by NERP Single Supply Solution. Many NAVSUP systems have been in a "brown-out" status waiting for ERP implementation. The purpose of this funding is to modernize those systems and add functionality where appropriate to bring these system out of a state of obsolescence. Funding will be used to:</p> <ul style="list-style-type: none"> - single up functionality in multiple systems, to eliminate redundant functionality, and reengineering/ modernization as required to integrate with, or be "bolt-ons" to ERP include, but are not limited to the following applications/systems: Integrated Technical Item Management and Procurement (ITIMP), Regional One Touch (R1T), Navy Supply Discrepancy Reporting System (NSDRS), InforM-21/Data Warehousing, Logistics Support Center /Logistic Support Center/Logistic Customer Asset Visibility (LSC/LCAV), Standard Automated Logistics Tool Set (SALTS), Serial Number Tracking (SNT), electronic Retrograde management System (eRMS), Re-Engineered Maritime Allowance Development (ReMAD), Automated COSAL Tracking System-International Logistics (ACTS-IL), Tier II Oracle, etc. - reengineer and modernize the Readiness Suite (Readiness Based Sparing (RBS) Workstation/Common Rates Computation System-Command Allowance Development (CRCS-CAD)) application. Increased functionality will be provided through incorporating changes that come out of the Aviation Consumable Assessment Study; enhancing rate computations, candidate file preparation and allowance computation for Fleet Readiness Centers; enable automated preparation of tailored Aircraft and Equipment Configuration List with transmission to the fleet for review; modify the application to consider weight, cube, and other factors required to support preparation of CVN21 candidate files; modify the Maritime application to include provisions for dual rates review capability. - adoption of a service oriented architecture to support interoperability and seamless integration with N-ERP delivery. The adoption of a standard development environment for the remaining applications to lower future total ownership costs. Consolidate redundant data warehouses at ICP (e.g. Focus into InforM-21). Cognos Upgrade (SW Upgrade and CSS to accomplish the task) for InforM-21 for current users plus an additional 1,500 users of the UICP Transaction History File (does not include potential Distance Support or other FISC/ICP users. - improve our PBL Tracking application, which is called for in an IG finding. - complete the Tandem Retirement and IDMS upgrade. - produce a NAVICP in-Transit Account (NITA) module of eRMS which will retire NAVICP's legacy Carcass Tracking (PR04A) and Stock-in-Transit (PM76) programs and provide that functionality to the Navy-ERP program upon that system's implementation. | | | | | | | | | | | | |

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES

B. Component/Business Area/Date
Navy/Supply Management/May 2009

C. Line No. & Item Description
0003 One Supply

D. Activity Identification
NWCF

FY 2008

FY 2009

FY 2010

Element of Cost

Quantity

Unit Cost

Total Cost

Quantity

Unit Cost

Total Cost

Quantity

Unit Cost

Total Cost

Software Development

VAR

VAR

1,250

VAR

VAR

908

VAR

VAR

1,500

One Supply

Narrative Justification:

One Supply will be the multi-commodity, ashore supply support solution that encompasses both transaction processing and trend analysis tools to facilitate decision-making across the supply management spectrum. One Supply will provide enhanced support for war fighter logistics resulting in improved fleet readiness and facilitating moving workload ashore.

The FY09-11 information technology plan for One Supply includes, Web application software engineering and development, database design and interface, data warehousing development/integration, as well as interface development/linkage with existing systems. Using the data from Inform 21 and the Enterprise Data Warehouse, One Supply will provide the information tool to improve fleet readiness. The capabilities of One Supply will provide the foundation data for Operating Forces decisions. This will include but not be limited to Management of Operating Fleet Forces from Ashore, Managing Requisitions for Operational Forces, and Management for Air Forces with the overall objective of better material management for the fleet. One Supply will provide the tools to enable Strategic Sourcing decisions and Distance Support to remove workload from the ships to Ashore. The capabilities to tie parts and costs to specific mission capabilities started in FY08 will provide the building blocks for FY09-11 in both application development and infrastructure reduction in the out years when maintenance to parts integration will occur. These tools will provide the fleet a higher degree of readiness. Inclusion and integration of the myriad existing legacy systems is also planned for FY 09 -11, based on functionality and architectural analyses that started in FY 08. One Supply will be a Web-accessible system that will provide multi-commodity stock control, requisition processing, expediting, and transaction processing as well as analytical processing (e.g., ACWT, LRT, stock positioning and trend analysis) using next generation information technology standards. While One Supply supports capabilities not in scope for Navy ERP, One Supply will be designed with Navy ERP as the end-state for respective commodity management and statistical analysis.

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | | | | A. Budget Submission FISCAL YEAR (FY) 2010 BUDGET ESTIMATES | | | | | |
|---|----------|-----------|------------|---|-----------|------------|--|-----------|------------|--|--|--|
| B. Component/Business Area/Date Navy/Supply Management/May 2009 | | | | C. Line No. & Item Description 0003 Enterprise Resource Planning (ERP) | | | D. Activity Identification NWCF | | | | | |
| Element of Cost | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | |
| Software Development Enterprise Resource Planning (ERP) | VAR | VAR | 3,739 | | | 0 | | | 0 | | | |
| Narrative Justification: | | | | | | | | | | | | |
| <p>Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides unprecedented management visibility across the enterprise, and increases effectiveness and efficiency. The Navy ERP solution allows the Navy to streamline business activities into one system achieving the highest standard of secure, reliable, accessible, and current information. Processes are simplified, redundancies eliminated, efficiencies achieved. Navy ERP is compliant with CFO Act. Navy ERP uses commercial software that requires users to be licensed. The budget estimate supports the purchase of user licenses three months prior to Go-Live.</p> | | | | | | | | | | | | |

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | | | | A. Budget Submission FISCAL YEAR (FY) 2010 BUDGET ESTIMATES | | | | | |
|--|----------|-----------|------------|---|-----------|------------|--|-----------|------------|--|--|--|
| B. Component/Business Area/Date Navy/Supply Management/May 2009 | | | | C. Line No. & Item Description 0004 Minor construction | | | D. Activity Identification NWCF | | | | | |
| Element of Cost | FY 2008 | | | FY 2009 | | | FY 2010 | | | | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | |
| Minor Construction Capabilities | | | | | | | | | | | | |
| -Replacement | | | | | | | | | | | | |
| -Productivity | VAR | VAR | 1,238 | VAR | VAR | 2,365 | VAR | VAR | 2,430 | | | |
| -New Mission | | | | | | | | | | | | |
| -Environmental | | | | | | | | | | | | |

Narrative Justification:

Minor Construction: NAVSUP, as the maintenance UIC for all facilities occupied and operated by NAVSUP employees, is responsible for Real Property Maintenance (Minor Construction portion) of facilities occupied and operated. These NWCF Supply Management projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended spending limits of between 2% to 4% annually based on the associated property values. Economic analysis are not performed since Minor Construction funding limits keep investment percentage to such a small percentage of the total facility value. Cost savings if identified are provided as part of the project documentation developed. Each minor construction project must be less that \$750,000. No minor construction project exceeds the current MILCON threshold.

**Capital Budget Execution
 Department of the Navy
 Supply Management-Navy
 Fiscal Year (FY) 2010 Budget Estimates-May 2009
 (\$ in Millions)
 FY 2009**

(Dollars in Millions)

| <u>FY</u> | <u>Approved Project</u> | <u>Reprogs</u> | <u>Approved Proj Cost</u> | <u>Current Proj Cost</u> | <u>Asset/ Deficiency</u> | <u>Explanation/Reason for Change</u> |
|-----------|--------------------------|----------------|-------------------------------|------------------------------|------------------------------|--------------------------------------|
| 09 | Non-ADP Equipment | .000 | 2.069 | 2.069 | .000 | |
| 09 | ADP Equipment | .592 | .935 | 1.527 | .000 | Adjusted requirements |
| 09 | Software Development | -.592 | 4.845 | 4.253 | .000 | Adjusted requirements |
| 09 | Minor Construction | .000 | 2.365 | 2.365 | .000 | |
| | Total Capital Investment | .000 | 10.214 | 10.214 | .000 | |

Source of New Orders and Revenue
Navy Working Capital Fund
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| 1. New Orders | | | |
| a. Orders from DoD Components: | | | |
| Own Component | | | |
| 1105 Military Personnel, M.C. | 0.000 | 0.000 | 0.000 |
| 1106 O&M Marine Corps | 12.224 | 13.324 | 13.411 |
| 1108 Reserve Personnel, M.C. | 0.000 | 0.000 | 0.000 |
| 1109 Procurement, M.C. | 1.111 | 1.211 | 1.219 |
| 1205 Military Construction, Navy | 0.000 | 0.000 | 0.000 |
| 1319 RDT & E, Navy | 1.111 | 1.211 | 1.219 |
| 1405 Reserve Personnel, Navy | 0.000 | 0.000 | 0.000 |
| 1453 Military Personnel, Navy | 0.000 | 0.000 | 0.000 |
| 1506 Aircraft Procurement, Navy | 497.391 | 646.655 | 521.628 |
| 1507 Weapons Procurement, Navy | 9.500 | 6.900 | 11.300 |
| 1611-1811 Shipbuilding & Conv. Navy | 24.500 | 26.202 | 25.016 |
| 1804 O&M, Navy | 3,421.744 | 3,641.176 | 3,762.971 |
| 1806 O&M, Navy Reserve | 108.194 | 117.932 | 118.703 |
| 1810 Other Procurement, Navy | 27.200 | 39.112 | 43.883 |
| 4930 Navy Working Capital Fund | <u>830.417</u> | <u>883.671</u> | <u>913.229</u> |
| | 4,933.392 | 5,377.394 | 5,412.579 |
| Orders from other DoD Components | | | |
| 2100 Army | 13.335 | 14.535 | 14.630 |
| 5700 Air Force | 58.289 | 63.536 | 63.951 |
| 9700 Other DoD | <u>0.101</u> | <u>0.110</u> | <u>0.111</u> |
| | 71.725 | 78.181 | 78.692 |
| b. Orders from other Fund Business Areas: | | | |
| Distribution Depots, Navy | | | |
| c. Total DoD | 5,005.117 | 5,455.575 | 5,491.271 |
| d. Other Orders: | | | |
| Other Federal Agencies | 9.193 | 10.020 | 10.086 |
| Non-Federal Agencies * | 142.500 | 132.760 | 133.200 |
| Foreign Military Sales (FMS) | <u>96.274</u> | <u>104.938</u> | <u>105.625</u> |
| | 247.967 | 247.718 | 248.911 |
| Total New Orders | 5,253.084 | 5,703.293 | 5,740.182 |
| 2. Carry-In Orders | 631.884 | 601.814 | 670.628 |
| 3. Total Gross Orders | 5,884.968 | 6,305.107 | 6,410.810 |
| 4. Carry-Out Orders | (601.814) | (670.628) | (752.206) |
| 5. Gross Sales | 5,283.154 | 5,634.479 | 5,658.604 |
| Reimbursable Orders (BP 91) | 492.286 | 494.482 | 380.007 |
| 6. Credit | (78.410) | (86.688) | (86.688) |
| 7. Net Sales | 5,697.030 | 6,042.273 | 5,951.923 |

* Non-federal agencies line includes cash sales

Revenue and Expense Summary
Department of the Navy
Navy Working Capital Fund
Supply Management Navy - Navy
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)

| | FY2008 | FY2009 | FY2010 |
|---------------------------------------|-----------------|-----------------|-----------------|
| REVENUE: | | | |
| Gross Sales | | | |
| Operations | 5268.336 | 5624.265 | 5649.519 |
| Capital Surcharge | (13.585) | (16.954) | (16.018) |
| Depreciation except Maj Const | 28.403 | 27.168 | 25.103 |
| Major Construction Dep | 0.000 | 0.000 | 0.000 |
| Other Income | 492.286 | 494.482 | 380.007 |
| Refunds/Discounts (- Credit Sales) | (78.410) | (86.688) | (86.688) |
| Total Income: | 5697.030 | 6042.273 | 5951.923 |
| EXPENSES: | | | |
| Cost of Materiel Sold from Inventory | 4381.110 | 4679.553 | 4629.243 |
| Salaries and Wages: | | | |
| Military Personnel | 28.540 | 29.377 | 30.554 |
| Civilian Personnel | 563.559 | 597.003 | 505.888 |
| Travel & Transportation of Personnel | 18.256 | 14.757 | 14.934 |
| Materials & Supplies | 33.141 | 33.135 | 33.534 |
| Equipment | 14.818 | 10.214 | 9.085 |
| Other Purchases from Revolving Funds | 239.577 | 252.845 | 245.201 |
| Transportation of Things | 131.120 | 158.803 | 161.979 |
| Depreciation - Capital | 28.403 | 27.168 | 25.103 |
| Printing and Reproduction | 7.912 | 8.263 | 8.362 |
| Advisory and Assistance Services | 12.908 | 11.595 | 11.734 |
| Rent, Communication, Utilities & Misc | 29.600 | 28.151 | 28.489 |
| Other Purchased Services | 202.249 | 205.808 | 206.680 |
| Inventory Gains and Losses | 52.612 | 52.164 | 50.491 |
| TOTAL EXPENSES | 5743.805 | 6108.836 | 5961.277 |
| Operating Result | (46.775) | (66.563) | (9.354) |
| Less Capital Surcharge reservation | (13.585) | (16.954) | (16.018) |
| Plus Appro Affecting NOR/AOR | 0.000 | 0.000 | 0.000 |
| Plus Other Changes Affecting NOR | 0.000 | 75.773 | 0.000 |
| Net Operating Result | (33.190) | 26.164 | 6.664 |
| Other Changes Affecting AOR | | | |
| Accumulated Operating Result | (32.828) | (6.664) | (0.000) |

Marine Corps Supply

This page intentionally blank

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT- MARINE CORPS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
May 2009

Mission Statement/Overview:

The Marine Corps Supply Management Activity Group (SMAG) performs inventory management functions that result in the sale of consumable and reparable items to support Department of Defense (DoD), other government, and non-governmental customers' supply needs. Costs related to providing material support to customers are recouped through the application of stabilized rates that include recovery for cost elements such as inventory management and the receipt and issue of assets.

Activity Group Composition:

Portions of the following Marine Corps organizations are funded in this activity group:

- Supply Chain Management Center, Albany, GA
- Direct Support Stock Control, Albany, GA
- Direct Support Stock Control, Barstow, CA
- Business Logistics Support Department, Camp Lejeune, NC
- Direct Support Stock Control, Quantico, VA
- Consolidated Material and Service Center, Camp Pendleton, CA

Executive Summary

Significant Changes Since the FY 2008 President's Budget:

The decapitalization of fuel, the transfer of all budgeting and purchasing responsibilities, from SMAG to the Defense Energy Support Center (DESC) was completed at all sites. This budget includes obligation authority to sustain support through the transition period along with fuel that will not be decapitalized (JP-5 and diesel). Several Direct Support Stock Control (DSSC) sites plan to implement the Marine Corps Enterprise Supply Partnership with the General Services Administration (GSA). The DSSC's will no longer maintain consumable items that can be purchased via GSA. This will eliminate the requirement for the NWCF to support DSSC inventory. The budget includes obligation authority and sales to ensure DSSCs are operational during the transition.

Budget Highlights:

Operating Results

| Revenue/Expense/NOR/AOR (\$M) | FY 2008 | FY 2009 | FY 2010 |
|--------------------------------------|----------------|----------------|----------------|
| Net Revenue | 117.8 | 118.6 | 123.2 |
| Expenses | 119.9 | 116.1 | 120.6 |
| Net Operating Results | -2.1 | 2.5 | 2.6 |
| Other Changes Affecting AOR | 0.0 | 0.0 | 0.0 |
| Accumulated Operating Result (AOR) | -5.1 | -2.6 | 0.0 |

Revenue and Expenses: Annual Revenue and Expenses fluctuate slightly across budget years in relation to sales and obligations. The net result is a balanced budget that achieves a zero AOR in FY 2010.

Operating Results: The Navy Working Capital Fund Supply Management Activity Group operating results show no significant change from the FY 2008 President’s Budget.

Operations:

Cash Management:

| Collections/Disbursement/Outlays (\$M) | FY 2008 | FY 2009 | FY 2010 |
|---|----------------|----------------|----------------|
| Collections | 146.2 | 114.5 | 115.8 |
| Disbursements | 116.3 | 116.9 | 118.6 |
| Outlays | -29.9 | 2.4 | 2.8 |

Collections: FY 2008 Collections were higher due to increases in fuel costs and usage, a corrosive facility project at Camp Lejeune, an increase in hazardous material sales at DSSC Albany, and 202K additional Marine personnel at Camp Pendleton for a Joint Logistics Operations Tactical exercise between the Army and Marine Corps.

FY 2009 Collections decreased due to a reduction in NWCF use by several DSSCs transitioning to GSA and fuel capitalization.

FY 2010 Collections have fluctuated slightly across the budget years commensurate with fuel capitalization and several of the DSSCs transitioning to GSA.

Disbursements: Disbursements increase slightly across budget years and are based on increases in corresponding obligations.

Outlays: Outlays near zero across the budget years due to the effects of Collections and Disbursements.

Sales:

| Gross Sales | FY 2008 | FY 2009 | FY 2010 |
|--------------------|----------------|----------------|----------------|
| Wholesale | 55.7 | 72.2 | 78.4 |
| Retail | 67.7 | 54.2 | 52.8 |
| Total | 123.4 | 126.4 | 131.2 |

Wholesale: The FY 2008 Gross Sales decreased due to 1) The Fleet Marine Force (FMF) satisfying some requirements by redistributing assets among Repairable Issue Points under the Centralized Secondary Repairable Management concept; 2) The FMF is no longer supporting the Amphibious Assault Vehicle (AAV) in Iraq. Likewise, the AAV assets were fielded with sufficient spares, which minimized demand to the wholesale system. Wholesale Sales increase

between FY 2009 and FY 2010 due to increases in the Mine Resistant Ambush Protected Vehicle (MRAP), Fire Power Enhancement Program for the M1A1 Tank, Fire Suppression System for the Light Armored Vehicle (LAV), spares for the AN/PRC-148 and AN/VRC 111 Radios.

Retail: The FY 2008 Gross Sales decreased due to a gas mask repair and rebuild program instituted by the Joint Equipment Assessment Program (JEAP). Greater number of gas masks were repaired and not purchased new from the supply system. Gross Sales will continue to decrease across the budget years due to the DSSC's implementation of the Marine Corps Enterprise Supply Partnership with GSA as described above.

Metrics:

| | FY 2008 | FY 2009 | FY 2010 |
|------------------------------|---------|---------|---------|
| Items Managed | 4,080 | 3,945 | 3,945 |
| Requisitions Received | 4,475 | 4,609 | 4,565 |
| Receipts | 1,305 | 1,344 | 1,331 |
| Issues | 4,619 | 4,758 | 4,711 |
| Contracts Executed | 41 | 35 | 35 |
| Purchase Inflation | 1.9% | 1.3% | 1.2% |
| Supply Material Availability | 85% | 85% | 85% |

Undelivered Orders: Undelivered orders represent contracts or orders for goods for which a liability has not yet accrued. The accrual of the liability creates an outlay requirement.

| | FY 2008 | FY 2009 | FY 2010 |
|--------------------------|---------|---------|---------|
| Undelivered Orders (\$M) | 22.4 | 23.1 | 23.5 |

War Reserve Material (WRM): WRM funding supports the procurement, replenishment, reconstitution, stock and asset availability guarantee of consumable and reparable items deemed necessary for war reserve. FY 2008 WRM funding provided the means to bring the WRM inventory to required levels.

| | FY 2008 | FY 2009 | FY 2010 |
|----------------------------|---------|---------|---------|
| War Reserve Material (\$M) | 30.0 | 0.0 | 0.0 |

Performance Indicators: In addition to core metrics such as net and accumulated operating results, Supply Chain Channel Performance measures the capacity of the supply chain to respond to customer demand. The Marine Corps Supply Management Activity Group's primary performance indicators are:

| | FY 2008 | FY 2009 | FY 2010 |
|---------------------------------------|---------|---------|---------|
| Supply Chain Channel Performance | 73% | 80% | 80% |
| Report of Discrepancy | 0% | 0% | 0% |
| Report of Discrepancy Processing Time | 24 | 24 | 24 |

The FY 2008 Supply Chain Channel Performance is an anomaly due to the rapidity of the fielding of end items under the Urgent Universal Needs Statement (UNS). The sustainment plans for spares were being developed concurrently. Demands from customers were requested prior to delivery of spares and were not able to be filled as requisitions were received, therefore effecting the Supply Chain Channel Performance metric. Realization of the fulfillment plans for these items, especially through repair sources, enabled the clearing of many of these backorders within a repair cycle time.

Unit Cost:

| | FY 2008 | FY 2009 | FY 2010 |
|-----------|---------|---------|---------|
| Wholesale | .93 | .90 | .80 |
| Retail | .95 | .93 | .98 |

Composite Rates:

| | FY 2008 | FY 2009 | FY 2010 |
|------------------------------------|---------|---------|---------|
| Annual Price Change | 18.71% | 8.04% | 6.35% |
| Composite Cost Recovery Rate (CRR) | 17.77% | 24.70% | 29.63% |

The cost recovery rates increase due to higher labor and supplier costs. The Annual Price Change declined as a result of previous AOR gains. A 1% Annual Price Change is equal to approximately \$600K.

Staffing:

| Civilian/Military ES & Workyears | FY 2008 | FY 2009 | FY 2010 |
|----------------------------------|---------|---------|---------|
| Civilian End Strength | 24 | 24 | 24 |
| Civilian Workyears | 24 | 24 | 24 |
| Military End Strength | 0 | 0 | 0 |
| Military Workyears | 0 | 0 | 0 |

The Civilian and Military staffing remains constant through the budget period.

Capital Investment Program (CIP) Budget Authority:

The Marine Corps Supply Management Activity Group does not have a Capital Investment Program budget.

SM-1

Supply Management Summary by Division
 Department of the Navy
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)

Program Summary

| DIVISION | PEACETIME INVENTORY | NET CUSTOMER ORDERS | NET SALES | OBLIGATION TARGETS | | | TOTAL OBLIGATION | VARIABILITY TARGET | TARGET TOTAL | CREDIT SALES |
|----------|------------------------|---------------------------|--------------|--------------------|--------------|-------|---------------------|-----------------------|-----------------|-----------------|
| | | | | OPERATING | MOBILIZATION | OTHER | | | | |
| FY 2008 | | | | | | | | | | |
| Approved | 852.433 | 142.709 | 140.420 | 114.798 | 30.000 | 0.000 | 144.798 | 35.000 | 179.798 | 7.111 |
| Request | 924.733 | 114.577 | 117.758 | 110.757 | 29.988 | 0.000 | 140.744 | 35.000 | 175.745 | 5.635 |
| Delta | 72.300 | (28.132) | (22.662) | (4.042) | (0.012) | 0.000 | (4.054) | 0.000 | (4.054) | (1.476) |
| FY 2009 | | | | | | | | | | |
| Approved | 807.615 | 136.164 | 138.680 | 123.740 | 0.000 | 0.000 | 123.740 | 35.000 | 158.740 | 6.761 |
| Request | 903.185 | 115.452 | 118.598 | 107.556 | 0.000 | 0.000 | 107.556 | 35.000 | 142.556 | 7.761 |
| Delta | 95.570 | (20.712) | (20.082) | (16.184) | 0.000 | 0.000 | (16.184) | 0.000 | (16.184) | 1.000 |
| FY 2010 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 869.557 | 121.284 | 123.258 | 106.361 | 0.000 | 0.000 | 106.361 | 35.000 | 141.361 | 7.902 |
| Delta | 869.557 | 121.284 | 123.258 | 106.361 | 0.000 | 0.000 | 106.361 | 35.000 | 141.361 | 7.902 |

SM-1

Department of the Navy
Supply Management - Marine Corps
Supply Management Summary by Division
Fiscal Year (FY) 2010 Budget Estimates - May 2009
FY 2008

| DIVISION | PEACETIME INVENTORY | NET CUSTOMER ORDERS | NET SALES | OBLIGATION TARGETS | | | TOTAL OBLIGATION | VARIABILITY TARGET | TARGET TOTAL | CREDIT SALES |
|----------|---------------------|---------------------|-----------|--------------------|--------------|-------|------------------|--------------------|--------------|--------------|
| | | | | OPERATING | MOBILIZATION | OTHER | | | | |
| BP 21 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| BP 28 | | | | | | | | | | |
| Approved | 190.715 | 56.315 | 53.399 | 49.101 | 12.000 | 0.000 | 61.101 | 20.000 | 81.101 | 0.100 |
| Request | 228.823 | 58.220 | 59.565 | 53.337 | 12.000 | 0.000 | 65.337 | 20.000 | 85.337 | 0.060 |
| Delta | 38.108 | 1.905 | 6.166 | 4.236 | 0.000 | 0.000 | 4.236 | 0.000 | 4.236 | (0.040) |
| BP 38 | | | | | | | | | | |
| Approved | 0.838 | 16.435 | 16.435 | 16.346 | 0.000 | 0.000 | 16.346 | 0.000 | 16.346 | 0.000 |
| Request | 0.637 | 8.034 | 8.034 | 11.051 | 0.000 | 0.000 | 11.051 | 0.000 | 11.051 | 0.000 |
| Delta | (0.201) | (8.401) | (8.401) | (5.295) | 0.000 | 0.000 | (5.295) | 0.000 | (5.295) | 0.000 |
| BP 84 | | | | | | | | | | |
| Approved | 660.880 | 69.959 | 70.586 | 36.682 | 18.000 | 0.000 | 54.682 | 15.000 | 69.682 | 7.011 |
| Request | 695.273 | 48.323 | 50.159 | 36.444 | 17.988 | 0.000 | 54.432 | 15.000 | 69.432 | 5.575 |
| Delta | 34.393 | (21.636) | (20.427) | (0.238) | (0.012) | 0.000 | (0.250) | 0.000 | (0.250) | (1.436) |
| BP 91 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 12.669 | 0.000 | 0.000 | 12.669 | 0.000 | 12.669 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 9.925 | 0.000 | 0.000 | 9.925 | 0.000 | 9.925 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | (2.744) | 0.000 | 0.000 | (2.744) | 0.000 | (2.744) | 0.000 |
| TOTAL | | | | | | | | | | |
| Approved | 852.433 | 142.709 | 140.420 | 114.798 | 30.000 | 0.000 | 144.798 | 35.000 | 179.798 | 7.111 |
| Request | 924.733 | 114.577 | 117.758 | 110.757 | 29.988 | 0.000 | 140.744 | 35.000 | 175.745 | 5.635 |
| Delta | 72.300 | (28.132) | (22.662) | (4.042) | (0.012) | 0.000 | (4.054) | 0.000 | (4.054) | (1.476) |

SM-1

Department of the Navy
Supply Management - Marine Corps
Supply Management Summary by Division
Fiscal Year (FY) 2010 Budget Estimates - May 2009
FY 2009

| DIVISION | PEACETIME INVENTORY | NET CUSTOMER ORDERS | NET SALES | OBLIGATION TARGETS | | | TOTAL OBLIGATION | VARIABILITY TARGET | TARGET TOTAL | CREDIT SALES |
|----------|---------------------|---------------------|-----------|--------------------|--------------|-------|------------------|--------------------|--------------|--------------|
| | | | | OPERATING | MOBILIZATION | OTHER | | | | |
| BP 21 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| BP 28 | | | | | | | | | | |
| Approved | 189.783 | 51.118 | 52.602 | 47.865 | 0.000 | 0.000 | 47.865 | 20.000 | 67.865 | 0.100 |
| Request | 226.319 | 48.650 | 49.240 | 45.172 | 0.000 | 0.000 | 45.172 | 20.000 | 65.172 | 0.100 |
| Delta | 36.536 | (2.468) | (3.362) | (2.693) | 0.000 | 0.000 | (2.693) | 0.000 | (2.693) | 0.000 |
| BP 38 | | | | | | | | | | |
| Approved | 0.761 | 15.817 | 15.817 | 15.732 | 0.000 | 0.000 | 15.732 | 0.000 | 15.732 | 0.000 |
| Request | 0.645 | 4.894 | 4.894 | 4.891 | 0.000 | 0.000 | 4.891 | 0.000 | 4.891 | 0.000 |
| Delta | (0.116) | (10.923) | (10.923) | (10.841) | 0.000 | 0.000 | (10.841) | 0.000 | (10.841) | 0.000 |
| BP 84 | | | | | | | | | | |
| Approved | 617.071 | 69.229 | 70.261 | 47.261 | 0.000 | 0.000 | 47.261 | 15.000 | 62.261 | 6.661 |
| Request | 676.221 | 61.908 | 64.464 | 44.176 | 0.000 | 0.000 | 44.176 | 15.000 | 59.176 | 7.661 |
| Delta | 59.150 | (7.321) | (5.797) | (3.085) | 0.000 | 0.000 | (3.085) | 0.000 | (3.085) | 1.000 |
| BP 91 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 12.882 | 0.000 | 0.000 | 12.882 | 0.000 | 12.882 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 13.317 | 0.000 | 0.000 | 13.317 | 0.000 | 13.317 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | 0.435 | 0.000 | 0.000 | 0.435 | 0.000 | 0.435 | 0.000 |
| TOTAL | | | | | | | | | | |
| Approved | 807.615 | 136.164 | 138.680 | 123.740 | 0.000 | 0.000 | 123.740 | 35.000 | 158.740 | 6.761 |
| Request | 903.185 | 115.452 | 118.598 | 107.556 | 0.000 | 0.000 | 107.556 | 35.000 | 142.556 | 7.761 |
| Delta | 95.570 | (20.712) | (20.082) | (16.184) | 0.000 | 0.000 | (16.184) | 0.000 | (16.184) | 1.000 |

SM-1

Department of the Navy
Supply Management - Marine Corps
Supply Management Summary by Division
Fiscal Year (FY) 2010 Budget Estimates - May 2009
FY 2010

| DIVISION | PEACETIME INVENTORY | NET CUSTOMER ORDERS | NET SALES | OBLIGATION TARGETS | | | TOTAL OBLIGATION | VARIABILITY TARGET | TARGET TOTAL | CREDIT SALES |
|----------|------------------------|---------------------------|--------------|--------------------|--------------|-------|---------------------|-----------------------|-----------------|-----------------|
| | | | | OPERATING | MOBILIZATION | OTHER | | | | |
| BP 21 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| BP 28 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 226.351 | 47.458 | 47.559 | 46.683 | 0.000 | 0.000 | 46.683 | 20.000 | 66.683 | 0.100 |
| Delta | 226.351 | 47.458 | 47.559 | 46.683 | 0.000 | 0.000 | 46.683 | 20.000 | 66.683 | 0.100 |
| BP 38 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 0.644 | 5.176 | 5.175 | 5.119 | 0.000 | 0.000 | 5.119 | 0.000 | 5.119 | 0.000 |
| Delta | 0.644 | 5.176 | 5.175 | 5.119 | 0.000 | 0.000 | 5.119 | 0.000 | 5.119 | 0.000 |
| BP 84 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 642.562 | 68.650 | 70.524 | 40.916 | 0.000 | 0.000 | 40.916 | 15.000 | 55.916 | 7.802 |
| Delta | 642.562 | 68.650 | 70.524 | 40.916 | 0.000 | 0.000 | 40.916 | 15.000 | 55.916 | 7.802 |
| BP 91 | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 0.000 | 0.000 | 0.000 | 13.643 | 0.000 | 0.000 | 13.643 | 0.000 | 13.643 | 0.000 |
| Delta | 0.000 | 0.000 | 0.000 | 13.643 | 0.000 | 0.000 | 13.643 | 0.000 | 13.643 | 0.000 |
| TOTAL | | | | | | | | | | |
| Approved | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Request | 869.557 | 121.284 | 123.258 | 106.361 | 0.000 | 0.000 | 106.361 | 35.000 | 141.361 | 7.902 |
| Delta | 869.557 | 121.284 | 123.258 | 106.361 | 0.000 | 0.000 | 106.361 | 35.000 | 141.361 | 7.902 |

SM-3B

Navy Working Capital Fund
By Weapons System Category
Retail Centrally Managed
Supply Management - Marine Corps
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2008

| WEAPON SYSTEM | BASIC REPLEN | OUTFITS BP 28 | SPECIAL PROGRAMS | BASIC REWORK | TOTAL |
|---|-----------------|---------------|---------------------|-----------------|--------|
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 2.369 | | | | 2.369 |
| TOTAL ORDNANCE TANK AUTOMOTIVE | 2.369 | 0.000 | 0.000 | 0.000 | 2.369 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.000 | | | | 0.000 |
| TOTAL GUIDED MISSILES AND EQUIPMENT | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | | | | 0.000 |
| REPAIR & TEST EQUIPMENT | | 0.188 | | | 0.188 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.713 | | | | 0.713 |
| TOTAL COMMUNICATION AND ELECTRONICS | 0.713 | 0.188 | 0.000 | 0.000 | 0.901 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.004 | | | | 0.004 |
| TOTAL ENGINEER SUPPORT AND CONSTRUCTION | 0.004 | 0.000 | 0.000 | 0.000 | 0.004 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.959 | | | | 0.959 |
| TOTAL GENERAL PROPERTY | 0.959 | 0.000 | 0.000 | 0.000 | 0.959 |
| | | | | | 0.000 |
| TOTAL PROCUREMENT | 4.045 | 0.188 | 0.000 | 0.000 | 4.233 |
| WAR RESERVE | | | 12.000 | | 12.000 |
| TOTAL COST | 4.045 | 0.188 | 12.000 | 0.000 | 16.233 |

SM-3B

Navy Working Capital Fund
By Weapons System Category
Retail Centrally Managed
Supply Management - Marine Corps
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)
FY 2009

| WEAPON SYSTEM | BASIC REPLEN | OUTFITS BP 28 | SPECIAL PROGRAMS | BASIC REWORK | TOTAL |
|---|-----------------|---------------|---------------------|-----------------|-------|
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 1.709 | | | | 1.709 |
| TOTAL ORDNANCE TANK AUTOMOTIVE | 1.709 | 0.000 | 0.000 | 0.000 | 1.709 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.000 | | | | 0.000 |
| TOTAL GUIDED MISSILES AND EQUIPMENT | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.164 | | | | 0.164 |
| TOTAL COMMUNICATION AND ELECTRONICS | 0.164 | 0.000 | 0.000 | 0.000 | 0.164 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.248 | | | | 0.248 |
| TOTAL ENGINEER SUPPORT AND CONSTRUCTION | 0.248 | 0.000 | 0.000 | 0.000 | 0.248 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 2.677 | | | | 2.677 |
| TOTAL GENERAL PROPERTY | 2.677 | 0.000 | 0.000 | 0.000 | 2.677 |
| TOTAL PROCUREMENT | 4.798 | 0.000 | 0.000 | 0.000 | 4.798 |
| WAR RESERVE | | | | | 0.000 |
| TOTAL COST | 4.798 | 0.000 | 0.000 | 0.000 | 4.798 |

SM-3B

Navy Working Capital Fund
 By Weapons System Category
 Retail Centrally Managed
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)
 FY 2010

| WEAPON SYSTEM | BASIC REPLEN | OUTFITS BP 28 | SPECIAL PROGRAMS | BASIC REWORK | TOTAL |
|---|-----------------|---------------|---------------------|-----------------|-------|
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 1.750 | | | | 1.750 |
| TOTAL ORDNANCE TANK AUTOMOTIVE | 1.750 | 0.000 | 0.000 | 0.000 | 1.750 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.000 | | | | 0.000 |
| TOTAL GUIDED MISSILES AND EQUIPMENT | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.137 | | | | 0.137 |
| TOTAL COMMUNICATION AND ELECTRONICS | 0.137 | 0.000 | 0.000 | 0.000 | 0.137 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.248 | | | | 0.248 |
| TOTAL ENGINEER SUPPORT AND CONSTRUCTION | 0.248 | 0.000 | 0.000 | 0.000 | 0.248 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 2.877 | | | | 2.877 |
| TOTAL GENERAL PROPERTY | 2.877 | 0.000 | 0.000 | 0.000 | 2.877 |
| TOTAL PROCUREMENT | 5.012 | 0.000 | 0.000 | 0.000 | 5.012 |
| WAR RESERVE | | | | | 0.000 |
| TOTAL COST | 5.012 | 0.000 | 0.000 | 0.000 | 5.012 |

SM-3B

**NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2008
(DOLLARS IN MILLIONS)**

| WEAPON SYSTEM | BASIC REPLEN | OUTFITS | SPECIAL PROGRAMS | BASIC REWORK | TOTAL |
|---|--------------|---------|------------------|--------------|--------|
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 10.219 | | | 7.920 | 18.139 |
| TOTAL ORDNANCE TANK AUTOMOTIVE | 10.219 | 0.000 | 0.000 | 7.920 | 18.139 |
| TACTICAL REMOTE SENSOR SYSTEM (TRSS) | | 0.256 | | | 0.256 |
| REPAIR & TEST EQUIPMENT | | 0.522 | | | 0.522 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 0.000 | | | 0.140 | 0.140 |
| TOTAL GUIDED MISSILES AND EQUIPMENT | 0.000 | 0.778 | 0.000 | 0.140 | 0.918 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 6.655 | | | 7.450 | 14.105 |
| TOTAL COMMUNICATION AND ELECTRONICS | 6.655 | 0.000 | 0.000 | 7.450 | 14.105 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 2.535 | | | 0.507 | 3.042 |
| TOTAL ENGINEER SUPPORT AND CONSTRUCTION | 2.535 | 0.000 | 0.000 | 0.507 | 3.042 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | | | | 0.240 | 0.240 |
| TOTAL GENERAL PROPERTY | 0.000 | 0.000 | 0.000 | 0.240 | 0.240 |
| TOTAL PROCUREMENT | 19.409 | 0.778 | 0.000 | 16.257 | 36.444 |
| War Reserve | | | 17.988 | | 17.988 |
| TOTAL COST | 19.409 | 0.778 | 17.988 | 16.257 | 54.432 |

SM-3B

**NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2009
(DOLLARS IN MILLIONS)**

| WEAPON SYSTEM | BASIC REPLEN | OUTFITS | SPECIAL PROGRAMS | BASIC REWORK | TOTAL |
|---|-----------------|---------|---------------------|-----------------|--------|
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 12.505 | | | 8.650 | 21.155 |
| TOTAL ORDNANCE TANK AUTOMOTIVE | 12.505 | 0.000 | 0.000 | 8.650 | 21.155 |
| BASIC REPLEN/BASIC REWORK | 0.000 | | | 0.043 | 0.043 |
| TOTAL GUIDED MISSILES AND EQUIPMENT | 0.000 | 0.000 | 0.000 | 0.043 | 0.043 |
| COMPOSITE TRACKING NETWORK | | 2.988 | | | 2.988 |
| REPAIR & TEST EQUIPMENT | | 0.250 | | | 0.250 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 7.980 | | | 7.260 | 15.240 |
| TOTAL COMMUNICATION AND ELECTRONICS | 7.980 | 3.238 | 0.000 | 7.260 | 18.478 |
| BASIC REPLEN/BASIC REWORK | 4.062 | | | 0.318 | 4.380 |
| TOTAL ENGINEER SUPPORT AND CONSTRUCTION | 4.062 | 0.000 | 0.000 | 0.318 | 4.380 |
| BASIC REPLEN/BASIC REWORK | | | | 0.120 | 0.120 |
| TOTAL GENERAL PROPERTY | 0.000 | 0.000 | 0.000 | 0.120 | 0.120 |
| TOTAL PROCUREMENT | 24.547 | 3.238 | 0.000 | 16.391 | 44.176 |
| WAR RESERVE | | | 0.000 | | 0.000 |
| TOTAL COST | 24.547 | 3.238 | 0.000 | 16.391 | 44.176 |

SM-3B

**NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2010
(DOLLARS IN MILLIONS)**

| WEAPON SYSTEM | BASIC REPLEN | OUTFITS | SPECIAL PROGRAMS | BASIC REWORK | TOTAL |
|---|-----------------|---------|---------------------|-----------------|--------|
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 13.890 | | | 7.652 | 21.542 |
| TOTAL ORDNANCE TANK AUTOMOTIVE | 13.890 | 0.000 | 0.000 | 7.652 | 21.542 |
| BASIC REPLEN/BASIC REWORK | 0.000 | | | 0.000 | 0.000 |
| TOTAL GUIDED MISSILES AND EQUIPMENT | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| REPAIR & TEST EQUIPMENT | | 0.250 | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 8.279 | 0.250 | | 6.565 | 15.094 |
| TOTAL COMMUNICATION AND ELECTRONICS | 8.279 | 0.250 | 0.000 | 6.565 | 15.094 |
| | | | | | 0.000 |
| BASIC REPLEN/BASIC REWORK | 3.260 | | | 0.900 | 4.160 |
| TOTAL ENGINEER SUPPORT AND CONSTRUCTION | 3.260 | 0.000 | 0.000 | 0.900 | 4.160 |
| BASIC REPLEN/BASIC REWORK | | | | 0.120 | 0.120 |
| TOTAL GENERAL PROPERTY | 0.000 | 0.000 | 0.000 | 0.120 | 0.120 |
| TOTAL PROCUREMENT | 25.429 | 0.250 | 0.000 | 15.237 | 40.916 |
| WAR RESERVE | | | | | 0.000 |
| TOTAL COST | 25.429 | 0.250 | 0.000 | 15.237 | 40.916 |

SM-4

Inventory Status
 Program Summary
 Department of the Navy
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)
 FY 2008

| | <u>Total</u> | <u>Mobilization</u> | --- Peacetime --- | |
|---|--------------|---------------------|-------------------|--------------|
| | | | <u>Operating</u> | <u>Other</u> |
| 1. INVENTORY BOP | 879.516 | 80.196 | 358.519 | 440.801 |
| 2. BOP INVENTORY ADJUSTMENTS | 92.186 | 3.948 | 44.488 | 43.750 |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. PRICE CHANGE AMOUNT (memo) | 92.186 | 3.948 | 44.488 | 43.750 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 971.702 | 84.144 | 403.007 | 484.551 |
| 3. RECEIPTS AT STANDARD | 126.594 | 11.665 | 114.929 | 0.000 |
| 4. SALES AT STANDARD | 138.869 | 0.000 | 138.869 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | (1.741) | 0.001 | (34.030) | 32.288 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT + | 5.635 | 0.000 | 5.635 | 0.000 |
| C. RETURNS FROM CUSTOMERS W/O CREDIT | 271.333 | 1.315 | 28.405 | 241.613 |
| D. RETURNS TO SUPPLIERS (-) | (21.892) | 0.480 | 0.000 | (22.372) |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (128.438) | (0.017) | 0.000 | (128.421) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (30.123) | (0.004) | (0.020) | (30.099) |
| G. OTHER (list/explain) | (45.180) | (13.296) | (48.359) | 16.475 |
| H. TOTAL ADJUSTMENTS | 49.594 | (11.521) | (48.369) | 109.484 |
| 6. INVENTORY EOP | 1,009.021 | 84.288 | 330.698 | 594.035 |
| 7. INVENTORY EOP, REVALUED | 696.298 | 70.405 | 274.708 | 351.185 |
| A. ECONOMIC RETENTION (memo) | | | | 34.869 |
| B. CONTINGENCY RETENTION (memo) | | | | 110.994 |
| C. POTENTIAL DOD EXCESS (memo) | | | | 148.733 |
| 8. INVENTORY ON ORDER EOP (memo) | 68.970 | 20.474 | 44.611 | 3.885 |
| 9. NARRATIVE: | | | | |

Other adjustments (line 5g):

| | <u>Total</u> | <u>Mobilization</u> | <u>Operating</u> | <u>Other</u> |
|--------------------|--------------|---------------------|------------------|--------------|
| Other Gains/Losses | (45.180) | (13.296) | (48.359) | 16.475 |
| K3 Adjust | 0.000 | 0.000 | 0.000 | 0.000 |
| SIT Change | 0.000 | 0.000 | 0.000 | 0.000 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| | ---- | ---- | ---- | ---- |
| Total | (45.180) | (13.296) | (48.359) | 16.475 |

SM-4

Inventory Status
 Program Summary
 Department of the Navy
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)
 FY 2009

| (Dollars in Millions) | <u>Total</u> | <u>Mobilization</u> | --- Peacetime --- | |
|---|--------------|---------------------|-------------------|--------------|
| | | | <u>Operating</u> | <u>Other</u> |
| 1. INVENTORY BOP | 1,009.021 | 84.288 | 330.698 | 594.035 |
| 2. BOP INVENTORY ADJUSTMENTS | 58.556 | 3.093 | 19.133 | 36.330 |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. PRICE CHANGE AMOUNT (memo) | 58.556 | 3.093 | 19.133 | 36.330 |
| C. INVENTORY RECLASSIFIED AND REPRICED | 1,067.577 | 87.381 | 349.831 | 630.365 |
| 3. RECEIPTS AT STANDARD | 89.967 | 11.423 | 78.544 | 0.000 |
| 4. SALES AT STANDARD | 137.321 | 0.000 | 137.321 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | (3.285) | 0.000 | (3.285) | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT + | 7.761 | 0.000 | 7.761 | 0.000 |
| C. RETURNS FROM CUSTOMERS W/O CREDIT | 84.839 | 0.000 | 19.038 | 65.801 |
| D. RETURNS TO SUPPLIERS (-) | (33.491) | 0.000 | (0.150) | (33.341) |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (55.242) | 0.000 | (0.075) | (55.167) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (4.721) | 0.000 | 1.279 | (6.000) |
| G. OTHER (list/explain) | (14.095) | 0.000 | (14.983) | 0.888 |
| H. TOTAL ADJUSTMENTS | (18.234) | 0.000 | 9.585 | (27.819) |
| 6. INVENTORY EOP | 1,001.989 | 98.804 | 300.639 | 602.546 |
| 7. INVENTORY EOP, REVALUED | 610.997 | 67.466 | 240.567 | 302.964 |
| A. ECONOMIC RETENTION (memo) | | | | 34.988 |
| B. CONTINGENCY RETENTION (memo) | | | | 109.001 |
| C. POTENTIAL DOD EXCESS (memo) | | | | 144.546 |
| 8. INVENTORY ON ORDER EOP (memo) | 54.283 | 0.000 | 50.398 | 3.885 |
| 9. NARRATIVE: | | | | |
| Other adjustments (line 5g): | | | | |
| | <u>Total</u> | <u>Mobilization</u> | <u>Operating</u> | <u>Other</u> |
| Other Gains/Losses | (14.095) | 0.000 | (14.983) | 0.888 |
| K3 Adjust | 0.000 | 0.000 | 0.000 | 0.000 |
| SIT Change | 0.000 | 0.000 | 0.000 | 0.000 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| | ---- | ---- | ---- | ---- |
| Total | (14.095) | 0.000 | (14.983) | 0.888 |

SM-4

Inventory Status
 Program Summary
 Department of the Navy
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)
 FY 2010

| | <u>Total</u> | <u>Mobilization</u> | --- Peacetime --- | |
|---|--------------|---------------------|-------------------|--------------|
| | | | <u>Operating</u> | <u>Other</u> |
| 1. INVENTORY BOP | 1,001.989 | 98.804 | 300.639 | 602.546 |
| 2. BOP INVENTORY ADJUSTMENTS | (1.520) | 0.918 | 0.219 | (2.657) |
| A. RECLASSIFICATION CHANGE (memo) | 0.000 | 0.000 | 0.000 | 0.000 |
| B. PRICE CHANGE AMOUNT (memo) | (1.520) | 0.918 | 0.219 | (2.657) |
| C. INVENTORY RECLASSIFIED AND REPRICED | 1,000.469 | 99.722 | 300.858 | 599.889 |
| 3. RECEIPTS AT STANDARD | 80.448 | 0.200 | 80.248 | 0.000 |
| 4. SALES AT STANDARD | 141.936 | 0.000 | 141.936 | 0.000 |
| 5. INVENTORY ADJUSTMENTS | | | | |
| A. CAPITALIZATIONS + or (-) | (3.284) | 0.000 | (3.284) | 0.000 |
| B. RETURNS FROM CUSTOMERS FOR CREDIT + | 7.902 | 0.000 | 7.902 | 0.000 |
| C. RETURNS FROM CUSTOMERS W/O CREDIT | 93.839 | 0.000 | 35.038 | 58.801 |
| D. RETURNS TO SUPPLIERS (-) | (20.816) | 0.000 | (0.150) | (20.666) |
| E. TRANSFERS TO PROP. DISPOSAL (-) | (38.916) | 0.000 | (0.050) | (38.866) |
| F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-) | (5.682) | 0.000 | 1.271 | (6.953) |
| G. OTHER (list/explain) | (2.545) | 0.000 | (5.750) | 3.205 |
| H. TOTAL ADJUSTMENTS | 30.498 | 0.000 | 34.977 | (4.479) |
| 6. INVENTORY EOP | 969.479 | 99.922 | 274.147 | 595.410 |
| 7. INVENTORY EOP, REVALUED | 607.598 | 69.153 | 222.972 | 315.473 |
| A. ECONOMIC RETENTION (memo) | | | | 36.686 |
| B. CONTINGENCY RETENTION (memo) | | | | 113.790 |
| C. POTENTIAL DOD EXCESS (memo) | | | | 150.569 |
| 8. INVENTORY ON ORDER EOP (memo) | 53.527 | 0.000 | 49.642 | 3.885 |
| 9. NARRATIVE: | | | | |
| Other adjustments (line 5f): | | | | |
| | <u>Total</u> | <u>Mobilization</u> | <u>Operating</u> | <u>Other</u> |
| Other Gains/Losses | (2.545) | 0.000 | (5.750) | 3.205 |
| K3 Adjust | 0.000 | 0.000 | 0.000 | 0.000 |
| SIT Change | 0.000 | 0.000 | 0.000 | 0.000 |
| Strata Transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| | ---- | ---- | ---- | ---- |
| Total | (2.545) | 0.000 | (5.750) | 3.205 |

SM-5B

Customer Price Change
Wholesale Only
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2010 Budget Estimates - May 2009
(\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| 1. NET SALES AT COST | 58.527 | 58.813 | 60.517 |
| 2. LESS: MAT'L INFLATION ADJ. | 1.405 | 1.174 | 1.361 |
| 3. REVISED NET SALES | 57.122 | 57.639 | 59.156 |
| 4. SURCHARGE (\$) | 10.399 | 14.524 | 17.934 |
| 5. CHANGE TO CUSTOMERS | | | |
| a. PREVIOUS YEAR'S SURCHARGE (%) | 1.62% | 17.77% | 24.70% |
| b. THIS YEAR'S SURCHARGE AND MATERIAL INFLATION DIVIDED BY LINE 3 ABOVE (\$) | 20.63% | 27.24% | 32.62% |
| c. PERCENT CHANGE TO CUSTOMER | 18.71% | 8.04% | 6.35% |

SM-6

**War Reserve Material
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2010 Estimates - May 2009
(\$ in Millions)
FY 2008**

STOCKPILE STATUS

| | TOTAL | WRM PROTECTED | WRM OTHER |
|----------------------------|----------|------------------|--------------|
| 1. INVENTORY BOP @ STD | 80.196 | 80.196 | 0.000 |
| 2. PRICE CHANGE | 3.948 | 3.948 | 0.000 |
| 3. RECLASSIFICATION | 84.144 | 84.144 | 0.000 |
| INVENTORY CHANGES | | | |
| a. RECEIPTS @ STD | 11.665 | 11.665 | 0.000 |
| (1) PURCHASES | 11.665 | 11.665 | 0.000 |
| (2) RETURNS FROM CUSTOMERS | 0.000 | 0.000 | 0.000 |
| b. ISSUES @ STD | (0.017) | (0.017) | 0.000 |
| (1) SALES | 0.000 | 0.000 | 0.000 |
| (2) RETURNS TO SUPPLIERS | 0.000 | 0.000 | 0.000 |
| (3) DISPOSALS | (0.017) | (0.017) | 0.000 |
| c. ADJUSTMENTS @ STD | (11.521) | (11.521) | 0.000 |
| (1) CAPITALIZATIONS | 0.001 | 0.001 | 0.000 |
| (2) GAINS AND LOSSES | 0.000 | 0.000 | 0.000 |
| (3) OTHER | (11.522) | (11.522) | 0.000 |
| INVENTORY EOP | 84.288 | 84.288 | 0.000 |

STOCKPILE COSTS

| | | | |
|----------------------|-------|-------|-------|
| 1. STORAGE | 0.000 | 0.000 | 0.000 |
| 2. MANAGEMENT | 0.000 | 0.000 | 0.000 |
| 3. MAINTENANCE/OTHER | 0.000 | 0.000 | 0.000 |
| TOTAL COST | 0.000 | 0.000 | 0.000 |

WRM BUDGET REQUEST

| | | | |
|--------------------------------|--------|--------|-------|
| 1. OBLIGATIONS @ COST | | | |
| a. ADDITIONAL WRM INVESTMENT | 0.000 | 0.000 | 0.000 |
| b. REPLEN/REPAIR WRM REINVEST | 29.988 | 29.988 | 0.000 |
| c. STOCK ROTATION/OBSOLESCENCE | 0.000 | 0.000 | 0.000 |
| d. ASSEMBLE/DISASSEMBLE | 0.000 | 0.000 | 0.000 |
| e. OTHER | 0.000 | 0.000 | 0.000 |
| TOTAL REQUEST | 29.988 | 29.988 | 0.000 |

SM-6

**War Reserve Material
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2010 Estimates - May 2009
(\$ in Millions)
FY 2009**

STOCKPILE STATUS

| | TOTAL | WRM PROTECTED | WRM OTHER |
|----------------------------|--------|------------------|--------------|
| 1. INVENTORY BOP @ STD | 84.288 | 84.288 | 0.000 |
| 2. PRICE CHANGE | 3.093 | 3.093 | 0.000 |
| 3. RECLASSIFICATION | 87.381 | 87.381 | 0.000 |
| INVENTORY CHANGES | | | |
| a. RECEIPTS @ STD | 11.423 | 11.423 | 0.000 |
| (1) PURCHASES | 11.423 | 11.423 | 0.000 |
| (2) RETURNS FROM CUSTOMERS | 0.000 | 0.000 | 0.000 |
| b. ISSUES @ STD | 0.000 | 0.000 | 0.000 |
| (1) SALES | 0.000 | 0.000 | 0.000 |
| (2) RETURNS TO SUPPLIERS | 0.000 | 0.000 | 0.000 |
| (3) DISPOSALS | 0.000 | 0.000 | 0.000 |
| c. ADJUSTMENTS @ STD | 0.000 | 0.000 | 0.000 |
| (1) CAPITALIZATIONS | 0.000 | 0.000 | 0.000 |
| (2) GAINS AND LOSSES | 0.000 | 0.000 | 0.000 |
| (3) OTHER | 0.000 | 0.000 | 0.000 |
| INVENTORY EOP | 98.804 | 98.804 | 0.000 |

STOCKPILE COSTS

| | | | |
|----------------------|-------|-------|-------|
| 1. STORAGE | 0.000 | 0.000 | 0.000 |
| 2. MANAGEMENT | 0.000 | 0.000 | 0.000 |
| 3. MAINTENANCE/OTHER | 0.000 | 0.000 | 0.000 |
| TOTAL COST | 0.000 | 0.000 | 0.000 |

WRM BUDGET REQUEST

| | | | |
|--------------------------------|-------|-------|-------|
| 1. OBLIGATIONS @ COST | | | |
| a. ADDITIONAL WRM INVESTMENT | 0.000 | 0.000 | 0.000 |
| b. REPLEN/REPAIR WRM REINVEST | 0.000 | 0.000 | 0.000 |
| c. STOCK ROTATION/OBSOLESCENCE | 0.000 | 0.000 | 0.000 |
| d. ASSEMBLE/DISASSEMBLE | 0.000 | 0.000 | 0.000 |
| e. OTHER | 0.000 | 0.000 | 0.000 |
| TOTAL REQUEST | 0.000 | 0.000 | 0.000 |

SM-6

**War Reserve Material
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2010 Estimates - May 2009
(\$ in Millions)
FY 2010**

STOCKPILE STATUS

| | TOTAL | WRM PROTECTED | WRM OTHER |
|----------------------------|--------|------------------|--------------|
| 1. INVENTORY BOP @ STD | 98.804 | 98.804 | 0.000 |
| 2. PRICE CHANGE | 0.918 | 0.918 | 0.000 |
| 3. RECLASSIFICATION | 99.722 | 99.722 | 0.000 |
| INVENTORY CHANGES | | | |
| a. RECEIPTS @ STD | 0.200 | 0.200 | 0.000 |
| (1) PURCHASES | 0.200 | 0.200 | 0.000 |
| (2) RETURNS FROM CUSTOMERS | 0.000 | 0.000 | 0.000 |
| b. ISSUES @ STD | 0.000 | 0.000 | 0.000 |
| (1) SALES | 0.000 | 0.000 | 0.000 |
| (2) RETURNS TO SUPPLIERS | 0.000 | 0.000 | 0.000 |
| (3) DISPOSALS | 0.000 | 0.000 | 0.000 |
| c. ADJUSTMENTS @ STD | 0.000 | 0.000 | 0.000 |
| (1) CAPITALIZATIONS | 0.000 | 0.000 | 0.000 |
| (2) GAINS AND LOSSES | 0.000 | 0.000 | 0.000 |
| (3) OTHER | 0.000 | 0.000 | 0.000 |
| INVENTORY EOP | 99.922 | 99.922 | 0.000 |

STOCKPILE COSTS

| | | | |
|----------------------|-------|-------|-------|
| 1. STORAGE | 0.000 | 0.000 | 0.000 |
| 2. MANAGEMENT | 0.000 | 0.000 | 0.000 |
| 3. MAINTENANCE/OTHER | 0.000 | 0.000 | 0.000 |
| TOTAL COST | 0.000 | 0.000 | 0.000 |

WRM BUDGET REQUEST

| | | | |
|--------------------------------|-------|-------|-------|
| 1. OBLIGATIONS @ COST | | | |
| a. ADDITIONAL WRM INVESTMENT | 0.000 | 0.000 | 0.000 |
| b. REPLEN/REPAIR WRM REINVEST | 0.000 | 0.000 | 0.000 |
| c. STOCK ROTATION/OBSOLESCENCE | 0.000 | 0.000 | 0.000 |
| d. ASSEMBLE/DISASSEMBLE | 0.000 | 0.000 | 0.000 |
| e. OTHER | 0.000 | 0.000 | 0.000 |
| TOTAL REQUEST | 0.000 | 0.000 | 0.000 |

FUND - 11

Source of New Orders and Revenue
 Department of the Navy
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|--|----------------|----------------|----------------|
| 1. New Orders | | | |
| 1a. Orders from DoD Components: | | | |
| Own Component | | | |
| Military Personnel, M.C. | 0.000 | 0.000 | 0.000 |
| O & M, M.C. | 81.184 | 88.934 | 96.273 |
| O & M, M.C. Reserve | 0.000 | 0.000 | 0.000 |
| Reserve Personnel, M.C. | 0.000 | 0.000 | 0.000 |
| Procurement, M.C. | 13.270 | 4.295 | 3.388 |
| Other Services (O&M) | | | |
| Army | 6.391 | 4.265 | 4.134 |
| Air Force | 0.919 | 0.907 | 0.896 |
| Navy | 1.611 | 1.760 | 1.751 |
| All Other DOD | 0.762 | 0.094 | 0.095 |
| Subtotal | 104.137 | 100.255 | 106.537 |
| 1b. Orders from other Fund Business Areas: | | | |
| Navy Supply Management | 0.000 | 0.113 | 0.113 |
| M.C. Depot Maintenance | 13.690 | 17.692 | 17.381 |
| Subtotal | 13.690 | 17.805 | 17.494 |
| 1c. Total DoD | 117.827 | 118.060 | 124.031 |
| 1d. Other Orders: | | | |
| Other Federal Agencies | 0.260 | 0.263 | 0.265 |
| Foreign Military Sales | 2.125 | 4.890 | 4.890 |
| Non Federal Agencies | 0.000 | 0.000 | 0.000 |
| Subtotal | 2.385 | 5.153 | 5.155 |
| 1. Total New Orders | 120.212 | 123.213 | 129.186 |
| 2. Carry-In Orders | 13.624 | 10.443 | 7.297 |
| 3. Total Gross Orders: | 133.836 | 133.756 | 136.483 |
| 4. Funded Carry-over: | 10.443 | 7.297 | 5.323 |
| 5. Total Gross Sales: | 123.393 | 126.359 | 131.160 |

FUND-14

Revenue and Expenses
 Department of the Navy
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)

| | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> |
|---|----------------|----------------|----------------|
| Revenue | | | |
| Operations (Gross Sales) | 123.393 | 126.359 | 131.160 |
| Capital Surcharge | 0.000 | 0.000 | 0.000 |
| Depreciation except Maj Const | 0.000 | 0.000 | 0.000 |
| Major Construction Depreciation | 0.000 | 0.000 | 0.000 |
| Other Income | 0.000 | 0.000 | 0.000 |
| Refunds/Discounts | (5.635) | (7.761) | (7.902) |
| Total Income: | 117.758 | 118.598 | 123.258 |
| Expenses | | | |
| Cost of Materiel Sold from Inventory | 109.941 | 102.790 | 106.995 |
| Salaries and Wages: | | | |
| Military Personnel Compensation & Benefits | 0.000 | 0.000 | 0.000 |
| Civilian Personnel & Compensation & Benefits | 2.108 | 2.242 | 2.415 |
| Travel & Transportation of Personnel | 0.057 | 0.100 | 0.100 |
| Materials & Supplies (For internal Operations) | 0.000 | 0.000 | 0.000 |
| Mobilization | 0.000 | 0.000 | 0.000 |
| Other Purchases from Revolving Funds | 5.870 | 8.435 | 8.581 |
| Transportation of Things | 0.036 | 0.100 | 0.100 |
| Depreciation - Capital | 0.000 | 0.000 | 0.000 |
| Printing and Reproduction | 0.000 | 0.000 | 0.000 |
| Advisory and Assistance Services | 0.000 | 0.000 | 0.000 |
| Rent, Communication, Utilities, & Misc. Charges | 0.000 | 0.000 | 0.000 |
| Other Purchased Services | 1.854 | 2.440 | 2.447 |
| Total Expenses: | 119.866 | 116.107 | 120.638 |
| Operating Result: | (2.107) | 2.491 | 2.620 |
| Less Capital Surcharge Reservation | 0.000 | 0.000 | 0.000 |
| Plus Appropriations Affecting NOR/AOR - WRM | 0.000 | 0.000 | 0.000 |
| Other Changes Affecting NOR/AOR | 0.000 | 0.000 | 0.000 |
| Navy Cash Recovery | 0.000 | 0.000 | 0.000 |
| Net Operating Result: | (2.107) | 2.491 | 2.620 |
| Other Changes Affecting AOR | | | |
| Prior Year AOR | (3.004) | (5.111) | (2.620) |
| AOR Redistribution | 0.000 | 0.000 | 0.000 |
| Cash Factor | 0.000 | 0.000 | 0.000 |
| Accumulated Operating Result | (5.111) | (2.620) | 0.000 |

FUND-15

Fuel Data
 Department of the Navy
 Supply Management - Marine Corps
 Fiscal Year (FY) 2010 Budget Estimates - May 2009
 (\$ in Millions)

| | FY 2008 Actual Obligations | | FY 2009 Estimate | | FY 2010 Estimate | |
|-----------------------|----------------------------|------------|------------------|-----------|------------------|-----------|
| | BBLs | Unit Cost | BBLs | Unit Cost | BBLs | Unit Cost |
| Aircraft Ops | | | | | | |
| AVGAS (CONUS) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| MOGAS: Unleaded-Mid | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-4 Milspec | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-5 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-8 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Distillates | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Residuals | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Diesel | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Air Ops | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Other | | | | | | |
| AVGAS (CONUS) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| MOGAS: Lead | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| MOGAS: Unleaded-Mid | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-5 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-8 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Distillates | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Residuals | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Gasohol | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Reclaimed | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Diesel | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Other | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Ship Ops | | | | | | |
| MOGAS: Unleaded - Mid | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-5 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Distillates | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Residuals | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Reclaimed | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Diesel | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Ship Ops | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Vehicle Ops | | | | | | |
| AVGAS: (CONUS) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Unleaded - Regular | 18.695 | 134.820 | 13.175 | 89.740 | 13.330 | 91.560 |
| MOGAS: Unleaded-Mid | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-5 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| JP-8 | 26.366 | 132.110 | 18.230 | 87.780 | 18.444 | 89.460 |
| Distillates | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Gasohol | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| (Ethanol) Reclaimed | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| *Bio-Diesel | 4.952 | 135.770 | 4.365 | 90.300 | 4.820 | 91.980 |
| Propane | 10.369 | 128.870 | 17.344 | 85.820 | 17.733 | 87.360 |
| Diesel | 0.000 | 0.000 | 0.254 | 85.820 | 0.255 | 87.360 |
| Ultra LS (DSS) | 21.471 | 128.870 | 0.000 | 0.000 | 0.000 | 0.000 |
| Ultra LS (DVD) | 0.187 | 135.770 | 0.000 | 0.000 | 0.000 | 0.000 |
| Kerosene | 5.587 | 44.100 | 5.224 | 39.060 | 5.302 | 44.100 |
| Other (CNG) | | | | | | |
| Total Vehicle Ops | 87.627 | 11,051.015 | 58.592 | 4,891.023 | 59.884 | 5,119.123 |