

DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2009
BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
FEBRUARY 2008

NAVY WORKING CAPITAL FUND

NAVY WORKING CAPITAL FUND (NWCF)

NWCF activities provide a wide range of goods and services to support the Department's ongoing operations to maintain overall military readiness and in support of the Global War on Terrorism (GWOT). 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 2008 and FY 2009 is projected to exceed \$24 billion. No major changes to the business base are expected in FY 2009 over FY 2008 levels.

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. Costs related to supplying this material to the customer 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 principal source of readiness for U.S. Naval and Marine Corps forces, Supply Management delivers logistics programs in areas of supply operations, contracting, resale, transportation, ordnance, food service, and other quality of life programs. Customer demand remains strong. The Marine Corps is leading a joint program for procurement of spares for the Mine Resistant Ambush Protection (MRAP) vehicles while also supporting increased customer provisioning and replenishment spares requirements for other systems.

The Navy Enterprise Resource Planning initiative is the DON's business initiative to standardize business processes, integrate operations, and optimize management of resources. Navy ERP is scheduled to roll-out to the Navy Supply in FY 2010 and will provide better tools to assess program costs and implement cost reducing procedures. These efforts, along with reducing weapon systems average age, will stem spare parts demand growth and allow the Navy to provide improved logistics support at lower cost.

Depot Maintenance provides maintenance, engineering, and logistics support to ensure a core industrial resource base essential for mobilization and includes naval aviation depots, Marine Corps depots for ground combat support equipment, and naval shipyards prior to FY 2007.

The Naval Aviation Depots (NADEPs) are continuing their vital support for the GWOT including efforts such as repair of crash damaged aircraft and the reactivation of "mothballed" helicopters to replace others lost in Southwest Asia. The NADEPs are also working to shape their workforce to better match the expected workload during the budget years and are beginning the process of merging into the overall Fleet Readiness Center (FRC) organization. Under the FRC concept, some of the component repair that has traditionally been performed at the three NADEP locations will instead be done at the naval air stations where intermediate level maintenance is currently performed. Some NADEP artisans will be relocated to the air stations but no change in their status under the NWCF organizational and financial structures is currently anticipated.

The Marine Corps Depots experienced a large influx of GWOT related workload for performance in FY 2007. This was largely due to repair of combat-damaged equipment and weapons systems, and the installation of armor plating on combat vehicles. GWOT related workload is expected to continue through FY 2009.

Norfolk and Portsmouth Naval Shipyards were realigned to mission funding beginning in FY 2007. The Puget Sound mission-funded pilot prototype was also made permanent. Shipyard NWCF budget estimates reflect residual NWCF workload that was inducted at the shipyards prior to their transfer to mission funding. Residual NWCF workload is expected to be completed by FY 2008.

Research and Development includes the Warfare Centers (Air, Sea, Undersea, and Space applications) and the Naval Research Laboratory. All of these activities provide research and development for warfare systems, engineering support for major weapons systems acquisition programs, or provide scientific research for improving materials, facilities, and services to the DON. Workload at the R&D activities remains robust and relatively constant between FY 2008 and FY 2009, in excess of \$10 billion annually.

- 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.
- Naval Air Warfare Centers provide fleet support for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Centers provide 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 Centers provide 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

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC). The FECs (formerly known as Public Works Centers) provide base support to customers in the areas of utilities, facilities maintenance, and special projects. NFESC is a DON-wide technical center delivering quality products and services in energy and utilities, amphibious and expeditionary systems, environment, shore, ocean, and waterfront facilities.

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 Programs, 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 lifts for the Marine Expeditionary Forces. Transportation rates within the Military Sealift Command reflect the full implementation of peacetime force protection costs and cost containment measures to ensure more efficient operations. Activation changes include delivery of two additional T-AKE Class Dry Cargo/Ammunition ships in FY 2008 and two T-AKEs in FY 2009. Additionally, deactivations include one T-AFS Class Rescue and Salvage vessel in FY 2008 and two T-AFS in FY 2009.

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 NWCF cash balance tends to trend toward the lower end of the cash goal in FY 2009. This trend is due primarily to the cumulative effect of prior congressional actions, return of excess accumulated operating results (AOR) due to prior year gains, and conservative cash projections due to business impacts in the budget year.

(Dollars in millions)

<u>Revenue</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	5,594.8	5,784.9	5,875.1
Supply - Marine Corps	164.8	140.4	138.7
Depot Maintenance - Ships	686.8	41.3	0.0
Depot Maintenance - Aircraft	1,970.2	1,942.4	1,982.5
Depot Maintenance - Marine Corps	469.9	411.5	379.7
R&D - Air Warfare Center	2,956.7	2,933.6	3,001.1
R&D - Surface Warfare Center	3,570.3	3,492.0	3,545.6
R&D - Undersea Warfare Center	1,068.3	1,095.6	1,088.6
R&D - SPAWAR Systems Center	2,299.6	2,127.9	1,925.3
R&D - Naval Research Laboratory	628.7	647.4	662.9
Transportation - MSC	2,291.3	2,438.6	2,348.9
Base Support - FECs	2,270.6	2,579.1	2,683.3
Base Support - NFESC	99.2	101.2	101.5
Totals	24,071.1	23,735.9	23,733.2

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 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	5,509.1	6,531.0	6,670.1
Supply - Marine Corps	133.4	179.8	158.7
Depot Maintenance - Ships	726.8	42.9	0.0
Depot Maintenance - Aircraft	2,000.2	1,939.7	1,951.5
Depot Maintenance - Marine Corps	479.5	431.8	393.5
R&D - Air Warfare Center	2,964.7	2,925.5	3,028.9
R&D - Surface Warfare Center	3,566.8	3,489.2	3,562.2
R&D - Undersea Warfare Center	1,060.2	1,100.7	1,093.7
R&D - SPAWAR Systems Center	2,313.4	2,133.9	1,909.9
R&D - Naval Research Laboratory	618.8	659.0	673.5
Transportation - MSC	2,274.7	2,521.4	2,537.7
Base Support - FECs	2,308.0	2,589.6	2,648.9
Base Support - NFESC	104.5	101.2	102.3
Totals	24,060.3	24,645.6	24,731.0

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 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	-0.9	1.3	-1.7
Supply - Marine Corps	-9.9	-1.0	4.0
Depot Maintenance - Ships	-40.1	134.8	0.0
Depot Maintenance - Aircraft	-30.0	2.8	31.0
Depot Maintenance - Marine Corps	-9.7	-20.2	-13.9
R&D - Air Warfare Center	-7.9	8.1	-27.8
R&D - Surface Warfare Center	3.5	2.8	-16.6
R&D - Undersea Warfare Center	8.1	-5.1	-5.2
R&D - SPAWAR Systems Center	-13.8	-6.0	15.4
R&D - Naval Research Laboratory	6.9	-11.6	-10.6
Transportation - MSC	16.6	-82.9	-188.8
Base Support - FECs	-37.4	-10.5	34.4
Base Support - NFESC	-5.3	0.0	-0.8
Totals	-119.9	12.5	-180.4

(Dollars in millions)

<u>Accumulated Operating Results</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	0.4	1.7	0.0
Supply - Marine Corps	-3.0	-4.0	0.0
Depot Maintenance - Ships	-134.8	0.0	0.0
Depot Maintenance - Aircraft	-33.8	-31.0	0.0
Depot Maintenance - Marine Corps	34.1	13.9	0.0
R&D - Air Warfare Center	19.7	27.8	0.0
R&D - Surface Warfare Center	13.8	16.6	0.0
R&D - Undersea Warfare Center	10.2	5.2	0.0
R&D - SPAWAR Systems Center	-9.4	-15.4	0.0
R&D - Naval Research Laboratory	22.2	10.6	0.0
Transportation - MSC	271.6	188.8	0.0
Base Support - FECs	-23.9	-34.4	0.0
Base Support - NFESC	0.8	0.8	0.0
Totals	167.9	180.4	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 – PWC, 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 2008</u>	<u>FY 2009</u>
Supply - Navy	3.8%	3.2%
Supply - Marine Corps	7.8%	-1.4%
Depot Maintenance - Ships	na	na
Depot Maintenance - Aircraft	-3.4%	-2.2%
Depot Maintenance - Marine Corps	-18.2%	-15.3%
R&D - Air Warfare Center	2.0%	-3.5%
R&D - Surface Warfare Center	-1.6%	-2.6%
R&D - Undersea Warfare Center	-4.0%	-1.7%
R&D - SPAWAR Systems Center	0.4%	-3.1%
R&D - Naval Research Laboratory	6.0%	-0.4%
Transportation - MSC	4.9%	1.8%
Base Support - FECs	12.2%	2.3%
Base Support - NFESC	-2.9%	-0.1%

Treasury Cash Balance:

(Dollars in millions)

<u>Treasury Cash</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Beginning Cash Balance	1,244.5	1,156.4	937.7
Collections	23,779.6	23,882.5	23,698.3
Disbursements	23,995.0	24,062.2	23,831.3
Supplemental Appropriations			
Fuel	112.4	0.0	0.0
MSC Capital Hire Purchases	-101.0	-53.0	-16.6
Inventory Augmentation	83.5	14.0	0.0
War Reserve Material	32.4	0.0	0.0
Ending Cash Balance	1,156.4	937.7	788.1

Customer Rate Changes:

Approved composite rate changes from FY 2006 to FY 2007 and from FY 2007 to FY 2008 are displayed below. Proposed composite rate changes FY 2008 to FY 2009 (designed to achieve an accumulated operating result of zero) are as follows:

	(Percent Change)		
<u>Customer Rate Change</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply:			
Navy - Aviation Consumables	1.2%	6.3%	1.7%
Navy - Shipboard Consumables	3.8%	4.2%	1.2%
Navy - Aviation Repairables	2.2%	1.9%	1.9%
Navy - Shipboard Repairables	3.8%	4.2%	1.2%
MARCORPS Repairables	-13.0%	18.7%	8.0%
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	4.8%	2.5%	7.8%
Depot Maintenance - Marine Corps	-3.3%	3.1%	5.7%
R&D - Air Warfare Center	3.4%	1.4%	4.2%
R&D - Surface Warfare Center	3.5%	1.8%	2.9%
R&D - Undersea Warfare Center	3.5%	2.2%	2.8%
R&D - SPAWAR Systems Center	3.5%	2.7%	6.8%
R&D - Naval Research Laboratory	4.1%	2.3%	3.8%
Transportation - MSC			
Fleet Auxiliary	2.7%	8.7%	2.6%
Special Mission Ships	13.6%	-3.4%	18.7%
Afloat Prepositioning Ships	-29.5%	42.9%	-33.1%
Base Support - FECs			
East Coast Utilities	15.4%	6.0%	9.7%
East Coast - Other	3.6%	5.2%	3.2%
West Coast Utilities	3.2%	8.5%	6.2%
West Coast - Other	1.7%	4.2%	0.3%
Base Support - NFESC	-0.6%	6.8%	1.5%

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 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy (cost per unit of sales ¹):			
Wholesale	0.95	1.00	0.99
Retail	0.95	1.00	1.00
Supply - Marine Corps (cost per unit of sales ¹):			
Wholesale	1.20	0.73	0.87
Retail	0.97	0.94	0.93
Depot Maintenance - Ships (\$/Direct Labor Hour ²)	na	na	na
Depot Maintenance - Aircraft (\$/Direct Labor Hour)	171.72	172.61	177.82
Depot Maintenance - Marine Corps (\$/Direct Labor Hour)	122.54	135.02	145.33
R&D - Air Warfare Center (\$/Direct Labor Hour ²)	87.35	83.76	90.73
R&D - Surface Warfare Center (\$/Direct Labor Hour ²)	90.65	92.34	96.55
R&D - Undersea Warfare Center (\$/Direct Labor Hour ²)	92.41	96.10	99.72
R&D - SPAWAR Systems Center (\$/Direct Labor Hour ²)	95.09	95.84	103.56
R&D - Naval Research Laboratory (\$/Direct Labor Hour ²)	123.28	123.88	127.44
Transportation - MSC			
Fleet Auxiliary (\$/day) (\$000)	88.909	87.145	94.298
Special Mission Ships (\$/day) (\$000)	15.701	19.370	21.671
Afloat Prepositioning Ships (\$/day) (\$000)	71.276	87.383	77.534
Base Support - FECs Cost of Services	various	various	various
Base Support - NFESC (\$/direct Labor Hour ²)	98.07	98.58	98.25

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 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	7,743	7,718	7,718
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	9,381	9,401	8,990
Depot Maintenance - Marine Corps	2,063	1,992	1,899
R&D - Air Warfare Center	10,057	10,103	10,034
R&D - Surface Warfare Center	13,954	13,777	13,378
R&D - Undersea Warfare Center	3,945	3,795	3,708
R&D - SPAWAR Systems Center	6,131	6,129	5,990
R&D - Naval Research Laboratory	2,357	2,503	2,503
Transportation - MSC	5,796	6,256	6,135
Base Support - FECs	8,711	9,214	9,233
Base Support - NFESC	369	374	374
Totals	70,531	71,286	69,986

(Workyears in Whole Numbers)

<u>Civilian Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	7,768	7,713	7,713
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	9,466	9,485	9,151
Depot Maintenance - Marine Corps	2,086	2,012	1,908
R&D - Air Warfare Center	9,774	10,011	9,914
R&D - Surface Warfare Center	14,077	13,870	13,570
R&D - Undersea Warfare Center	3,981	3,789	3,723
R&D - SPAWAR Systems Center	5,966	6,084	5,948
R&D - Naval Research Laboratory	2,301	2,402	2,402
Transportation - MSC	7,459	7,807	7,821
Base Support - FECs	8,458	9,203	9,234
Base Support - NFESC	361	374	374
Totals	71,721	72,774	71,782

(Strength in Whole Numbers)

<u>Military End Strength</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	369	369	369
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	110	126	126
Depot Maintenance - Marine Corps	12	13	13
R&D - Air Warfare Center	211	198	198
R&D - Surface Warfare Center	293	279	275
R&D - Undersea Warfare Center	44	43	43
R&D - SPAWAR Systems Center	90	96	96
R&D - Naval Research Laboratory	82	72	72
Transportation - MSC	456	555	374
Base Support - FECs	78	78	78
Base Support - NFESC	3	3	3
Totals	1,748	1,832	1,647

(Workyears in Whole Numbers)

<u>Military Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	376	376	376
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	95	121	121
Depot Maintenance - Marine Corps	3	13	13
R&D - Air Warfare Center	164	134	149
R&D - Surface Warfare Center	205	239	236
R&D - Undersea Warfare Center	38	37	37
R&D - SPAWAR Systems Center	75	78	78
R&D - Naval Research Laboratory	76	66	55
Transportation - MSC	477	542	371
Base Support - FECs	76	78	78
Base Support - NFESC	3	3	3
Totals	1,588	1,687	1,517

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 Naval Aviation Depots 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, support 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>
Naval Aviation Depots:	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

In accordance with the President’s Management Agenda, Budget and Performance Integration initiative, these programs will be assessed using the Program Assessment Rating Tool (PART). Remarks regarding program performance improvement can be located at the Expectmore.gov website.

(Dollars in Millions)

<u>Capital Purchase Program</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	8.2	14.7	10.2
Supply - Marine Corps	0.0	0.0	0.0
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	38.9	43.1	40.8
Depot Maintenance - Marine Corps	4.0	5.1	4.9
R&D - Air Warfare Center	31.6	37.4	34.3
R&D - Surface Warfare Center	30.0	33.0	30.6
R&D - Undersea Warfare Center	15.9	15.4	15.6
R&D - SPAWAR Systems Center	8.9	8.7	7.9
R&D - Naval Research Laboratory	14.4	12.9	14.1
Transportation - MSC	12.0	14.4	14.3
Base Support - FECs	14.9	16.0	16.1
Base Support - NFESC	0.0	0.0	0.0
Totals	178.8	200.6	188.9
Equipment (Non-ADPE/Telecom)	84.3	104.3	94.9
ADPE and Telecommunications			
Equip	37.8	37.0	32.7
Software Development	23.0	24.7	18.7
Minor Construction	33.7	34.6	42.6
Totals	178.7	200.6	188.9

Depot Maintenance – Six Percent Capital Investment Plan

**Navy Working Capital Fund (NWCF)
Depot Maintenance – Six Percent Capital Investment Plan
Dollars in Millions**

	<u>Revenue</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>3-Year Average</u>			<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
	<u>04-06</u>	<u>05-07</u>	<u>06-08</u>				<u>4%</u>	<u>5%</u>	<u>6%</u>
Revenue									
Working Capital Fund	2,397.4	2,361.1	2,379.5	88.5	86.0	102.5			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	2,397.4	2,361.1	2,379.5				95.9	118.1	142.8
Working Capital Fund Depot Maintenance Investment									
WCF Capital Investment Program				43.1	48.2	45.7			
Sustainment, Restoration and Modernization				37.0	30.4	31.7			
DLA/Army/Air Force Fund Equipment				<u>8.4</u>	<u>7.4</u>	<u>8.2</u>			
Total WCF Investment				88.5	86.0	85.7			
Appropriated Funding									
MILCON				0.0	0.0	16.8			
Component Total				88.5	86.0	102.5			

The table above reflects data for two NWCF activity groups: the Naval Aviation Depots 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.

INSERT TAB HERE

NAVAL SHIPYARDS

Naval Shipyards

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
DEPOT MAINTENANCE - NAVAL SHIPYARDS**

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 2007 through 2009. 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 (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue	\$686.7	\$41.3	\$0.0
Cost of Goods and Services	\$726.8	\$42.9	\$0.0
Operating Results	-\$40.1	-\$1.5	\$0.0
Other Changes Affecting AOR	-\$0.4	+\$136.3	\$0.0
Accumulated Operating Results (AOR)	-\$134.8	\$0.0	\$0.0

Revenue/Expense/Operating Results

This budget reflects actual FY 2007 residual NWCF costs of \$726.8 million, and estimated costs of \$42.9 million and \$0.0 million in FY 2008, and FY 2009, respectively for work that was funded and inducted at Portsmouth Naval Shipyard and Norfolk Naval Shipyard prior to FY 2007.

FY 2007 net operating results of -\$40.1 million are \$38.0 million below the estimate in the FY 2008 President's Budget. Fixed price losses at Norfolk Naval Shipyard, primarily for the SSBN 729 USS GEORGIA FY 05 Extended Refueling Overhaul (~ -\$32 million) and the SSN 766 USS CHARLOTTE FY 05 Depot Maintenance Period (~ -\$9 million), are the main reasons for the variance.

DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE / SHIPYARDS
REVENUE AND EXPENSE
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
DATE: FEBRUARY 2008
DOLLARS IN MILLIONS

	FY 2007 CON	FY 2008 CON	FY 2009 CON
Revenue:			
Gross Sales			
Operations	686.8	41.3	.0
Surcharges	.0	.0	.0
Depreciation excluding Major Construction	.0	.0	.0
Other Income			
Total Income	686.8	41.3	.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	.0	.0	.0
Civilian Personnel	.5	.0	.0
Travel and Transportation of Personnel	8.0	.0	.0
Material & Supplies (Internal Operations)	70.3	.0	.0
Equipment	.0	.0	.0
Other Purchases from NMCF	.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	633.1	34.1	.0
Total Expenses	711.9	34.1	.0
Work in Process Adjustment	15.7	8.7	.0
Comp Work for Activity Retention Adjustment	-.8	.0	.0
Cost of Goods Sold	726.8	42.9	.0
Operating Result	-40.1	-1.5	.0
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	136.3	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-40.1	134.8	.0
Other Changes Affecting AOR	-.4	.0	.0
Accumulated Operating Result	-134.8	.0	.0

Exhibit Fund-14 Revenue and Expenses

Activity Group Capital Investment Summary
Component: Department of the Navy
Activity Group: Depot Maintenance - Shipyards
Fiscal Year (FY) 2009 Budget Estimates

February 2008
(\$ in Millions)

Line Num	Description	FY 2007		FY 2008		FY 2009	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
1.0	Non ADP						
	Replacement		-		-		-
	Productivity		-		-		-
	New Mission		-		-		-
	Environmental		-		-		-
	Non ADP Total:		-		-		-
2.0	ADP						
	Hardware		-		-		-
	Telecommunications Equip.		-		-		-
	Other Support Equip.		-		-		-
	ADP Total:		-		-		-
3.0	Software						
	Software Projects > \$1.000M		-		-		-
	Software Projects < \$1.000M		-		-		-

Activity Group Capital Investment Summary
Component: Department of the Navy
Activity Group: Depot Maintenance - Shipyards
Fiscal Year (FY) 2009 Budget Estimates

February 2008
(\$ in Millions)

Line Num	Description	FY 2007		FY 2008		FY 2009	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Software Total:		-		-		-
4.0	Minor Construction						
	Replacement		-		-		-
	Productivity		-		-		-
	New Mission		-		-		-
	Environmental		-		-		-
	Minor Construction Total:		-		-		-
	Grand Total:		-		-		-
	Total Capital Outlays:		28.2		10.6		6.9
	Total Depreciation Expense:		-		-		-

INSERT TAB HERE

NAVAL AVIATION DEPOTS

Naval Aviation Depots

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Naval Aviation Enterprise. The Naval Air Depots (NAVAIRDEPOTS) 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>
NAVAIRDEPOT, Cherry Point	Cherry Point, NC
NAVAIRDEPOT, Jacksonville	Jacksonville, FL
NAVAIRDEPOT, North Island	San Diego, CA

BUDGET HIGHLIGHTS

General

The NAVAIRDEPOTS provide significant support to Fleet operations by overhauling and repairing a wide range of equipment and components. Their efforts include important workload related to the Global War on Terrorism (GWOT) such as the repair of crash damaged AV-8B and F/A-18 aircraft. The NAVAIRDEPOTS are also restoring “mothballed” CH-53 helicopters to operational status.

FY 2007 Net Operating Results (NOR) were -\$30.0 million, a variance of \$34.5 million from the FY 2008 President’s Budget that occurred primarily due to increased costs of aircraft repair and overhaul. The NAVAIRDEPOTS have been budgeted to have a positive NOR of \$2.8 million in FY 2008, which is consistent with the estimate in the FY2008 President’s Budget. In FY 2009 \$31.0 million is the budgeted NOR.

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008

<u>Summary of Operations- Open NAVAIRDEPOTS</u>	(\$ in Millions)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Orders	2,098.6	1,751.4	1,943.6
Revenue	1,970.2	1,942.4	1,982.5
Cost of Goods and Services	2,000.2	1,939.7	1,951.5
Revenue less Costs (NOR)	-30.0	2.8	31.0
Transfers	1.9	0.0	0.0
Total Fiscal Year Change AOR	-28.1	2.8	31.0
Accumulated Operating Result (AOR)	-33.8	-31.0	0.0

Orders. New reimbursable orders for FY 2007, FY 2008, and FY 2009 are \$2,098 million, \$1,751 million, and \$1,943 million respectively. FY 2007 new reimbursable orders include the receipt of Supplemental funding. FY 2008 and FY 2009 New Reimbursable Orders have decreased \$37.6 million and increased \$178.1 million from the FY 2008 President's Budget mainly attributed to the Components program.

Revenue. Revenue is \$1,970 million for FY 2007, \$1,942 million for FY 2008, and \$1,983 million for FY 2009.

Costs. Cost of Operations is \$2,000 million in FY 2007, \$1,940 million in FY 2008, and \$1,952 million in FY 2009.

Revenue less cost. Revenue less cost for FY 2007, FY 2008, and FY 2009 is -\$30.0 million, \$2.8 million, and \$31.0 million, respectively.

Net Cash Outlays.

	(In millions)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Collections	\$1,954.4	\$1,927.4	\$1,966.5
Disbursements	\$1,931.8	\$1,961.3	\$1,933.0
Net Outlays	-\$22.6	\$33.9	\$-33.5

Stabilized Customer Rates.

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Composite Hourly Rate	\$174.96	\$179.40	\$193.44
Percent Year to Year Change	4.8%	2.5%	7.8%

**FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008**

Unit Cost Goals. The budget reflects the following FY 2007-2009 unit cost goals:

(\$ and DLHs in Millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Total Operating Cost	\$1,994.73	\$1,937.40	\$1,952.49
Direct Labor Hours (DLH)	11.616	11.224	10.980
Unit Cost	\$171.72	\$172.61	\$177.82
% Change Workload/DLHs		-3.4%	-2.2%
% Change Unit Cost		0.5%	3.0%

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

SUMMARY OF PERSONNEL RESOURCES

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Civilian Personnel:			
End Strength	9,379	9,401	8,990
FTE Workyears	9,624	9,484	9,151
Military Personnel:			
End Strength	110	121	121
Workyears	95	121	121
Contractor Personnel:			
Workyears	856	1,178	1,329

The NAVAIRDEPOTS budget reflects civilian workforce levels necessary to accommodate firm workload without the use of excessive overtime. The NAVAIRDEPOTS are using an aggressive VSIP strategy to assist in shaping the workforce. Contract personnel are used by the NAVAIRDEPOTS to address perturbations in workload. The purpose of the workforce shaping efforts are to increase the agility of the Naval Aviation Depot Enterprise to better manage demand fluctuations.

**FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008**

SUMMARY OF WORKLOAD INDICATORS:

	(Inducted Units)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
AIRFRAMES	<u>569</u>	<u>518</u>	<u>541</u>
O&M,N	510	448	478
O&M,NR	49	62	47
RDT&E	6	5	13
Other	4	3	3
ENGINES	<u>1,204</u>	<u>1,114</u>	<u>1,313</u>
O&M,N	1,120	1,064	1,261
O&M,NR	27	9	16
RDT&E	15	15	12
Other	42	26	24

PERFORMANCE INDICATORS:

	<u>Goal</u>	<u>(Units)</u>		<u>FY2009</u>
		<u>FY2007</u>	<u>FY2008</u>	
Aircraft Scheduled		586	561	551
Aircraft Completed on Time		527	505	496
% Scheduled Work Completed on Time	90%	90%	90%	90%
Components Scheduled		66,060	54,098	53,737
Components Completed on Time		62,757	51,393	51,050
% Scheduled Work Completed on Time	95%	95%	95%	95%
Engines Scheduled		1,437	1,132	1,318
Engines Completed on Time		1,293	1,019	1,186
% Scheduled Work Completed on Time	90%	90%	90%	90%

**FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008**

SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP).

	(\$ in Millions)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Equipment-non ADPE &TELECOM	25.549	27.958	25.613
Equipment-ADPE &TELECOM	4.234	5.832	5.520
Software Development	5.174	3.400	3.000
Minor Construction	3.917	5.895	6.702
Total	\$38.874	\$43.085	\$40.835

CARRYOVER

The NAVAIRDEPOTS are above the outlay-based carryover ceiling for FY 2007 due to GWOT related workload. FY 2008 and FY 2009 are below the ceiling.

	(Dollars in Millions)		
Depot Maintenance - Aircraft	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
New Orders	\$2,098.6	\$1,751.4	\$1,943.6
Less Exclusions:			
Foreign Military Sales	\$35.6	\$27.7	\$28.2
Base Realignment & Closure	\$3.3	\$2.7	\$2.7
Other Federal Depts & Agencies	\$1.3	\$5.8	\$6.0
Non-Federal & Others	\$65.3	\$88.8	\$82.0
Major Range & Test Facility Base	\$0.0	\$0	\$0.0
Orders for Carryover Calculation	\$1,993.0	\$1,626.5	\$1,824.8
Composite Outlay Rate	67.9%	66.4%	67.0%
Carryover Ceiling Rate	32.0%	33.6%	32.9%
Carryover Ceiling	\$639.3	\$546.8	\$601.3
Balance of Customer Orders at Yr End	\$812.9	\$621.8	\$583.0
Less WIP	\$27.1	\$24.7	\$25.7
Less Exclusions:			
Foreign Military Sales	\$28.0	\$24.8	\$24.8
Base Realignment & Closure	\$2.5	\$3.1	\$3.1
Other Federal Depts & Agencies	\$13.0	\$3.9	\$1.3
Non-Federal & Others	\$20.2	\$22.3	\$18.8
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Carryover Budget	\$722.1	\$543.1	\$509.2

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Revenue and Expenses
Activity: Naval Air Depots
February 2008
(\$ in Millions)

	FY 2007 CON	FY 2008 CON	FY 2009 CON
Revenue:			
Gross Sales			
Operations	1,926.9	1,898.5	1,939.5
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	43.3	43.9	42.9
Other Income			
Total Income	1,970.2	1,942.4	1,982.5
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	9.1	9.4	9.7
Civilian Personnel	781.7	803.5	792.6
Travel and Transportation of Personnel	21.0	20.4	21.6
Material & Supplies (Internal Operations	521.2	566.0	565.6
Equipment	288.7	204.7	209.9
Other Purchases from NMCF	16.1	14.7	14.7
Transportation of Things	2.9	3.2	3.4
Depreciation - Capital	43.2	43.9	42.9
Printing and Reproduction	2.5	2.5	2.5
Advisory and Assistance Services	10.5	.1	.1
Rent, Communication & Utilities	38.2	42.6	42.8
Other Purchased Services	259.7	226.5	246.7
Total Expenses	1,994.7	1,937.4	1,952.5
Work in Process Adjustment	13.5	2.3	-1.0
Comp Work for Activity Reten Adjustment	-8.1	.0	.0
Cost of Goods Sold	2,000.2	1,939.7	1,951.5
Operating Result	-30.0	2.8	31.0
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	-30.0	2.8	31.0
Other Changes Affecting AOR	1.9	.0	.0
Accumulated Operating Result	-33.8	-31.0	.0

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Source of Revenue
Activity: Naval Air Depots
February 2008

	FY 2007 CON -----	FY 2008 CON -----	FY 2009 CON -----
1. New Orders	2,099	1,751	1,944
a. Orders from DoD Components	1,320	1,033	1,187
Department of the Navy	1,289	999	1,156
O & M, Navy	999	701	850
O & M, Marine Corps	0	0	0
O & M, Navy Reserve	50	57	52
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	213	217	219
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	0	1	1
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	25	22	32
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0	1
Other Marine Corps Appropriations	0	0	0
Department of the Army	1	1	1
Army Operation & Maintenance	1	1	1
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	24	24	23
Air Force Operation & Maintenance	21	22	21
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	3	2	2
Air Force Other	0	0	0
DOD Appropriation Accounts	7	8	7
Base Closure & Realignment	3	3	3
Operation & Maintenance Accounts	2	4	2
Res, Dev, Test & Eval Accounts	1	2	1
Procurement Accounts	1	0	0
Defense Emergency Relief Fund	0	0	0
DCD Other	0	0	0
b. Orders from other WCF Activity Groups	676	596	640
c. Total DoD	1,996	1,629	1,827
d. Other Orders	102	122	116
Other Federal Agencies	1	6	6
Foreign Military Sales	36	28	28
Non Federal Agencies	65	89	82

Fiscal Year (FY) 2009 Budget Estimates
 Navy Working Capital Fund
 Source of Revenue
 Activity: Naval Air Depots
 February 2008

	FY 2007 CON -----	FY 2008 CON -----	FY 2009 CON -----
2. Carry-In Orders	685	813	622
3. Total Gross Orders	2,783	2,564	2,565
a. Funded Carry-Over before Exclusions	813	622	583
b. Total Gross Sales	1,970	1,942	1,982
4. End of Year Work-In-Process (-)	-27	-25	-26
5. Non-DoD, ERAC, FMS, Inst. MRIFB (-)	-64	-54	-48
6. Net Funded Carryover	722	543	509

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

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Changes in the Cost of Operations
Activity Group: Naval Air Depot (NAVAIRDEPOTS)
Date: February 2008
Dollars in Millions

	Total Costs
FY 2007 Actuals	1,994.7
FY 2008 President's Budget	1,829.7
Pricing Adjustments:	3.1
Annualization of Pay Raises	0.0
Civilian Personnel	0.0
Military Personnel	0.0
Pay Raise	2.4
Civilian Personnel	2.4
Military Personnel	0.0
Fuel Changes	2.2
Material/Supplies/Equipment	-0.3
Intrafund	0.0
Travel/Transportation	0.0
Other Purchases	-1.2
Efficiency Initiatives	-2.4
Program Changes:	99.6
Airframes work	30.1
Engines work	13.9
Components work	38.6
Other Support work	11.3
Modification work	5.8
Logistics/Engineering work	-0.1
Other Changes	7.4
Depreciation	1.0
FECA	-0.9
Aircraft Rework by Contract	2.3
Facility Maintenance	2.2
DISA Megacenter	0.5
Equipment Maintenance	1.1
Other	1.2
FY 2008 Estimate:	1,937.4

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Changes in the Cost of Operations
Activity Group: Naval Air Depot (NAVAIRDEPOTS)
Date: February 2008
Dollars in Millions

	Total Costs
FY 2008 Estimate:	1,937.4
Pricing Adjustments:	43.1
Annualization of Pay Raises	7.4
Civilian Personnel	7.3
Military Personnel	0.1
Pay Raise	16.9
Civilian Personnel	16.7
Military Personnel	0.2
Fuel Changes	-2.4
Material/Supplies/Equipment	14.3
Intrafund	1.9
Travel/Transportation	0.2
Other Purchases	4.8
 Productivity Initiatives	 0.0
 Program Changes:	 -27.1
Airframes work	-38.0
Engines work	10.4
Components work	-6.9
Other Support work	4.2
Modification work	3.1
Logistics/Engineering work	0.1
 Other Changes	 -0.9
Depreciation	-0.9
One Less Paid Day	-3.1
FECA	0.3
Other	2.8
 FY 2009 Estimate:	 1,952.5

Activity Group Capital Investment Summary
 Department of the Navy
 NADEPS
 FY09 PRES BUDGET
 \$ in Millions

Line #	Description	FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment - Replacement Capability - Productivity Capability - New Mission Capability - Environmental Capability	42	25.549	46	27.458	42	24.563
2	ADPE and Telecom Equipment - Computer Hardware (Production) - Computer Software (Operating) - Telecommunications - Other Computer & Telecom Spt Equip	1	0.347	3	1.618	3	1.260
		3	3.887	4	4.214	3	4.260
3	Software Development - Projects = or > \$1M (List Separately) - Projects < \$1M	6	4.200	3	3.000	3	3.000
		3	0.974	1	0.400		
4	Minor Construction - Replacement Capability - Productivity Capability - New Mission Capability - Environmental Capability	7	3.792	11	3.795	12	4.602
		2	0.125	9	2.100	9	2.100
	Grand Total	64	\$38.874	79	\$43.085	75	\$40.835
	Total Capital Outlays		\$25.215		\$48.303		\$33.166
	Total Depreciation Expense		\$43.250		\$43.900		\$42.934

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES					
		FY 2009 PRES BUDGET		FY 2009 BUDGET ESTIMATES			
Department of the Navy / Naval Air Systems Command		#001 - Non-ADPE and Telecommunications / Replacement Capabilities		Naval Air Depots			
		FY 2007		FY 2008		FY 2009	
		Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost
Non-ADPE and Telecommunications Equipment							
Replacement Equipment							
Total		42	25,549	46	27,458	42	24,563
		42	25,549	46	27,458	42	24,563
Justification:							
<p>1) The existing equipment allows the three Naval Air Depots 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, S-3 Viking, 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) The proposed capital investments maintain the Depot's 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, fixtures, grinders, laboratory and production test equipment, paint equipment, furnaces, autoclaves, cleaning and plating equipment and foundry equipment. Replacement of this equipment will continue to maintain the Depot's 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. The new equipment directly replaces old, worn out, existing equipment required to maintain the depots infrastructure.</p> <p>5) If the equipment is not replaced the Naval Air Depots would lose the capability to perform their mission.</p>							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES					
(\$ in Thousands)		FY 2009 PRES BUDGET		Naval Air Depots			
Department of the Navy / Naval Air Systems Command		#001 - Non-ADPE and Telecommunications / New Mission Capabilities					
		FY 2007		FY 2008		FY 2009	
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Non-ADPE and Telecommunications Equipment							
New Mission Equipment		2	250	500	3	350	1,050
Total		2	250	500	3	350	1,050
Justification:							
<p>1) The existing equipment allows the three Naval Air Depots 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, S-3 Viking, 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) 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 new storage areas to provide workers with the basic equipment needed to perform their tasks. Powder coating will be added to improve the paint shops capacity. A closed circuit security system is inadequate and will be upgraded.</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 depot's 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) 2009 BUDGET ESTIMATES			
Department of the Navy / Naval Air Systems Command		FY 2009 PRES BUDGET		Naval Air Depots	
#002 - ADPE and Telecommunications Capabilities		FY 2007		FY 2008	
		Quant	Total Cost	Quant	Total Cost
		Unit		Unit	
		Cost		Cost	
ADPE and Telecommunications Equipment					
Computer Hardware (Production)		1	347	3	1,618
Computer Software (Operating System)		3	1,296	4	4,214
Other Computer & Telecommunications Spt Equipment		4	1,643	7	5,832
Total					
Justification:		<p>ROJECTS ABOVE \$1M: (All in OTHER EQUIPMENT category)</p> <p>FY07</p> <p>1. DEFENSE MAINTENANCE SYSTEM HARDWARE UPGRADE \$1.500M CHERRY POINT</p> <p>1) The existing system provides Data Management (DM) services to the depot.</p> <p>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.</p> <p>3) An economic analysis has been performed.</p> <p>4) A cost avoidance of \$575,661 per year will begin in FY08.</p> <p>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.</p> <p>2. SYSTEM HARDWARE SWITCH \$1.485M JACKSONVILLE</p> <p>1) The existing system provides telephone and voice messaging to Building 101.</p> <p>2) This proposed telephone switch will provide NADEP Jax Building 101 with a homogenous telephone system sized to serve the entire building, will provide voice messaging to all phones, and will be capable of transition into IP telephony.</p> <p>3) An economic analysis has been performed.</p> <p>4) A savings of \$21,750 and cost avoidance of \$547,000 per year will begin in FY08.</p> <p>5) If not acquired, existing equipment will no longer be supportable. Vendors currently providing remanufactured parts will stop providing this service in the near future when it becomes unprofitable (system is too old). Phone services will be diminished critically below current levels and would impact efficiency of all day-to-day operations.</p>			

FY08

1. WEB SERVER CONSOLIDATION (CARZ)

- 1) The existing system provides Data Management (DM) services to the depot.
- 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 has not been determined.
- 5) If not acquired, the mandated project will not be executed.

2. DEFENSE MAINTENANCE SYSTEM UPGRADE PHASE II \$1.51M CHERRY POINT

- 1) The existing system provides Data Management (DM) services to the depot.
- 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.

FY09

1. DEFENSE MAINTENANCE SYSTEM UPGRADE PHASE III \$1.51M CHERRY POINT

- 1) The existing system provides Data Management (DM) services to the depot.
- 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.

2. UPGRADE UNIX SERVER #2 \$1.5M NORTH ISLAND

- 1) The existing system provides DM services to the depot.
- 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.

3. STORAGE ARRAY EXPANSION \$1.25M NORTH ISLAND

- 1) The existing equipment provides inventory and labor management data to the depot.
- 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.

COMPUTER SOFTWARE (OPERATING SYSTEM)

- 1) The existing software provides various data management services to the depot.
- 2) The subject projects will provide a complete enterprise monitoring solution for the DM system and also provide a means to track and document internal audits within the Depot.
- 3) Economic analyses have been performed.
- 4) There are no cost savings or avoidances associated with these projects.
- 5) If not implemented, the Depot will be greatly restricted in its DM operations.

OTHER COMPUTER & TELECOMMUNICATION SUPPORT EQUIPMENT

- 1) The existing equipment provides various telecommunications and DM services throughout the depots.
- 2) The subject projects will provide enhancements to various business process applications, enhancements to the automated storage system, and connection of telecommunications equipment to newly constructed facilities.
- 3) Economic analyses have been performed to determine the least costly methods.
- 4) A savings of \$29,760 per year will begin in FY09 and cost avoidance of \$463,365 per year will begin in FY08.
- 5) If not implemented, the depot will experience diminished DM and communication capabilities which will have a detrimental effect on day to day operations.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FY 2009 PRES BUDGET		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES			
Department of the Navy / Naval Air Systems Command		#003 - Software (SUPPLY TRANSFORMATION, PHASE II)		Naval Air Depots			
		FY 2007		FY 2008		FY 2009	
Software		Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost
SUPPLY TRANSFORMATION, PHASE II		3	733				
TOTAL		3	733				

Justification:

The existing system provides Navy Depot Management Systems (NDMS) for the depots. This project will implement additional Commercial-Off-The-Shelf (COTS) modules for the NDMS Program Application Suite. Functionality enhancements include improved system and material availability for the depot, increased accuracy of material demand forecasts, and also serves to benefit the Functional Area Manager (FAM) software application footprint reduction. An Economic Analysis has been performed. Projected savings (\$781,000) and cost avoidances (\$1.44M) will begin in FY09. Denial of the Supply Transformation effort will adversely impact Depot operations for material requirements limiting the ability to plan, schedule and execute Maintenance Repair & Overhaul (MRO), thereby negatively impacting availability of assets to the fleet. The system delivery date is Mid-2008. This is not a spiral development, it is COTS. The software is Externally developed. license fees are not applicable, purchased with FY06 CPP funds.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FY 2009 PRES BUDGET		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES			
Department of the Navy / Naval Air Systems Command		#003 - Software (INTERMEDIATE & DEPOT INTEGRATION)		Naval Air Depots			
				FY 2007		FY 2008	
				Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost
Software		3	667	2,000			
INTERMEDIATE & DEPOT INTEGRATION		3	667	2,000			
TOTAL							

Justification:

The existing system provides Navy Depot Management Systems (NDMS) for the depots. This project will implement end-to-end integration of Organizational, Intermediate, & Depot (O, I, & D) level maintenance management information systems. Integration from all three levels of maintenance will provide enhanced logistics information, production planning accuracy, and root cause analysis of maintenance problems. An Economic Analysis has been performed. 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 FY10. Denial of the I&D Integration effort would negatively affect the ability to successfully integrate the Intermediate and Depot level activities and systems, reducing targeted efficiencies. Integration is expected to be completed by end of FY09. This project is not a spiral development.

The software is Internally developed with contractor support services. There are no applicable license fees for this project.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION **FISCAL YEAR (FY) 2009 BUDGET ESTIMATES**

(\$ in Thousands) **FY 2009 PRES BUDGET**

Department of the Navy / Naval Air Systems Command #003 - Software (I & D INTEGRATION, PHASE II) Naval Air Depots

	FY 2007		FY 2008		FY 2009	
	Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
Software			3	1,000	3	1,000
I & D INTEGRATION, PHASE II			3	1,000	3	1,000
TOTAL			3	1,000	3	1,000

Justification:

The existing system provides Navy Depot Management Systems (NDMS) for the depots. 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. An economic analysis has been performed. 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 FY10. Denial of this effort will impact 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. Integration is expected to be completed by end of FY09. This project is not a spiral development. The software is Internally developed with contractor support services. There are no applicable license fees.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES					
Department of the Navy / Naval Air Systems Command		FY 2009 PRES BUDGET		Naval Air Depots			
#003 - Software (Various Projects < \$1M)							
		FY 2007		FY 2008		FY 2009	
		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
		Total Cost		Total Cost		Total Cost	
Software							
<i>Various Projects < \$1M</i>		3	325	1	400		
TOTAL		3	325	1	400		
Justification:							
<p>The existing systems provide financial reporting information for the depots, but is a combination of various different applications at each depot. This makes it extremely difficult to generate the common reports needed to assess the financial health of the enterprise. This project will upgrade the current systems to deploy the Corporate Automated Financial Information System (CAFIS) to all 3 depots which will standardize the A-11 planning and execution budget processes. An Economic Analysis has not been performed. This project has been mandated by management. Projected savings and/or cost avoidances have not been calculated. Denial of this effort will adversely impact the reporting of financial information to the Commander Naval Air Forces (CNAF) Command. The projected system delivery date is 1st/2nd quarter FY09. This project is not a spiral development. The software is a combination of internally and externally developed. Separately identify license fees are not applicable, purchased with FY06 CPP funds.</p>							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES			
(\$ in Thousands)		FY 2009 PRES BUDGET		FY 2009	
Department of the Navy / Naval Air System Command		#004 - Minor Construction		Naval Air Depots	
		FY 2007		FY 2008	
		Quant	Total	Quant	Total
		Unit	Cost	Unit	Cost
		Cost	Cost	Cost	Cost
Minor Construction					
Replacement					
Productivity					
New Mission					
Environmental					
Total		9	3,917	20	5,895
		7	3,792	11	3,795
		2	125	9	2,100
				12	384
				9	233
				21	319
					6,702

Justification:

- The existing facilities allows the three Naval Air Depots 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, S-3 Viking, 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.
- New minor construction projects will allow the Naval Air Depots 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.
- Economic analyses were performed to determine the least costly method to achieve the desired results.
- No cost avoidance or savings were estimated. Minor construction projects provide the facilities in which work is to be performed, not to provide savings.
- If minor projects are not approved the facilities will deteriorate and adversely affect mission achievement.d-9B must contain a statement that no minor construction project exceeds the current MILCON threshold.

FY 2009 DON BUDGET SUBMISSION
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2008

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 7 EL 0236 P R	X-RAY EQUIPMENT UPGRADE	0.015	.000	0.015		
6 DF 7 EL 0085 P R	HYDROGEN FLUORIDE FURNACE REPLACEMENT	0.015	.000	0.015		
6 DF 7 EL 0325 P R	ELECTRONIC SECURITY & ALARM CONTROL CENTER SYSTEM UPGR	0.015	.000	0.015		
6 DF 7 EL 0231 P R	AIR TURBINE STARTER TEST CELL REPLACEMENT	0.015	.000	0.015		
6 DC 7 EL 0570 P R	UPGRADE WHIRL TOWER INSTALLATION	0.200	.000	0.200		
6 DF 8 EL 0225 P R	UPGRADE T-400 TEST CELL #6	2.400	.000	2.400		
6 DF 8 EL 0092 P R	REPLACE WHIRLTOWER ROTOR HEAD	2.200	.000	2.200		
6 DF 8 EL 0207 P R	REPLACE TEST CELL DATA ACQUISITION SYSTEM	1.940	.000	1.940		
6 DE 8 EL 0454 P R	REPLACE VACUUM FURNACE	1.800	.000	1.800		
6 DC 8 EL 0599 P R	REPLACE AUTOMATIC WIRE ANALYZER TEST SYSTEM	1.750	(1.750)	0.000	Cancellation	NAVAIR Program Management Activity (PMA) will fund this project to establish capability.
6 DC 8 EL 0595 P R	UPGRADE TEST CELL #20 CONTROL SYSTEM	1.700	.000	1.700		
6 DF 8 EL 0341 P R	REPLACE JIG GRINDER	1.260	.000	1.260		
6 DE 8 EL 0456 P R	REPLACE ELECTROCHEMICAL GRINDEF	1.250	.000	1.250		
6 DE 8 EL 0480 P R	PROCURE MACHINING CENTER	1.200	.000	1.200		
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)	15.760	(1.750)	14.010		See above.
DN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	17.211	(3.263)	13.948		6 projects had price increases, 3 had price decreases, 8 were cancelled, 3 were moved to FY07, and 3 were added resulting in a net decrease.
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	32.971	(5.013)	27.958		
DN MC 0000	3. MINOR CONSTRUCTION	4.090	1.805	5.895		2 projects had price increases, 7 were cancelled, and 11 were added resulting in a net increase.
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM (>\$1M)	37.061	(3.208)	33.853		
	1a. ADPE & TELECOMMUNICATIONS (>\$1M)					
6 DF 8 KL 0238 G R	DEFENSE MAINT SYSTEM UPGRADE PHASE II & III	1.510	.000	1.510	New	Deputy Chief of Naval Operations mandates reduction of IT Infrastructure. Current server infrastructure cannot meet task.
7 DC 8 KL 0683 G R	WEB SERVER CONSOLIDATION CARZ	.000	1.200	1.200		
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)	1.510	1.200	2.710		2 projects were added at NI
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	1.514	1.608	3.122		
	2. TOTAL ADPE & TELECOMMUNICATIONS	3.024	2.808	5.832		
7 DF 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 DC 8 DL 0585 G R	I&D INTEGRATION, PHASE II	1.000	.000	1.000		
	3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)	3.000	0.000	3.000		
DN DU 0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	0.000	0.400	0.400		CAFIS project added at JAX per Navair
	3. TOTAL SOFTWARE DEVELOPMENT	3.000	0.400	3.400		
	TOTAL ADP CAPITAL PURCHASES PROGRAM	6.024	3.208	9.232		
	GRAND TOTAL CAPITAL PURCHASES PROGRAM	43.085	0.000	43.085		

FY 2009 DON BUDGET SUBMISSION
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2009

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
6 DF 8 EL 0225	P R UPGRADE T400 TEST CELL #6	.022	.000	.022		
6 DF 8 EL 0092	P R REPLACE WHIRLTOWER ROTOR HEAD	.022	.000	.022		
6 DF 8 EL 0207	P R REPLACE TEST CELL DATA ACQUISITION SYSTEM	.022	.000	.022		
6 DF 8 EL 0341	P R REPLACE JIG GRINDER	.022	.000	.022		
6 DF 9 EL 0041	P R HELICOPTER BLADE DEPAINTING SYSTEM	2.550	(2.550)	.000	Deferral	Follow on to Technology insertion project. Can defer to FY10.
6 DF 9 EL 0186	P R SANDING BOOTH/DUST COLLECTOR REPLACEMENT B4224	.000	1.600	1.600	New	Existing system producing vapors harmful to workers.
6 DF 9 EL 0251	P R REPLACE HORIZONTAL BORING MILL	.000	1.425	1.425	New	Existing system is high maintenance and becoming inaccurate.
6 DF 9 EL 0232	P R REPLACE VERTICAL GRINDER	.000	1.100	1.100	New	Existing system is high maintenance and becoming inaccurate.
6 DE 9 EL 0476	P R REPLACE CNC LASER PUNCH PRESS	1.410	.000	1.410		
6 DE 9 EL 0377	P R REPLACE CNC CYLINDRICAL GRINDER	1.400	(1.400)	0.000	Cancellation	Project cancelled due to workload changes.
6 DE 9 EL 0479	P R REPLACE WALK-IN BLAST BOOTH	0.000	1.520	1.520	New	New Requirement.
SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)		5.448	1.695	7.143		
DN EU 0000		20.187	(1.717)	18.470		1 project had a price increase, 8 were cancelled, 6 were deferred, 6 were added for a net decrease.
2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM		25.635	(0.022)	25.613		
DN MC 0000	3. MINOR CONSTRUCTION	4.945	1.757	6.702		9 projects had price increases, 3 were cancelled, 1 deferred, 4 were added resulting in a net increase.
TOTAL NON-ADP CAPITAL PURCHASES PROGRAM		30.580	1.735	32.315		
1a. ADPE & TELECOMMUNICATIONS (>\$1M)						
6 DF 8 KL 0238	G R DEFENSE MAINT SYSTEM UPGRADE PHASE II & III	1.510	.000	1.510		
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	0.000	4.260		
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	2.995	(1.735)	1.260		2 projects were cancelled and 1 deferred at CP
2. TOTAL ADPE & TELECOMMUNICATIONS		7.255	(1.735)	5.520		
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		
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)		3.000	0.000	3.000		
DN DU 0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	0.000	0.000	0.000		
3. TOTAL SOFTWARE DEVELOPMENT		3.000	0.000	3.000		
TOTAL ADP CAPITAL PURCHASES PROGRAM		10.255	(1.735)	8.520		
GRAND TOTAL CAPITAL PURCHASES PROGRAM		40.835	0.000	40.835		

Fiscal Year (FY) 2009 Budget Estimate
Navy Working Capital Fund
Material Inventory Data
Activity Group: Depot Maintenance/NAVAIRDEPOTS
Date: February 2008
(\$ in Millions)

FY 2007

		<u>Total</u>		<u>Mobilization</u>		----- Peacetime -----	
						<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$	62.0	\$	-	\$	62.0	\$ -
<u>Purchases</u>							
A. Purchases to Support Customer Orders	\$	792.9	\$	-	\$	792.9	\$ -
B. Purchase of long lead items in advance of customer orders		-		-		-	-
C. Other Purchases		-		-		-	-
D. Total Purchases	\$	792.9	\$	-	\$	792.9	\$ -
<u>Material Inventory Adjustments</u>							
A. Material Used in Maintenance	\$	809.9	\$	-	\$	809.9	\$ -
B. Disposals, theft, losses due to damages		-		-		-	-
C. Other reductions		-		-		-	-
D. Total inventory adjustments	\$	809.9	\$	-	\$	809.9	\$ -
Material Inventory EOP	\$	45.0	\$	-	\$	45.0	\$ -

Fiscal Year (FY) 2009 Budget Estimate
Navy Working Capital Fund
Material Inventory Data
Activity Group: Depot Maintenance/NAVAIRDEPOTS
Date: February 2008
(\$ in Millions)

FY 2008

		<u>Total</u>		<u>Mobilization</u>		----- Peacetime -----		<u>Operating</u>		<u>Other</u>
Material Inventory BOP	\$	45.0	\$	-	\$	45.0	\$	-		-
<u>Purchases</u>										
A. Purchases to Support Customer Orders	\$	789.7	\$	-	\$	789.7	\$	-		-
B. Purchase of long lead items in advance of customer orders		-		-		-		-		-
C. Other Purchases		-		-		-		-		-
D. Total Purchases	\$	789.7	\$	-	\$	789.7	\$	-		-
<u>Material Inventory Adjustments</u>										
A. Material Used in Maintenance	\$	770.6	\$	-	\$	770.6	\$	-		-
B. Disposals, theft, losses due to damages		-		-		-		-		-
C. Other reductions		-		-		-		-		-
D. Total inventory adjustments	\$	770.6	\$	-	\$	770.6	\$	-		-
Material Inventory EOP	\$	64.1	\$	-	\$	64.1	\$	-		-

Fiscal Year (FY) 2009 Budget Estimate
Navy Working Capital Fund
Material Inventory Data
Activity Group: Depot Maintenance/NAVAIRDEPOTS
Date: February 2008
(\$ in Millions)

FY 2009

		<u>Total</u>		<u>Mobilization</u>		----- Peacetime -----	
						<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$	64.1	\$	-	\$	64.1	\$ -
<u>Purchases</u>							
A. Purchases to Support Customer Orders	\$	-	\$	-	\$	-	-
B. Purchase of long lead items in advance of customer orders		770.3		-		770	-
C. Other Purchases		-		-		-	-
D. Total Purchases	\$	770.3	\$	-	\$	770.3	\$ -
<u>Material Inventory Adjustments</u>							
A. Material Used in Maintenance	\$	775.4	\$	-	\$	775.4	\$ -
B. Disposals, theft, losses due to damages		-		-		-	-
C. Other reductions		-		-		-	-
D. Total inventory adjustments	\$	775.4	\$	-	\$	775.4	\$ -
Material Inventory EOP	\$	59.0	\$	-	\$	59.0	\$ -

INSERT TAB HERE

MARINE CORPS DEPOTS

**DEPARTMENT OF NAVY
NAVY CAPITAL WORKING CAPITAL FUND
DEPOT MAINTENANCE ACTIVITY GROUP- MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008**

Activity Group Functions:

The mission of the Marine Corps Depot Maintenance Activity Group (DMAG) is 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 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:

The DMAG is comprised of two Multi-Commodity Maintenance Centers located in Albany, Georgia and Barstow, California. The Maintenance Centers are under the Marine Corps Logistics Command. The Centers maintain virtually identical capabilities in order to provide support to Marine Corps operation units, regardless of the unit geographical location. In order to support these functions, the Marine Corps Maintenance Centers maintain over 70 skill sets in a wide variety of diversified personnel.

Significant Changes in Activity Group:

The DMAG Fiscal Year (FY) 2009 budget submission continues to reflect significant fluctuations in workload as a result of battle-damaged equipment and weapons systems returning from the current Global War on Terrorism (GWOT). 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.

Financial Profile:

<u>Revenue/Expense/Operating Results (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue	\$469.9	\$411.5	\$379.7
Cost of Goods and Services	\$479.5	\$431.8	\$393.5
Operating Results	-\$9.7	-\$20.2	-\$13.9
Other Changes Affecting AOR	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Accumulated Operating Results (AOR)	\$34.1	\$13.9	\$0.0

FY 2007 revenue was five percent below the FY 2007 estimate in the FY 2008 President's Budget. Major workload efforts include repair of battle damaged LAVs, MK48s, and Amphibious Assault Vehicles (AAV) Inspect and Repair Only As Necessary (IROAN).

FY 2008 and FY 2009 revenue is expected to decline 12% and 8% respectively from the previous FY. This operating tempo decline is the result of a decrease in specifically identified GWOT workload. However, the DMAG can maintain its current OPTEMPTO if more GWOT workload is assigned to it. FY 2008 and FY 2009 revenue is also impacted by negative surcharges in each year resulting in order to achieve an AOR of zero in FY 2009.

Cash Collections, Disbursements and Net Outlays

<u>Collections/Disbursements/Outlays (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Collections	\$488.1	\$401.8	\$381.2
Disbursements	\$527.9	\$383.9	\$396.0
Net Outlays	\$39.8	-\$17.9	\$14.8

The trends in collections, disbursements, and net outlays are consistent with current workload estimates.

New Orders:

<u>Reimbursable Orders (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
FY 2009 Budget Estimates	\$462.0	\$239.9	\$360.5

FY 2008 new orders remain relatively consistent with the FY 2008 President's Budget estimate. FY 2009 new orders are forecasted to be significantly higher than previous estimates. The increase in workload is due to the expectations of additional demand for repair of combat-ravaged equipment and weapons systems returning from the current GWOT. The DMAG must also manage and schedule its workload based on availability of assets to be inducted, parts and components deliveries and carryover concerns.

<u>Workload</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Direct Labor Hours (000)	2,909	2,831	2,708
Overtime as a Percent of Total Direct Hours	19.7%	16.6%	16.7%

As the Marine Corps continues to execute the influx of additional orders, civilian direct labor hours are expected to increase significantly from the FY 2008 President's Budget in FY 2008 and FY 2009. Overtime as a percent of total direct labor hours remains relatively stable over the budget period.

Staffing:

<u>Civilian / Military End Strength & Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Civilian End Strength	2,063	1,992	1,899
Civilian Workyears	2,086	2,012	1,908
Military End Strength	12	13	13
Military Workyears	3	13	13

Civilian end strength and workyear changes since the FY 2008 President's Budget reflect the strength levels required to execute the customer negotiated Master Work Schedule (MWS) that includes expedites and GWOT workload.

Changes in funded workload will require a personnel reduction of 84 civilian end strength for FY 2008 and 93 for FY 2009. These decreases include 20 VSIPs in order to

restructure the workforce. The majority of the projected personnel reductions will be achieved primarily through the release of temporary employees.

Customer Rate Changes:

<u>Stabilized Rate Changes</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Stabilized Rate	\$120.15	\$123.87	\$130.88
Change from Prior Year	-3.33%	3.10%	5.66%

The driving factor for the increase in FY 2009 rates from the FY 2008 rate are pay raise and general inflation indices plus change in the recoupment factor to achieve zero AOR.

Capital Investment Authority:

<u>Capital Investment Program (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Equipment, Non-ADPE/Telecommunications	\$1.7	\$3.9	\$2.0
Equipment, ADPE/Telecommunications	\$0.0	\$0.0	\$0.0
Software	\$0.0	\$0.0	\$0.0
Minor Construction	\$2.3	\$1.2	\$2.9
Total	\$4.0	\$5.1	\$4.9

Variations in authority between CIP categories and between budget years are dependent upon Maintenance Centers' requirements for capital assets that maintain or enhance production capability and capacity.

Performance Indicators:

<u>Performance Indicators</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Schedule Conformance	99.6%	99.3%	99.3%
Quality Deficiency Reports	0.1%	0.2%	0.2%
Inventory Turnover Ratio	3:4:1	3:1:1	3:5:1

Schedule conformance indicators are advancing toward the 100% goal through management initiatives aimed at increasing and improving productivity yield through continued use of Theory of Constraints (TOC) practices. The Quality Deficiency Reports Performance Indicators remain relatively constant in all years. The Inventory Turnover Ratio remains relatively level from FY 2007 to FY 2009.

Productivity Initiatives:

The Marine Corps Maintenance Centers continue to focus on refining and expanding the already-successful implementation of the Theory of Constraints (TOC) and applying Lean Thinking concepts to eliminate wasteful steps in shop-level procedures. These initiatives are constant ongoing efforts and the ultimate result of the two concepts is cost avoidance, in that it changes the mindset of operations. TOC represents the successful integration of production theories and better business practices. The registration of the Marine Corps Maintenance Centers under the International Standards Organization (ISO 9002) resulted from successful implementation of all efforts such as Compass Contract, MRPII and Earned Value Management.

Carryover (\$Millions)	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
New Orders	\$462.0	\$239.9	\$360.5
Less Exclusions:			
FMS	\$0.9	\$1.0	\$1.0
BRAC	\$0.0	\$0.0	\$0.0
Other Federal Depts. & Agencies	-\$0.4	\$0.0	\$0.0
Non-Federal & Others	\$1.4	\$0.1	\$0.1
Orders for Carryover Calculation	\$269.9	\$99.1	\$79.8
Composite Outlay Rate (SSRCO)	54.1%	61.2%	61.8%
Carryover Ceiling Rate	45.9%	38.7%	38.2%
Carryover Ceiling	\$211.2	\$92.7	\$137.4
Balance of Customer Orders at Yr End	\$271.3	\$99.7	\$80.5
Less Work in Process	\$0.2	\$0.1	\$0.0
Less Exclusions			
FMS	\$0.8	\$0.2	\$0.2
BRAC	\$0.0	\$0.0	\$0.0
Other Federal Depts. & Agencies	\$0.0	\$0.0	\$0.0
Non-Federal & Others	\$0.6	\$0.4	\$0.4
Carryover Budget	\$269.9	\$99.0	\$79.9

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 MCIF / TOTAL

FEBRUARY 2008

	FY 2007 CON	FY 2008 CON	FY 2009 CON
Revenue:			
Gross Sales			
Operations	466.3	406.1	374.1
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	3.6	5.4	5.6
Other Income			
Total Income	469.9	411.5	379.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	1.0	1.0	1.0
Civilian Personnel	174.1	169.4	166.8
Travel and Transportation of Personnel	3.1	3.9	3.6
Material & Supplies (Internal Operations	193.5	179.6	157.4
Equipment	6.3	6.7	5.3
Other Purchases from NWCF	2.4	2.3	2.4
Transportation of Things	.0	.0	.0
Depreciation - Capital	3.6	5.4	5.6
Printing and Reproduction	.1	.1	.1
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	8.9	9.7	9.3
Other Purchased Services	85.8	53.6	41.8
Total Expenses	478.8	431.7	393.5
Work in Process Adjustment	.7	.1	.1
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	479.5	431.8	393.5
Operating Result	-9.7	-20.2	-13.9
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	-9.7	-20.2	-13.9
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	34.1	13.9	.0

Exhibit Fund-14

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
 MCIF / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

FEBURARY 2008

	FY 2007 CON	FY 2008 CON	FY 2009 CON
	-----	-----	-----
1. New Orders	462	240	360
a. Orders from DoD Components	441	230	352
Department of the Navy	413	212	313
O & M, Navy	5	0	0
O & M, Marine Corps	326	195	294
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	1	12	15
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	3	0	0
Procurement, Marine Corps	78	4	4
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	0	0
Other Marine Corps Appropriations	0	1	1
Department of the Army	23	17	33
Army Operation & Maintenance	21	15	30
Army Res, Dev, Test, Eval	0	1	0
Army Procurement	2	0	0
Army Other	1	1	2
Department of the Air Force	4	1	6
Air Force Operation & Maintenance	4	1	6
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	1	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	1	0	0
b. Orders from other WCF Activity Groups	19	9	8
c. Total DoD	460	239	359
d. Other Orders	2	1	1
Other Federal Agencies	0	0	0
Foreign Military Sales	1	1	1
Non Federal Agencies	1	0	0
2. Carry-In Orders	279	271	100
3. Total Gross Orders	741	511	460
a. Funded Carry-Over before Exclusions	271	100	81
b. Total Gross Sales	470	411	380
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-1	-1	-1
6. Net Funded Carryover	270	99	80

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

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Navy Working Capital Fund
Marine Corps Depot Maintenance
Fiscal Year (FY) 2009 Budget Estimates
February 2008
(Dollars in Millions)

			Total Cost
1.	FY 2007	Actuals	478.8
2.	FY 2008	President's Budget:	353.0
3.		Pricing Adjustments:	
	a.	FY 2008 Pay raise	
		(1) Civilian Personnel	0.6
		(2) Military Personnel	0.0
	b.	Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.0
		(2) Military Personnel	0.0
	c.	General Inflation	-0.6
4.		Program Changes:	
	a.	Workload Changes	
		(1) Direct Labor	11.3
		(2) Direct Materiel & Supplies	44.3
		(3) Direct Contract/Other Purchases	8.0
5.		Other Changes	
	a.	Indirect Labor	-6.4
	b.	Indirect Materiel	9.1
	c.	Depreciation	1.0
	d.	Contract Services	11.0
	e.	VERA/VSIP	0.0
	f.	Other	0.4
6.	FY 2008	Current Estimate:	431.8
7.		Pricing Adjustments:	
	a.	FY 2009 Pay raise	
		(1) Civilian Personnel	3.5
		(2) Military Personnel	0.0
	b.	Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	1.2
		(2) Military Personnel	0.0
	c.	General Inflation	4.1
8.		Program Changes:	
	a.	Workload Changes	
		(1) Direct Labor	-5.2
		(2) Direct Material & Supplies	-24.6
		(3) Direct Contract/Other Purchases	-11.8
	b.	Impact of One Less Paid Day	-0.5
9.		Other Changes	
	a.	Indirect Labor	-2.1
	b.	Indirect Materiel	-1.9
	c.	Depreciation	0.2
	d.	Contract Services	-4.5
	e.	VERA/VSIP	0.0
	f.	Other	3.4
10.	FY 2009	Current Estimate	393.5

Department of the Navy MARINE CORPS DEPOT MAINTENANCE Activity Group Capital Investment Summary FISCAL YEAR (FY) BUDGET ESTIMATES February 2008 \$ in Millions							
Line #	Description	FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	1	\$0.612	6	\$2.896	2	\$0.600
	- Productivity Capability	1	\$1.044	1	\$1.000	4	\$1.402
	- 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						
	- 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						
	- 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						
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	3	\$2.087	3	\$0.775	5	\$2.125
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	1	\$0.257	1	\$0.400	1	\$0.739
	Grand Total	6	\$4.000	11	\$5.071	12	\$4.866
	Total Capital Outlays	0	\$3.550	0	\$4.551	0	\$5.415
	Total Depreciation Expense	0	\$3.591	0	\$5.401	0	\$5.618

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES FEBRUARY 2008					
Department of the Navy / Marine Corps Depot Maintenance	#001 - Non-ADPE and Telecommunications Equipment	FY 2007		FY 2008		FY 2009	
		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
			Total Cost		Total Cost		Total Cost
Non-ADPE and Telecommunications Equipment		1	612	6	483	2	300
<i>Replacement Capability</i>		1	1,044	1	1,000	4	351
<i>Productivity Capability</i>		2	1,656	7	3,896	6	2,002
Total							
Justification:							
FY 2007 Horizontal Boring Mill (MCB, Replacement) : HTDE-1000-MC Hiclin Test System (MCB, Productivity): FY 2008 Upgrade Inline Transmission Dynamometer (MCA, Replacement) Traumatic L 3050 CO2 Laser (MCB, Replacement) AT2 Field Test Set Variant (MCB, Replacement) Model 13370 Aperture IR System (MCB, Replacement)) Cincinnati 2512G Mechanical Shear (MCB, Replacement) YXLON MG452 X-Ray System (MCB, Replacement) Full Floor Recovery System (MCB, Productivity) FY 2009 DITWICO Machine Replacement (MCA, Replacement) Omax Abrasive Jet Table (MCB, Replacement)) Cranes for Machine Shop (MCA, Productivity) CNC Equipment (MCA,Productivity) General Hone Model 3V-310 Vertical Hone (MCB, Productivity) 7.5T Trolley (MCB, Productivity)							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES FEBRUARY 2008					
(\$ in Thousands)		#004 - Minor Construction \$20K-\$750K					
Department of the Navy / Marine Corps Depot Maintenance		FY 2007		FY 2008		Marine Corps Depot Maintenance	
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction							
Replacement							
Productivity		3	696	2,087	3	258	775
New Mission							
Environmental		1	257	257	1	400	400
Total		4		2,344	4		1,175
Justification:							
Minor Construction FY07/08/09:							
FY 2007							
Prewash Facility Conversion, Bldg 2211 (MCA, Productivity:)							
Engineering Storage Building (MCA, Productivity) :							
Building 2242 Conversion (MCA, Productivity)							
Hazardous Material Storage Building (MCA, Environmental)							
FY 2008							
75 Ton Crane (MCA, Productivity) ; Rubber Coating Area Addition (MCA, Productivity) and Addition to Building 2233 (MCA, Productivity) .							
Hazmat Storage Building (MCA, Environmental);							
FY 2009							
Install 35T Crane (MCA, Productivity) : An additional crane would be installed on each side of the annex assembly areas, B2200, and the engineering equipment building, B2242, to provide more productivity and provide a backup for the existing cranes. The cranes in both these areas are radio operated by specially trained production workers. The investment cost is \$0.500M.							
Automotive Facility (MCB, Productivity) : Construct CRS Shop (MCA, Productivity) ; Construct Work Facility for Graphic Arts Lab (MCA, Productivity); Construct TMDE Branch Administrative Space (MCA, Productivity) .							
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. This facility will meet this requirement. The productivity enhancement project's BIR = 4.59 and will pay for itself in under five years.							

NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008
(Dollars in Millions)

FY 2008 BUDGET ESTIMATE

<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						
	2008 Upgrade Inline Transmission Dynamometer (MCA)	0.444	0.000	0.444	0.444	0.000	
	2008 Crankshaft Grinder (MCA)	0.500	-0.500	0.000	0.000	0.000	0.000 Removed, Productivity
	2008 Traumatic L 3050 CO2 Laser (MCB)	0.756	0.000	0.756	0.756	0.000	
	2008 Full Floor Recovery System (MCB)	1.000	0.000	1.000	1.000	0.000	
	2008 Horizontal Boring Mill (MCB)	0.833	-0.833	0.000	0.000	0.000	0.000 Moved to FY07, Replacement
	2008 AT2 Field Test Variant (MCB)	0.000	0.862	0.862	0.862	0.000	0.000 New Project, Replacement
	2008 Arperturn 13370 IR System (MCB)	0.000	0.255	0.255	0.255	0.000	0.000 New Project, Replacement
	2008 Cincinnati Mechanical Shear (MCB)	0.000	0.254	0.254	0.254	0.000	0.000 New Project, Replacement
	2008 YXLON MG-452 X-Ray System (MCB)	0.000	0.325	0.325	0.325	0.000	0.000 New Project, Replacement
	Subtotal Equipment	3.533	0.363	3.896	3.896	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						
	2008 75 Ton Crane (MCA)	0.475	0.000	0.475	0.475	0.000	
	2008 Hazmat Storage Building (MCA)	0.400	0.000	0.400	0.400	0.000	
	2008 Addition to Rubber Coat Area (MCA)	0.000	0.100	0.100	0.100	0.000	0.000 New Project, Productivity
	2008 Addition to Bldg 2233 (MCA)	0.000	0.200	0.200	0.200	0.000	0.000 New Project, Productivity
	Sub-total Minor Construction	0.875	0.300	1.175	1.175	0.000	
	FY 2008 Estimate	4.408	0.663	5.071	5.071	0.000	

NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008
(Dollars in Millions)

FY 2009 BUDGET ESTIMATE

<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	0.000	0.200	0.200	0.000	
	2009 Cranes for Machine Shop (MCA)	0.400	0.000	0.400	0.400	0.000	
	2009 CNC Equipment (MCA)	0.400	0.000	0.400	0.400	0.000	
	2009 General Hone Model 3V-310 Vertical Hone (MCB)	0.279	0.000	0.279	0.279	0.000	
	2009 HITDE-1000-MC Hicklin Test System (MCB)	1.295	-1.295	0.000	0.000	0.000	Moved to 07, Productivity
	2009 Omax Abrasive Jet Table (MCB)	0.000	0.400	0.400	0.400	0.000	0.000 New Project, Replacement
	2009 Pangborn rotoblast shot machine Model 6LN-1 (MCB)	0.311	-0.311	0.000	0.000	0.000	Moved to 07, Replacement
	2009 7.5T Trolley (MCB)	0.000	0.323	0.323	0.323	0.000	New Project, productivity
	Subtotal Equipment	2.885	-0.883	2.002	2.002	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	
	2009 Construct CRS Shop (MCA)	0.400	0.000	0.400	0.400	0.000	
	2009 Install 35T Crane (MCA)	0.500	0.000	0.500	0.500	0.000	
	2009 Construct Work Facility for Graphic Arts Lab (MCA)	0.000	0.300	0.300	0.300	0.000	New Project, productivity
	2009 Construct TMDE Branch Admin Space (MCA)	0.000	0.300	0.300	0.300	0.000	New Project, productivity
	2009 Automotive Bldg (MCB)	0.000	0.625	0.625	0.625	0.000	New Project, productivity
	Sub-total Minor Construction	1.639	1.225	2.864	2.864	0.000	
	FY 2009 Estimate	4.524	0.342	4.866	4.866	0.000	

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2009 Budget Estimates
FEBRUARY 2008
(Dollars in Millions)
Fiscal Year 2007

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP	123.6	0.0	123.6	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	211.2	0.0	211.2	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	211.2	0.0	211.2	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	178.3	0.0	178.3	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	178.3	0.0	178.3	0.0
Material Inventory EOP*	156.4	0.0	156.4	0.0

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2009 Budget Estimates
FEBRUARY 2008
(Dollars in Millions)
Fiscal Year 2008

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	156.4	0.0	156.4	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	125.2	0.0	125.2	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	125.2	0.0	125.2	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	162.6	0.0	162.6	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	162.6	0.0	162.6	0.0
Material Inventory EOP*	119.0	0.0	119.0	0.0

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2009 Budget Estimates
FEBRUARY 2008
(Dollars in Millions)
Fiscal Year 2009

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	119.0	0.0	119.0	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	129.2	0.0	129.2	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	129.2	0.0	129.2	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	140.8	0.0	140.8	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	140.8	0.0	140.8	0.0
Material Inventory EOP*	107.5	0.0	107.5	0.0