DEFENSE WORKING CAPITAL FUND

DEFENSE-WIDE
FISCAL YEAR (FY) FY 2007
BUDGET ESTIMATES

OPERATING AND CAPITAL BUDGETS

FEBRUARY 2006
CONGRESSIONAL DATA

DEFENSE FINANCE AND ACCOUNTING SERVICE
Fiscal Year (FY) 2007 Budget Estimates

CAPITAL BUDGET EXHIBITS

FINANCIAL OPERATIONS BUSINESS AREA

EXHIBIT FUND 9-a
DWCF ACTIVITY CAPITAL INVESTMENT SUMMARY

EXHIBIT FUND 9-b
ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
Automated Data Processing Equipment
Security (SEC)
Electronic Data Management Imaging System (EDM)
Office Automation (OA)
Enterprise Local Area Network System (ELAN)

Software Development Projects:
Automated Time Attendance and Production System (ATAAPS)
Defense Civilian Pay System (DCPS)
Employee Member Self Service (EMSS) (MYPAY)
Forward Compatible Payroll (FCP)
Defense Joint Military Pay System-Active Component (DJMS-AC)
Marine Corps Total Force System (MCTFS)
Military Pay Systems Transition Program Office (MSTPO)
Defense Military Pay Office (DMO)
Defense Retiree and Annuitant Pay System (DRAS)
Integrated Accounts Payable System (IAPS)
Trans Global Edit Table System (TGETS)
Deployable Disbursing System (DDS)
Defense Debt Management System (DDMS)
Columbus Commercial Off-the-Shelf (COTS) System (aka eBiz)
Standard Accounting and Reporting System (STARS)
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Standard Contract Reconciliation Tool (SCRT)
Defense Cash Accountability Reporting System (DCAS)
DFAS Corporate Database (DCD)
Defense Departmental Reporting System (DDRS)
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Electronic Commerce/ Electronic Data Interchange (EC/EDI)
DFAS Corporate Database (DCD)
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Imaging (Civilian Garnishments) System (I-GARNS)

Minor Construction

EXHIBIT FUND 9-c
CAPITAL BUDGET EXECUTION

DEFENSE FINANCE AND ACCOUNTING SERVICE
Fiscal Year (FY) 2007 Budget Estimates

CAPITAL BUDGET EXHIBITS

Activity Capital Investment Summary
Component: Defense Finance and Accounting Service
Activity: Financial Operations
Date: February 2006
(Dollars in Millions)

Line No.	Item Description	FY 2005		FY 2006		FY 2007	
		Quantity	Total Costs	Quantity	Total Costs	Quantity	Total Costs
	Non-ADPE Equipment > $100,000		**0.0**		**0.0**		**0.0**
	- Replacement						
	- Productivity						
	- New Mission						
	- Environment						
	ADPE & Telecommunications Equipment		**14.0**		**16.3**		**16.0**
	- Computer Equipment		4.5		3.0		2.7
	- Computer Software						
	- Telecommunications		9.5		13.3		13.3
	- Other						
	Software Development		**47.5**		**48.1**		**37.2**
	- Internally Developed		34.5		34.9		21.4
	- Externally Developed		13.0		13.2		15.8
	Minor Construction		**.9**		**.7**		**1.4**
	TOTAL		**62.4**		**65.1**		**54.6**
	Total Capital Outlays		**105.9**		**80.6**		**67.8**
	Total Depreciation Expenses		**126.2**		**110.0**		**103.8**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005 Quantity	FY 2005 Unit Cost	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost
Security			2,000			1,140			1,535

Narrative Justification: The purpose of the security initiative is to protect the DFAS communications and computing infrastructure assets on the DFAS enterprise local area network from internal and external threats manifested as unauthorized access attempts, electronic viruses, hacks, cracks, or automated scripts. This is accomplished using firewalls, email guards, network encryption technology, intrusion detection systems and other security related equipment. Government and contracted expertise monitor and manipulate this equipment to ensure the DFAS ELAN is a safe computing environment. The FY 2005 funds were used to support automated intrusion detection capability. The FY 2006 funds will be used to support global domain name services management server, enterprise vulnerability scanning capability, and encryption redundancy. The FY 2007 funds will be used to provide automated intrusion detection capability, web media content caching and filtering.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE)

D. Activity Identification
DFAS Sites

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Imaging (EDM) Program			333			1,130			1,130

Narrative Justification: The Electronic Document Management (EDM) Program is a comprehensive business process improvement initiative designed to enhance automation of paper processes. The EDM program is intended to meet identified capability requirements to reduce dependence on paper through converting thousands of paper documents used in payment processing and associated data to an electronic format that can be accessed from a desktop workstation. EDM is used in support of payment entitlement processing within the Commercial Pay Business Line (CPBL). EDM is currently in production at multiple DFAS Vendor Pay locations with future deployments scheduled. It is operating at all Contract Pay Mechanization of Contract Administration Services (MOCAS) payment processes and has been used for transfers of three locations' workload to other sites within the EDM network. EDM provides users with electronic access to financial documents and information, advances the application of new methods and technologies, improves delivery of customer services, and ensures consistent implementation of business practices throughout DoD. EDM was implemented in support of the President's Directive of the 1993 National Performance Review that recommended modernizing federal financial management processes and services, making them more efficient and business-like and improving their reliability. The FY 2005 funds refreshed and upgraded document control center scanning equipment, has been sunsetted, at centralized location and the COOP location. The FY 2006 funds will upgrade decision logic tables (DLTs) and other backup equipment as required. The FY 2007 funds will be used to replace backup servers as necessary to maintain supportability.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

B. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

D. Line No. & Item Description:
Automated Data Processing Equipment (ADPE)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005 Quantity	FY 2005 Unit Cost	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost
Office Automation			1,194			723			0
Printers									
PBX									
			528			0			0
			666			723			0

Narrative Justification: The FY 2005 funds were used for the lease payments for the four Eaglevision laser check printers used by Disbursing, DFAS-Columbus and DFAS-Indianapolis. For PBX: The Private Branch Exchange (PBX) for Cleveland will require continued funding for the lease-to-own acquisition which will be complete by FY 2006.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Enterprise LAN System Maintenance			9,560			13,333			13,331

Narrative Justification: The Enterprise Local Area Network (ELAN) is the digital communications infrastructure that connects all DFAS sites around the world. The ELAN is the medium that carries all the E-mail to internal and external users, provides DFAS employees with connectivity to accounting and pay systems, allows DFAS customers visibility to their respective information, and enables the distributed DFAS entity to work towards the same vision and goals. The FY 2005 funds provided technical refreshments, via the ELAN re-engineering initiative, for file & print servers, email servers, and a storage area network. The FY 2006 funding will be used to complete the ELAN re-engineering initiative including the storage area network (additional storage), rightfax servers, and coop capability. In fiscal year 2007, funds will provide technical refreshments for routing equipment, networking backbone, mid tier/web production environment, web servers, and storage area network (additional storage). In this FY, the funding will increase due to reprogramming of Information Services (5F) technology refreshment of mid-tier development environment into financial operations (5L).

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Automated Time Attendance and Production System			991			991			991

Narrative Justification: The Automated Time Attendance and Production Systems (ATAAPS) provides an automated, single-source input for reporting, and collecting time and attendance (T&A), labor data and for passing that information to interfacing payroll and accounting systems. The Technical Support Organization, Pensacola is responsible for development and maintenance. There are two versions of ATAAPS. One-version uses a character based interface in a mainframe environment and the other uses a Graphical User Interface in a client/server environment with frequently used portions of the application available in a Web enabled environment. ATAAPS is a legacy system with no announced replacement. ATAAPS is in a steady state sustainment mode of operation. ATAAPS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds are used according to Federal Accounting Standard Board (FASAB) #10 guidance to fulfill system change requirements. FY 2005 through FY 2007 funds will be use to provide funding to DFAS Technical Services Organization (TSO) in Pensacola for ATAAPS planning and other software development support.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Defense Civilian Payroll System			4,497			4,700			4,000

Narrative Justification: The Defense Civilian Pay System (DCPS) is the standard Department of Defense civilian pay system. The system maintains pay and leave entitlement records, deductions and withholdings, time and attendance data and other pertinent employee personnel data. Multiple accounting systems interface with DCPS by receiving one or a combination of several standard accounting files. The DCPS Automated Information System is developed and maintained by a single central design activity the Technical Service Organization (TSO) - Pensacola. DCPS is in sustainment mode of operation and requires no capital improvements. Funding for DCPS is required to make software changes driven by legislative, regulatory, and policy changes while preserving the functionality of the application.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Employee Member Self Service (EMSS) MyPay			1,627			2,000			2,000

Narrative Justification: The MyPay initiative supports the Government's Paperwork Elimination Act of 1999 by providing a web base software application to introduce electronic commerce to the Military and Civilian employees of the DoD. Government employees and the warfighters of our Army, Navy, Air Force and Marine Corps receive financial statements, like Leave and Earning Statements, (LES) or advice of travel payment, through the Internet via this web application. MyPay is a great new tool to empower the members of America's military, Defense civilians, retirees and annuitants manage their pay. The self-service web-based tool lets people make changes to their pay account information online, from anywhere at anytime through the Internet. MyPay delivers Leave and Earning Statements two days before printed copies are mailed, and, most importantly MyPay delivers the information people want when they want it because it is available on the Web anywhere, at anytime. The introduction of MyPay has lead to a significant reduction in the cost of print, distribution, and mail relating to military and civilian payroll. MyPay is a migratory web application operating in a steady state mode. MyPay is required to make capital investment changes to the application that increases the functionality of the application. Examples of increased functionality are the addition of new self-service transactions for military and civilian pay. Capital investment fund in FY 2005 through FY2007 will be used according to Federal Accounting Standards Board (FASAB) #10 guidance to fulfill system change requirements.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Forward Compatible Payroll			7,700			6,903			0

Narrative Justification: The Forward Compatible Pay (FCP) program was designed to implement a new single integrated active/reserve payroll capability to replace the Defense Joint Military Pay System (DJMS). The Defense Business Systems Management Committee (DBSMC) decided to proceed with the implementation of the Defense Integrated Military Human Resources System (DIMHRS). This decision eliminates the need for FCP as an interim solution to address military pay problems. FY2005 and FY2006 funding supported design and development of the FCP program. FY2006 funds represent development and testing up to the FCP termination decision. FCP funds in FY2006 will be realigned to support the Defense Joint Military Pay System DJMS to reduce the risks associated with continued use and to improve stability. FCP FY2007 funds will be reprogrammed to support DJMS and the Defense Milpay Office (DMO) application, DMO had previously been planned to be integrated into FCP in FY2007, but due to the FCP termination will remain a stand alone application supporting DJMS.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Defense Joint Military Pay System-Active Component			0			5,427			4,515

Narrative Justification: The Defense Business Management Committee (DBSMC) decided on January 26, 2006 to proceed with the implementation of the Defense Integrated Military Human Resources System (DIMHRS). This decision eliminated the need for Forward Compatible Payroll (FCP) as an interim solution to address military pay problems. The FCP program was therefore terminated. One affect of the FCP termination is that the operating life of the Defense Joint Military Pay System (DJMS) must be extended. Urgent military payroll problems that are generated by the aging DJMS system must be addressed. An ever increasing number of manual workarounds are being performed by operations due to the brownout of DJMS software enhancements. Without the interim replacement (FCP), some investment must be made in DJMS to reduce the risks associated with continued use in its degraded state and improve stability. Improvements in the software and reduction of manual workarounds are critical for data cleansing prior to conversion of military pay records onto DIMHRS. FY 2006 and FY2007 funding will be realigned from FCP to DJMS to support engineering resources (government and contract) to develop and test modifications to DJMS.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005 Quantity	FY 2005 Unit Cost	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost
Marine Corps Total Force System			5,270			5,230			0

Narrative Justification: The Marine Corps Total Force System (MCTFS), jointly sponsored and owned by DFAS and the United States Marine Corps (USMC), is an integrated pay and personnel system. It supports both active and reserve components of the Marine Corps, and the personnel management of all retired Marines. The central database is maintained by the Financial System Activity in Kansas City, Missouri. The system is used during peacetime, wartime, and in times of crisis. It supports worldwide deployments and contingencies for a seamless mobilization of Reserves—both individual and unit. MCTFS is a legacy system operating in sustainment mode and scheduled for replacement by Defense Integrated Military Human Resource System (DIMHRS) in September 2008. The FY 2005 and FY 2006 funds will be used to fund legislative, regulatory, DoD and state mandatory changes.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Military Pay Systems Transition Program Office			5,132			0			3,603

Narrative Justification: The MilPay Systems Transition Program (MSTP) and related program office (MSTPO) was chartered (originally as the Defense Integrated Military Human Resources System (DIMHRS) for Personnel and Pay (Pers/Pay) Pay Program (DPP)) to provide dedicated support to the design, development, and implementation of the DIMHRS (Pers/Pay) pay functionality. FY 2005 funds were used for completion of development and implementation of the Pay Warehouse to support deployment of the Forward Compatible Payroll (FCP) system. FY 2007 funds will be used to provide engineering and technical support to DIMHRS (Pers/Pay) with final system testing and initial implementation and deployment. In addition, technical support will be necessary for program close out, ensuring that technical documentation is complete and all requirements have been addressed by the new system.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Defense Milpay Office			998			2,048			2,048

Narrative Justification: The Defense Milpay Office (DMO) is a Defense Finance and Accounting Service (DFAS) pay application using modern technology with the user in mind. The FY2005 funding was used for acquisition of software licenses for the DMO program. FY2006 and FY2007 funding will facilitate implementation of legislated and mandated changes to the functional capabilities of the DMO system. As the Forward Compatible Pay (FCP) program has been terminated, the DMO application will not be integrated into FCP as planned, but will remain a stand alone application needed to support the Defense Joint Military Pay System (DJMS).

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Defense Retiree and Annuitant Pay System			1,836			2,018			7,248

Narrative Justification: The Defense Retiree and Annuitant System (DRAS) is the standard, consolidated system for paying all Army, Navy, Marine Corps and Air Force military retirees, annuitants and former spouses. Additional subsystems of DRAS include Voluntary Separation Incentive (VSI), Victims of Abuse (VOA), Combat Related Special Compensation (CRSC), Concurrent Retirement and Disability Payments (CRDP) and Special Compensation for the Severely Disabled (SCSD). DRAS establishes, maintains and adjudicates pay accounts. DRAS is a legacy system with no announced replacement. DRAS is in a steady state sustainment mode of operation. Historically, DRAS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds for FY 2005 through FY 2008 will be used according to Federal Accounting Standard Advisory Board (FASAB) #10 guidance to fulfill system change requirements. The increase in funds in FY 2007 is for planned modernization of the DRAS system.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Integrated Accounts Payable System			260			467			0

Narrative Justification: The Integrated Accounts Payable System (IAPS) is the DFAS standard vendor pay entitlement system for the United States Air Force, Air National Guard, and the Defense Security Service. The FY 2006 capital funds will support the Database Expansion and Restructure functionality as well as the electronic receipt of invoices and receipts. Software modifications will provide the logic and required processes to archive and purge old data from an active database to storage mediums and accomplish End of Year processing requirements. In addition, the increased functionality will support an automated reject/recycle capability allowing rejected electronic transactions to be recycled back into a subsequent IAPS update without manual intervention. The Return on Investment Analysis for FY 2006 funds provides an estimated saving of approximately $1.2 million from FY 2006 through FY 2011.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Transportation Global Edit Table System			125			375			0

Narrative Justification: Transportation Global Edit Table (TGET) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the Management Reform Memorandum (MRM) #15. TGET has been designated by OSD, Transportation Policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for payment. FY 2005: Funding used for automated upload file capability from DFAS accounting systems, and additional shipper system interface requirements per Service requirements, and external messaging and necessary customer report generation. FY2006: Funding to provide new edit tables, additional validation functionality to meet defense travel guidelines, and service specific interface requirements.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod) >=$1M

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Deployable Disbursing System			1,927			1,163			1,234

Narrative Justification: Deployable Disbursing System (DDS) provides a capability to Army finance soldiers in support of our nation's warfighters. It supports the President's Management Agenda goal of improved financial performance by providing more accurate and timely accounting information for operations such as Iraqi Freedom and the Balkans. It is a completely integrated disbursing system. DDS's versatility is provided by its ability to be used in any computer configuration the user desires: network, stand-alone or laptop. DDS will replace Disbursing Office Processing System (DOPS) in non-U.S. garrison environments, but unlike DOPS, can be deployed to a tactical environment with or without connectivity. The system supports single-source input, maintains a Disbursing Officer's accountability and produces level 8 Treasury reports. The FY 2005 funds were used to complete the implementation in Europe, Korea and in support of Iraqi Freedom (only the southern camps have been converted to date). Funds are also required to provide a needed technical upgrade to ensure Oracle is able to continue support in the future, and for several needed performance upgrades. Software upgrades are also required to provide enhancements discovered during the beginning phases of implementation. Finally, the Marine Corps (MC) would like work to begin on providing them the changes required to accommodate their accounting and military pay interfaces. The MC wants to replace Standard Finance System–Redesign (SRD-R) that they currently use. The FY 2006 and FY 2007 funds will support functional enhancements that are customer driven and will provide streamlined processing and better usability for relatively inexperienced users. These requirements will be routed through the Configuration Control Board process.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Defense Debt Management System			685			685			685

Narrative Justification: Automated debt processing includes interfaces with the military pay systems, Department of Treasury, credit bureaus, automated debt letters, Treasury lock box processing for collections, and case control features. DDMS provides extracts of indebtedness data for use by Accounting Services in the production of fund, proprietary, and receivables reporting. The applications and data are sensitive because they contain social security numbers (SSN), personal financial information, IRS income tax return information, and other vital statistics of debtors protected by the Privacy Act of 1974. Funding for FY 2005 through FY 2007 will be used to maintain compliance with the Debt Collection Act of 1982, the Deficit Reduction Act of 1984, and the Debt Collection Improvement Act of 1996 and other legal and regulatory requirements or DFAS will be outside of compliance with the law. DDMS is the consolidated DFAS system responsible for collecting all DoD individual out-of-service debt and is responsible for collections totaling approximately $72 million/year. DDMS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds are used according to Federal Accounting Standards Board (FASAB) #10 guidance to fulfill system change requirements.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimate
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Columbus COTS(eBiz)			893			250			250

Narrative Justification: The Columbus COTS(eBiz)/Business Management Redesign (BMR) application is a Commercial-off-the-Shelf (COTS) web-based application that provides DFAS with enterprise financial management and resource planning capabilities. The funds are utilized for both application development and implementation as well as for application sustainment. FY 2005 and FY 2006 funding were for acquisition of software licenses. The FY 2007 funds will be used for application sustainment operations as well as development of selected, Configuration Control Board approved software changes.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Standard Accounting and Reporting System			2,410			2,750			3,000

Narrative Justification: Standard Accounting and Reporting System (STARS) is a general fund accounting and reporting system that accounts for more than $750 billion in Navy, Marine Corps, Air Force and Defense Agencies' direct and reimbursable funds appropriated by Congress. The receipt and use of these funds are recorded at the detail transaction level through structured successive steps (i.e. authorizations, commitments, obligations, payables, and expenditures). The detail transactions create the United States Standard General Ledger (USSGL) general ledger balances from which Trial Balance reports at the Line of Accounting level create Major Command, Departmental, Audited Financial Statements and other financial fiduciary reports (i.e. SF 133, DD 1002, FMS 2108). STARS currently support 58 individual Appropriations. Budget and out year funds will provide resources to implement system changes to help the Department of Navy obtain an unqualified audit opinion by FY 2007. The initiatives are part of the Department of Navy's Mid-Range Financial Improvement Plan and are targeted to enhance system reporting of property, accounts receivable, advances, and budget execution for better financial management. The intent of each initiative is to bring the system into compliance with DOD Financial Management Regulation (FMR) and Treasury FMS accounting guidance on payables, receivables, property, and expired funds. Each initiative is consistent with Business Management Modernization Program (BMMP) objectives for timely and reliable financial and management information where the solution facilitates implementation of Domain-specific solutions and improvements in the DOD agency's Balanced Score Card measure.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Defense Working Capital Accounting System			286			250			500

Narrative Justification: Defense Working Capital Accounting System (DWAS) consists of several functional modules including: general ledger, funds distribution, fixed assets, cost accounting, accounts payables, accounts receivables, billing, contract sales, inventory, and reports. DWAS is a transaction driven, fully compliant accounting system that reports in accordance with US Standard General Ledger. DWAS Capital funding requirements for FY 2005 through FY 2007 are for legislative, regulatory, and changes geared towards receiving a clean audit opinion in FY 2007. In addition to interfaces (e.g., Intergovernmental Transaction System (IGTS), Wide Area Work Flow (WAWF), Credit Cards), the DWAS Accounts Receivable Module requires significant modification to incorporate write-offs and provide functionality for the way the customers collect cost and bill.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Standard Contract Reconciliation Tool			0			350			0

Narrative Justification: Standard Contract Reconciliation Tool (SCRT) is a comprehensive system that automates and streamlines the contract reconciliation process, including resulting adjustments to the entitlement and accounting systems, and provides the central registry of contracts being reconciled within DoD, eliminating potential duplication of reconciliation efforts. FY 2006 modifications will eliminate manual efforts by providing Responsible Contract Reconciliation Agents (RCRAs) access to the SCRT Prevalidation Module. RCRAs will be able to approve canceled fund adjustments, as well as adjustments over $1M. SCRT will generate notices to the accounting station RCRAs of awaiting adjustments and the RCRAs will input the needed approvals. Other modifications will provide a systemic feed of rejected adjustment transactions from Mechanization of Contract Administration Services (MOCAS) that will trigger SCRT to automatically set reject flags and reset the adjustment status to require review and correction prior to retransmission to MOCAS. Where necessary, reversing journal vouchers will be generated and transmitted to MOCAS. The Return on Investment Analysis provides estimated savings of approximately $1M from FY 2007 through FY 2011.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Defense Cash Accountability Reporting System			5,467			5,452			1,368

Narrative Justification: DCAS is the migration system selected by the Defense Finance and Accounting Service (DFAS) to be the single cash accountability system for the Department of Defense (DoD). DCAS will meet the need to re-engineer and consolidate multiple disparate systems into a single DoD cash accountability and reporting process supporting all DoD components, as well as external stakeholders. Cash accountability is the reporting of disbursements, reimbursements, deposits and receipts to the United States Treasury, as well as other transactions which would impact the status of funds. FY 2007 capital funds will support added functionality for yearend reporting, closed account appropriation adjustments, and interfund transactions for Phase 2. It will also support the implementation of DCAS Phase 3, which includes the reconciliation of Treasury expenditure data with accounting system data and the elimination of Financial Reporting System in the DFAS Cleveland and DFAS Kansas City networks. This effort includes costs for finalizing design and development, developmental testing, and DCAS Phase 3 Milestone C. In addition to Phase 2 and Phase 3 functionality, the funds will be utilized to initiate identification of requirements for DCAS Phase 4, Treasury and Reconciliation for Indianapolis and Columbus networks, and Phase 5, Treasury and Reconciliation for the Denver network.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005 Quantity	FY 2005 Unit Cost	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost
Defense Departmental Reporting System			2,707			4,030			2,800

Narrative Justification: The Defense Departmental Reporting System (DDRS) standardizes the departmental reporting process for all DoD Fund Types. This modern web-based system is used to produce the DoD Audited Financial Statements and budgetary reports, provide data query and report generation tools, eliminate the need for manual reconciliation, and operate within the DFAS Corporate Information Infrastructure environment (DCII). The FY 2005 funds were used to update DDRS Audited Financial Statement (AFS)/Federal Agencies' Centralized Trial-Balance System (FACTS I) annual reporting and to implement budgetary reporting functionality for: Defense Working Capital Fund (DWCF) reporting for the Air Force, selected DoD Agencies; and Navy and Marine Corps general fund reporting. The FY 2006 funds will be used to update DDRS Audited Financial Statements/ Federal Agencies' Centralized Trial-Balance System (AFS/FACTS I) annual reporting, deploy Army DWCF and select DOD agencies general fund reporting, and to achieve full rate production approval. The FY 2007 through FY 2009 capital funds will be used for annual updates to the DDRS AFS/FACTS I reporting capabilities. Per DDRS life cycle cost estimate, April 2003, the program has cost savings of $89.2M and cost avoidance of $63.8M for total benefits of $153.0. The benefits are for the period of FY 2003 through FY 2014.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Garnishment Support System			450			450			450

Narrative Justification: Garnishment Operations Directorate Garnishment (GARNS) System provides online processing of alimony and child support garnishments cases for DoD civilian and military personnel; commercial garnishments against civilian employees; military commercial debt involuntary allotments; Chapter 13 Bankruptcies for military retirees and active duty Navy. The Integrated Garnishment System (IGS) is an automated system that guides the paralegal staff through legal validation to process cases. This initiative provides support for sustainment of the GARNS at the minimum maintenance funding while providing funds for development and modification of GARNS consistent with DFAS vision, mission, and strategic plan. GARNS is a legacy system with no announced replacement. GARNS is in a steady state sustainment mode of operation. GARNS is required to make regulatory and policy based changes that increase the functionality of the application. FY 2005 through FY 2007 capital investment funds will be used according to Federal Accounting Standards Board (FASAB) #10 guidance to fulfill system change requirements.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Electronic Commerce / Electronic Data Interchange (EC/EDI)			415			530			530

Narrative Justification: Electronic Commerce/Electronic Data Interchange (EC/EDI) is a communication method that enables systems to share information. DOD has aggressively implemented EC/EDI solutions to reduce government's burden on the taxpayer and businesses by eliminating redundant collection of data and better leveraging E-Business technologies for communication. EC/EDI encompasses the development and implementation of electronic commerce solutions wherever feasible to improve business processes. Through a collaborative effort, DFAS, the DOD Components, county, state, federal governments, and commercial vendors have implemented several EC/EDI solutions in existing legacy systems to make them capable of receiving business transactions electronically. There are several initiatives within the EC/EDI Program that provide a collective electronic commerce identity. The FY 2005 funds were used for mapping to additional accounting systems and changes to existing maps to support EC paperless initiative and/or emerging technologies (XML) and to support additional mapping to other accounting systems to handle new Wide Area Work Flow (WAWF) functionality. The FY 2006 and FY 2007 funds will be used to maintain EC/EDI and WAWF mappings.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimate
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005 Quantity	FY 2005 Unit Cost	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost
DFAS Corporate Database			899			516			501

Narrative Justification: The DFAS Corporate Database (DCD) / DFAS Corporate Warehouse (DCW) provides DFAS and DoD with an effective and efficient financial management environment for financial information through a centralized database / warehouse that captures data, ensures its integrity, and supports on line analytical processing, information storage, and retrieval. The DCD/DCW initiative significantly contributes to the consolidation of financial management information and provides an interoperability mechanism to standardize and share financial information. DCD/DCW core functionality consists of Corporate Electronic Funds Transfer (CEFT) processes and Cross-Services Financial Information Support (FIS). This core functionality supports standardization and consolidation by establishing a common structure and processes to include the Global Edit Tables (GET), Standard Fiscal Code (SFC), US Standard General Ledger (USSGL), File Inventory Control System (FICS) and associated interfaces. It also provides the analysis and reporting capabilities for USSOCOM and other customers . The DCD/DCW integrates applications to enable information sharing and it forms the single, unified, standard, FFMIA-compliant environment. The DCD/DCW provides a central data source and enables communications among existing and future finance and accounting systems using standard file transfer protocols and interfaces. The DCD/DCW is not envisioned as a "system" in the traditional sense, but rather as an "enabling" service that provides a corporate core component of the enterprise. The DCD/DCW provides an interoperability mechanism to standardize and share financial information. Neither the CEFT nor the FICS applications were possible prior to the DFAS development of a centralized database / warehouse. The FY 2005 funds supported the Bearing Point contract (BP provided functional and sustainment support of the program management office), systems development and sustainment work (and core support) provided by the DFAS Technical Services Organization (TSO), and system testing provided by the TSO in Pensacola. The FY 2006 and FY 2007 funds will support systems development and sustainment work (and core support) provided by the TSO, and system testing provided by the TSO in Pensacola.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Operational Data Storage			400			1,300			1,300

Narrative Justification: Operational Data Store (ODS) is an Oracle based system operating on a UNIX Operating System on a mid-tier platform at Defense Enterprise Computing Center located at Rock Island (DECC-RI). ODS serves as a 'Traffic Cop' and a 'Central Data Repository'. ODS is a 'Traffic Cop' in that it directs data between various automated systems; and a 'Central Data Repository' in that it stores financial transactions and makes them available via Army Shared Knowledge – Financial Management (ASK-FM), a web based business intelligence tool, to the DFAS and Army financial community. In addition, the Navy, Air Force, and Defense Agencies financial communities use ODS' financial data in the areas of Foreign Military Sales (FMS), cross-disbursing, and general accounting. The FY 2005 through FY 2007 funds will support the integration of all Army legacy systems and provide the Army with ASK-FM, a web based business intelligence tool.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Software Development/Modification (Dev/Mod)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Imaging – Civilian Garnishments			100			200			200

Narrative Justification: The Imaged Garnishment (I-GARN) System is an Electronic Document Management System essential to the processing of garnishments cases. Legal documents are scanned into the I-GARN then sorted and distributed to the Paralegal staff for processing to the Integrated Garnishment System. When the I-GARNS is down, it inhibits the entire garnishment operation. This initiative provides support for sustainment of the I-GARN System. The I-GARN System equipment is at the end of its useful life cycle and is being replaced. Capital funds for FY 2005-FY 2007 will be used to meet regulatory and policy driven changes to the I-GARN system according to Federal Accounting Standards Advisory Board (FASAB) #10.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Financial Operations

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Minor Construction

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction			927			704			1,427

Narrative Justification: DFAS' minor construction primarily supports various CONUS sites. DFAS needs to provide security protection for several sites and funding will support erection of force protection barriers to maintain a secured perimeter. The FY 2005 funds are being used for Security Lighting at DFAS- Orlando as well to repair facilities at Pensacola to eliminate overcrowding, safely and security issues. The FY 2006 and FY 2007 funds are to cover unknown impacts of Base Closure and Realignment (BRAC).

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Security-0037	2,000	0	2,000	2,000		
Transportation Global Edit Table System-3521	175	0	175	175		
Imaging (EDM) Program-9304	1,130	-797	333	333		Part of requirement needed for software in the same initiative
Office Automation-9314	1,251	-57	1,194	1,194		Moved to various projects for reprogramming
Interactive VRTA-9501	0	450	450	450		Out of cycle requirement
Electronic Commerce / Electronic Data Interchange (EC/EDI)-9816	0	160	160	160		Replacement of WInS servers
Enterprise LAN System-9817	9,560	0	9,560	9,560		
Imaging - Civilian Garnishments-9901	0	100	100	100		Out of cycle requirement
	14,116	**-144**	**13,972**	**13,972**		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Non-Appropriated Funds Civilian Payroll System-1306	0	128	128	128		Modify program to accept electronic personnel data feed from DCPDS.
Automated Time Attendance and Production System-1503	991	0	991	991		
Defense Civilian Payroll System-1529	0	4,497	4,497	4,497		Unexpected delay in fielding replacement system combined with need to implement mandated pay directives
Employee Member Self Service (EMSS) MyPay-1533	1,250	377	1,627	1,627		Make system changes to incorporate new functionality in FY 05 to integrate MyPay with FCP
Forward Compatible Payroll-2001	5,400	2,300	7,700	7,700		Reprogram from various initiatives per component acquisition office and executive council decision
Defense Joint Military Pay System-Active Component-2107	4,138	-4,138	0	0		Due to scheduled replacement/sunsetting of DJMS sooner than expected
Marine Corps Total Force System-2117	5,291	-21	5,270	5,270		BMMP reduced authority to obligate

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Military Pay Systems Transition Program Office-2135	5,732	-600	5,132	5,132		Reprogram to Forward Compatible Payroll per component acquisition office
Defense Joint Military Pay System-Reserve Component-2409	2,276	-2,276	0	0		Due to scheduled replacement/sunsetting of DJMS sooner than expected
Defense MilPay Office-2424	0	998	998	998		Expanding capability to a larger user base required the acquisition of additional database licenses
Defense Retiree and Annutant Pay System-2703	1,858	-22	1,836	1,836		Moved to various projects for reprogramming
Integrated Accounts Payable System-3203	0	260	260	260		Add functionality to IAPS/PowerTrack interface supporting DoD Familiy First Program and contract payments
Computerized Accounts Payable System-3206	502	0	502	502		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
STARS-One Pay-3216	0	204	204	204		Add logic to process electronic/digital signatures on electronic payments, etc. Allows passing of electronic signature to disbursing with associated payments for verification.
Transportation Global Edit Table System-3521	125	0	125	125		
Deployabe Disbursing System-4131	1,927	0	1,927	1,927		
Defense Debt Management System-5102	720	-35	685	685		Moved to various projects for reprogramming
Defense Industrial Financial Management System-6141	1,000	-1,000	0	0		Moved to various projects for reprogramming

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Columbus COTS (eBiz)-6246	250	643	893	893		Upgrade to remain compliant with JFMIP requirements for Finance & Accounting systems
General Accounting and Financial System-Reengineering-7126	1,425	-1,425	0	0		Moved to various projects for reprogramming
Standard Accounting and Reporting System-7306	2,500	-90	2,410	2,410		Moved to various projects for reprogramming
Defense Working Capital Accounting System-7334	976	-690	286	286		Moved to various projects for reprogramming
Standard Accounting, Budgeting and Reporting System-7401	300	-300	0	0		Moved to various projects for reprogramming

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Program and Budget Accounting System-Funds Distribution-7852	500	-500	0	0		Moved to various projects for reprogramming
Defense Cash Accountability Reporting System-7881	5,467	0	5,467	5,467		
Defense Departmental Reporting System-7882	800	1,907	2,707	2,707		Support deployment of DFAS Budgetary Program for Army Working Capital and General Funds.
Enterprise Portal-9001	0	165	165	165		Unanticipated need to upgrade the agency's enterprise portal
Garnishment Support System-9104	450	0	450	450		
Imaging (EDM) Program-9304	0	855	855	855		Installation and setup of Redundant Array of Independent Disks and to cover additional datamapping needs

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Office Automation-9314	0	176	176	176		Accomplish major improvements to DFAS' program budget system
Electronic Commerce / Electronic Data Interchange (EC/EDI)-9816	633	-218	415	415		Moved to various projects for reprogramming
DFAS Corporate Database-9847	1,325	-426	899	899		Moved to various projects for reprogramming
Operational Data Storage-9854	1,300	-900	400	400		Moved to various projects for reprogramming
Imaging - Civilian Garnishments-9901	200	-100	100	100		Moved to various projects for reprogramming
Vendor Pay Inquiry System-9503	0	375	375	375		Incorporate new functionality for 1099 processing and for vendor support
	47,336	**144**	**47,480**	**47,480**		

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Minor Construction

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Minor Construction-8334	927	0	927	927		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Security-0037	1,140	0	1,140	1,140		
Imaging (EDM) Program-9304	1,130	0	1,130	1,130		
Office Automation-9314	723	0	723	723		
Enterprise LAN System-9817	13,333	0	13,333	13,333		
	16,326	**0**	**16,326**	**16,326**		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Automated Time Attendance and Production System-1503	991	0	991	991		
Defense Civilian Payroll System-1529	0	4,700	4,700	4,700		Support legislative changes
Employee Member Self Service (EMSS) MyPay-1533	2,000	0	2,000	2,000		
Forward Compatible Payroll-2001	4,559	2,344	6,903	6,903		Support final development-FCP-plus $7,771 & Program Termination-minus $5,427
Marine Corps Total Force System-2117	5,230	0	5,230	5,230		
Military Pay Systems Transition Program Office-2135	5,071	-5,071	0	0		Support final development of Forward Compatible Payroll
Defense MilPay Office-2424	2,048	0	2,048	2,048		
Defense Retiree and Annutant Pay System-2703	10,318	-8,300	2,018	2,018		Moved to various projects for reprogramming

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Integrated Accounts Payable System-3203	467	0	467	467		
Transportation Global Edit Table System-3521	375	0	375	375		
Deployabe Disbursing System-4131	1,163	0	1,163	1,163		
Defense Debt Management System-5102	685	0	685	685		
Defense Industrial Financial Management System-6141	1,000	-1,000	0	0		Moved to various projects for reprogramming
Columbus COTS (eBiz)-6246	250	0	250	250		
Standard Accounting and Reporting System-7306	3,000	-250	2,750	2,750		Moved to various projects for reprogramming
Defense Working Capital Accounting System-7334	500	-250	250	250		Moved to various projects for reprogramming
Standard Contract Reconciliation Tool-7601	350	0	350	350		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Defense Joint Military Pay System-Active Component-2107	0	5,427	5,427	5,427		Reprogrammed from Forward Compatible Payroll for interim support until replaced by DIMHRS
Defense Cash Accountability Reporting System-7881	5,452	0	5,452	5,452		
Defense Departmental Reporting System-7882	1,630	2,400	4,030	4,030		Fully fund requirements for a designated enterprise system
Garnishment Support System-9104	450	0	450	450		
Electronic Commerce / Electronic Data Interchange (EC/EDI)-9816	530	0	530	530		
DFAS Corporate Database-9847	516	0	516	516		
Operational Data Storage-9854	1,300	0	1,300	1,300		
Imaging - Civilian Garnishments-9901	200	0	200	200		
	48,085	**0**	**48,085**	**48,085**		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Minor Construction

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Minor Construction-8334	704	0	704	704		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Security-0037	1,535	0	1,535	1,535		
Imaging (EDM) Program-9304	1,130	0	1,130	1,130		
Enterprise LAN System-9817	13,331	0	13,331	13,331		
	15,996	**0**	**15,996**	**15,996**		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Automated Time Attendance and Production System-1503	991	0	991	991		
Defense Civilian Payroll System-1529	0	4,000	4,000	4,000		Support legislative changes
Employee Member Self Service (EMSS) MyPay-1533	2,000	0	2,000	2,000		
Forward Compatible Payroll-2001	6,563	-6,563	0	0		Program Terminated
Military Pay Systems Transition Program Office-2135	3,603	0	3,603	3,603		
Defense Retiree and Annutant Pay System-2703	12,848	-5,600	7,248	7,248		Moved to various projects for reprogramming
Deployabe Disbursing System-4131	1,234	0	1,234	1,234		
Defense Debt Management System-5102	685	0	685	685		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Defense Industrial Financial Management System-6141	1,000	-1,000	0	0		Moved to various projects for reprogramming
Columbus COTS (eBiz)-6246	250	0	250	250		
Standard Accounting and Reporting System-7306	3,000	0	3,000	3,000		
Defense Working Capital Accounting System-7334	500	0	500	500		
Defense Cash Accountability Reporting System-7881	1,368	0	1,368	1,368		
Defense Departmental Reporting System-7882	200	2,600	2,800	2,800		Fully fund requirements for designated enterprise system
Garnishment Support System-9104	450	0	450	450		
Electronic Commerce / Electronic Data Interchange (EC/EDI)-9816	530	0	530	530		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Defense Joint Military Pay System-Active Component-2107	0	4,515	4,515	4,515		Reprogrammed from Forward Compatible Payroll for interim support until replaced by DIMHRS
Defense Milpay Office-2424		2,048	2,048	2,048		Reprogrammed from Forward Compatible Payroll for interim support until replaced by DIMHRS
DFAS Corporate Database-9847	501	0	501	501		
Operational Data Storage-9854	1,300	0	1,300	1,300		
Imaging - Civilian Garnishments-9901	200	0	200	200		
	37,223	**0**	**37,223**	**37,223**		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Minor Construction

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Minor Construction-8334	1,427	0	1,427	1,427		

DEFENSE FINANCE AND ACCOUNTING SERVICE
Fiscal Year (FY) 2007 Budget Estimates

CAPITAL BUDGET EXHIBITS

INFORMATION SERVICES BUSINESS AREA

EXHIBIT FUND 9-a
DWCF ACTIVITY CAPITAL INVESTMENT SUMMARY

EXHIBIT FUND 9-b
ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
Automated Data Processing Equipment

EXHIBIT FUND 9-c
CAPITAL BUDGET EXECUTION

Activity Capital Investment Summary
Component: Defense Finance and Accounting Service
Activity: Information Services
Date: February 2006
(Dollars in Millions)

Line No.	Item Description	FY 2005		FY 2006		FY 2007	
		Quantity	Total Costs	Quantity	Total Costs	Quantity	Total Costs
	Non-ADP Equipment>$100K		**0.0**		**0.0**		**0.0**
	- Replacement						
	- Productivity						
	- New Mission						
	- Environment						
	ADPE and Telecommunications Equipment		**.5**		**.5**		**.5**
	- Computer Equipment		.5		0.0		0.0
	- Computer Software						
	- Telecommunications						
	- Other						
	Software Development		**0.0**		**0.0**		**0.0**
	- Internally Developed						
	- Externally Developed						
	Minor Construction		**0.0**		**0.0**		**0.0**
	TOTAL		**0.5**		**.5**		**.5**
	Total Capital Outlays		**0.5**		**0.0**		**0.0**
	Total Depreciation Expenses		**1.5**		**.9**		**1.0**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. Fiscal Year (FY) 2007 Budget Estimates
DFAS Information Services

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2006

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2005 Quantity	FY 2005 Unit Cost	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost
ELAN			462			462			462

Narrative Justification: The Information Services – Automated Data Processing Equipment (ADPE) FY 2004 funds will be used for technical refreshments for Mid-Tier Development Environment. The FY 2005 thru FY 2007 funds will be used for technical refreshment of Mid-Tier Development Environment.

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise LAN System-9817	462	0	462	462		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise LAN System-9817	462	0	462	462		

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

($000)

Projection on the DFAS Fiscal Year (FY) 2007 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise LAN System-9817	462	0	462	462		

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: CS
February 2006
(Dollars in Millions)

Proj No.	Item Description	FY 2005 Quantity	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Total Cost
	Equipment						
	Replacement Equipment						
CE0300	Facilities Equipment	4	$5.369	4	$17.200	3	$6.400
	Capability Based ADPE & Telecom						
CC0100	IBM - Tech Refresh	6	$18.720	8	$14.954	7	$14.154
CC0200	IBM - Customer	0	$0.000	1	$2.000	1	$2.000
CE0100	Systems Management/ADP	2	$3.098	6	$7.334	6	$11.871
CE0400	Communications	8	$6.210	2	$7.507	2	$6.038
CS0100	Server - Tech Refresh	1	$9.038	1	$6.500	0	$0.000
CS0200	Server - Customer	22	$49.531	14	$38.154	4	$6.537
CX0100	Storage - Tech Refresh	0	$0.000	0	$0.000	35	$18.100
	Software						
	Externally Developed Software						
CV0200	Other - New Financial System	0	$0.000	1	$2.670	1	$0.600
	Minor Construction						
CE0200	Facilities	1	$6.333	1	$2.018	0	$0.000
	Total	**44**	**$98.299**	**38**	**$98.338**	**59**	**$65.702**
Total Capital Outlays			$32.227		$113.674		$126.416
Total Depreciation Expense			$40.691		$83.711		$89.976

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CE0300 Facilities Equipment

B. CS/February 2006

D. Defense Information Systems Agency

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Facilities Equipment	4	$1,342	$5,369	5	$4,300	$17,200	3	$2,133	$6,400
Total	**4**	**$1,342**	**$5,369**	**5**	**$4,300**	**$17,200**	**3**	**$2,133**	**$6,400**

Narrative Justification:

Description and Purpose:
Replacement of facilities and equipment (at various sites: five sites in FY 2006 and three in FY 2007) consisting of the following:

Replace/upgrade uninterrupted power supply (UPS) equipment at sites in Oklahoma City, Ogden, and Jacksonville. Current systems are at the end of respective useful life.

Replace/upgrade Chillers, Pumps, and Tower at Mechanicsburg. The current system is 18 years old – well beyond its useful life of 10 years.

Replace/upgrade humidifiers at Ogden, which provide humidification to the Computing Services, raised floor area. The current humidifiers are beyond their useful life.

At DECC Europe upgrades to electrical and mechanical are required.

Implement vibration-monitoring equipment in the mechanical rooms to track and evaluate vibrations emanating from the mechanical equipment. Increased vibration can signal age and deterioration.

Current deficiency and/or Problem:
Many of DISA's facilities are in need of cyclical focused upgrades to equipment to assure adequate reliability and redundancy to support customer workload. Currently, facilities pose safety hazards as well as potential mission failure due to a myriad of age related equipment deficiencies resulting in un-programmed downtime. The maintenance parts for these resources are no longer manufactured and minor problems will necessitate complete equipment replacement. The acquisition timetable for replacement of this equipment is 12 – 18 months.

Impact:
Without these investments, DISA will not be able to provide a redundancy factor that allows 24x7 operations. They also could impact the DISA operation in terms of operational capability, efficiency and future business.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CC0100 IBM - Tech Refresh

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
IBM - Tech Refresh	6	$3,120	$18,720	8	$1,869	$14,954	7	$2,022	$14,154
Total	**6**	**$3,120**	**$18,720**	**8**	**$1,869**	**$14,954**	**7**	**$2,022**	**$14,154**

Narrative Justification:

Description and purpose:
Over the course of the next two years, DISA Computing Services must replace its outdated hardware in order to accommodate new customer requirements and to support year-end processing for our customers. As the IBM (OS 390) compatible central processors become non-supported equipment they are upgraded/replaced in tandem with the channel support system. There is also a requirement to replace aging tape drive equipment, some of which is over 10 years old, during this period. We will need to replace the older versions of the "Z" Series mainframes because they do not allow for DoD security features/requirements. Replacing the current mainframe equipment will allow for meeting required DoD security compliance and provide for more efficient processing capabilities and reduced system maintenance. The new machines will be utilized to host the Air Force, Army, DFAS, USMC, and Navy customers. The requested resources will be used to upgrade and refresh hardware in the equivalent of 8 mainframes in FY 2006 and 7 mainframes in FY 2007. DISA has utilized IBM Generation 4, 5, and 6 series mainframes for approximately the past 10 years. Generation 6 and below mainframes are no longer supported in FY 2007.

The requested funds will also pay upgrade costs for each piece of software on the newly acquired machines. Additionally, this funding will permit upgrading the virtual tape system at the St. Louis data center along with a portion of the 60 tape transports supporting the systems.

Current deficiency and/or Problem:
The existing equipment is aging and will be non-supported by the vendor. The newer technology allows for faster processing which in turn prevents operational impacts in customer application processing times. As application processing requirements grow, these system components will not be able to handle the processing load.

Impact:
Without this capital investment, DISA will not be in full compliance with the Defense Department's security requirements. Also, DISA will not have the necessary processing capabilities to accommodate its customers.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CC0200 - IBM Customer

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
IBM - Customer	0	$0	$0	1	$2,000	$2,000	1	$2,000	$2,000
Total	**0**	**$0**	**$0**	**1**	**$2,000**	**$2,000**	**1**	**$2,000**	**$2,000**

Narrative Justification:

Description and purpose:
The funds requested will be used to acquire hardware and operating software to accommodate new technology, customer requirements and agreements. Traditionally, DISA has received one to two new business requests per fiscal year. To accommodate these new workloads, DISA requests $2 million to purchase the necessary hardware and software to host additional workload.

DISA has standards in place in terms of engineering mainframe solutions. The standards require the acquisition of IBM ‘z’ Series mainframes. The ‘z’ Series mainframes currently consist of the z800, z890, z900, and z990 line of products. Typically, when a new business solution is engineered, the initiative requires one new machine per workload; therefore one of the above listed mainframes would be required per solution. The estimated cost per machine is approximately $1-$2M depending on the engineered solution.

Current deficiency and/or Problem:
DISA as an organization has maintained viability within the marketplace with Defense Department customers by providing exemplary service when needed. DISA has become the primary mainframe service provider for each major Service/Agency and continues to search for new business from new and existing customers. By not accommodating new workload requests from new and existing customers, DISA remains competitive in the computing environment.

Impact:
DISA constantly pursues new business opportunities and partnerships to maintain viability and stimulate growth. DISA constantly receives requests to accommodate new or changing workload. To accommodate increased customer workload and new business, DISA must have available funds to allow for business growth.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CE0100 Systems Management/ADP

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Systems Management/ADP	2	$1,549	$3,098	6	$1,222	$7,334	6	$1,978	$11,871
Total	**2**	**$1,549**	**$3,098**	**6**	**$1,222**	**$7,334**	**6**	**$1,978**	**$11,871**

Narrative Justification:
Description and purpose:
The DISA mission, as an enterprise computing service provider, is to deliver world-class service at the lowest possible cost. To accomplish this we require funding for six projects in FY 2006 and six in FY 2007. The rationale for the cost difference between FY 2006 and FY 2007 is attributable to the difference in the mix of software tools required each year. The Helpdesk Improvement Initiative of the Customer Service Management (CSM) Program focuses on providing world-class post deployment call center/technical support service to its customers at the lowest possible cost. The CSM toolset consists of knowledge management, trouble management, reports management and a web based access control point. The Knowledge Management System is the central repository for the enterprise's intellectual assets; it needs to be easily accessible by anyone requiring the information using a method that is most appropriate for that person. The Trouble Management System provides the tools and processes for documenting, tracking, analyzing, and managing problem events throughout the enterprise using a DISA standard tool. The Reports Management System provides the tools and processes for defining, scheduling and publishing integrated management and customer reports utilizing data from multiple enterprise sources. This tool suite gives DISA CS the ability to meet today's customer service needs and also to support future business requirements such as Army server workload, Net Centric Enterprise Services (NCES), and organizational "virtualization" while maintaining the highest levels of customer satisfaction with the DISA post deployment support structure as rated by an annual external Gartner survey. Enterprise System Management (ESM) tools provide situational awareness and operational support to the System Management Centers (SMCs). As Computing Services takes on additional mainframe and server based applications both within the SMCs, Processing Elements (PEs), and remote sites there will be more reliance in managing and monitoring the multitude of customer applications in both the unclassified and classified environments. DISA CS manages over 4000 servers, communications devices and mainframe computers. In addition, CS uses over 2300 personal computers, printers, laptops, and personal computing devices to work its war-fighting mission. DISA CS employs a variety of geographically dispersed mainframes and distributed computing systems. As a result of significant site and workload consolidations as well as budgetary constraints, redundant, functionally equivalent, and excessively expensive products must be eliminated. Standard Operating Environment (SOE) projects will eliminate functionally equivalent products, streamline the DISA CS inventory, and create the most efficient processing environment for the CS customer at the least possible cost.

Current deficiency and/or Problem:
The core CSM/ESM tools have been deployed in the unclassified environment; additional capabilities are required to address automation of Helpdesk email traffic, collaboration and situational awareness in the call center environment. Also, the CSM unclassified hardware components are nearing end-of-life and require replacement. Only basic integrated support capabilities have been provided for classified processing. Rapidly growing classified requirements will demand the capabilities of the full core set of CSM tools to ensure appropriate support for critical DOD workload and maintain functional compatibility with the principles of NETOPS and Net Centric Enterprise

Element of Cost
Systems Management/ADP

Narrative Justification: Continued

Services (NCES). To monitor and manage this vast amount of computing capability, CS must continue to implement and maintain enterprise system management tools as the inventory increases and manpower is held at minimum levels. DISA CS has engineered and implemented an initial operating capability to host the situational awareness and operational support tools. These tools are part of the investment in new hardware and software to more efficiently host and provide contingency alternatives for the environment. The SOE program office is in the process of conducting technical evaluations on mainframe and distributed software products throughout the DISA CS enterprise. Based on both the technical evaluation and the implementation cost, a standard product will be selected for each functional area. Selected products will be implemented throughout the DISA CS enterprise, allowing the elimination of functionally equivalent software. Developing enterprise software standards benefits DISA CS in several areas: maintenance costs are reduced through economies of scale, a higher level of technical expertise is achieved when technicians can focus on a single product, increasing the quality of service provided to customers, technical complexity is reduced when there are fewer products to maintain across the enterprise and enterprise standards allow a higher degree of interoperability and flexibility. Functional areas targeted for standardization initiatives in FY 2006/2007 include: report distribution, database monitoring, mainframe cost recovery tool, and enterprise security.

Impact:
Without this investment CS will not be able to operate and manage customer applications with current staffing limits. CS will be unable to support DISA initiatives to continue to consolidate DOD processing into the robust and secure architecture of the CS operating locations. Support for critical applications within the rapidly growing classified environment will be unresponsive and required situational awareness will be unavailable. The sheer volume of servers coming into the environment cannot be managed without ESM tools. The SOE program will select the best product, based on functional requirements, cost, and license terms and conditions, as a standard for each functional sub-category. After selection, each product will be acquired and implemented, replacing all functionally equivalent software. Redundant software products will be removed from the CS inventory, multiple annual maintenance/licensing costs will be eliminated, only one set of administration and user skills will be required, and best-practice techniques will be shared among sites with like products.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CE0400 Communications

B. CS/February 2006

D. Defense Information Systems Agency

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Communications	8	$776	$6,210	2	$3,753	$7,507	2	$3,019	$6,038
Total	**8**	**$776**	**$6,210**	**2**	**$3,753**	**$7,507**	**2**	**$3,019**	**$6,038**

Narrative Justification:

Description and purpose:
DISA manages, maintains and upgrades the Computing Services datacenter communications infrastructure across the Enterprise. The network equipment and tools at all System Management Centers (SMC) and Processing Elements (PE) are periodically modified and upgraded. In FY 2006-2007, DISA will add switches and routers to the existing infrastructure to support and enhance network performance. Network management tools will be installed to support remote management of Processing Elements by System Management Centers.

This capital requirement will replace the switches and routers that will be at the end of their life cycle. These switches and routers are part of the core infrastructure. The switches and routers in the production as well as the out-of-band network with redundant capabilities will have to be replaced at the end of life. It is critical that these switches be upgraded and supported. Communication equipment has a normal life span of 3 years.

Current deficiency and/or Problem:
The next generation of Computing Services Information Assurance architecture needs to be installed. It leverages the use of distributed enclaves so that all information flows are consolidated to maximize performance, security and availability. After consolidation, the 16 enterprise data centers will be, in essence, one enterprise consisting of 16 sites where access is limited to minimal entry points rather than through 16 separate sites. New technology is needed to meet changing program requirements in FY 2006 – FY2007 by incorporating new technological developments into the existing network.

The products interface with the NIPRNet to provide routing from the internal to the external network: for example, premise routers and the equipment providing connections to the customers' networks and other data centers such as the Virtual Private Network (VPN) products. The products also include but are not limited to Virtual Local Area Network (VLAN) switches in the backbone of the Computing Services datacenter infrastructure, the content switches in the core infrastructure used for load balancing, enhancing Web application performance and availability and the Out-of-Band management system for remote administration of hosts even if all in-band administrative access is shut down.

Impact:
If DISA is unable to install core redundant network equipment in the infrastructure, we will not be able to support new and increasing workload. Without this funding we will not have the devices required for the advanced security features required for computer network defense. This equipment is needed to support existing and near term network requirements. They help alleviate network congestion and outages.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CS0100 Server - Tech Refresh

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Server - Tech Refresh	1	$9,038	$9,038	1	$6,500	$6,500	0	$0	$0
Total	**1**	**$9,038**	**$9,038**	**1**	**$6,500**	**$6,500**	**0**	**$0**	**$0**

Narrative Justification:

Description and purpose:
This investment is to provide new server hardware components to replace aging resources that have exceeded their technical life. This equipment has a three-to five-year useful life (five-year on higher-end systems). Components include items such as Intel and Unix servers, networking switches, fiber channel cabling, and software products packaged with equipment. As these resources come to the end of life they must be replaced or upgraded. This budget line will also be used for data storage equipment to meet new and increasing requirements for processing systems, and to replace aging storage resources that have exceeded their useful life. The Server Tech Refresh line will be used for replacing unsupported equipment at Ogden, UT, Oklahoma City, OK, and Montgomery, AL. Based on the server schedule for technical refresh there are no requirements in FY 2007.

Current deficiency and/or Problem:
The rate of change in server level technology and commercial support causes aging systems to approach functional obsolescence in a 36 – 60 month time frame, depending on the nature of the suite of deployed products and the functions supported. Those systems degrade over time and ultimately fail to perform critical infrastructure and production support functions. Without this funding CS would not be able to extend the useful life of some of its server platforms.

Impact:
Failure to fund these projects means DISA would not be able to provide the server needed to meet its customers' requirements.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CS0200 Server - Customer

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Server - Customer	22	$2,251	$49,531	14	$2,725	$38,154	4	$1,634	$6,537
Total	**22**	**$2,251**	**$49,531**	**14**	**$2,725**	**$38,154**	**4**	**$1,634**	**$6,537**

Narrative Justification:

Description and purpose:
This investment is to acquire new server hardware components to accommodate new applications that DISA's customers are placing into production in DISA Enterprise Computing Centers. This equipment has a three-to five-year useful life (five-year on higher-end systems). Components include items such as Intel and Unix servers, processor boards (CPUs), memory boards, embedded disk storage, networking switches, fiber channel cabling, and software products packaged with equipment (such as operating systems). These capital requests support workloads that include the Air Force Knowledge System, Military Health Systems, and the Air Force Depot Maintenance Systems Integration, along with systems supporting the Army, DFAS, DISA, DLA and other major customers.

Current deficiency and/or Problem:
Without capital investment authority DISA will not be able to respond in a timely manner to customer driven workload that require capital funds for additional/upgraded servers.

Impact:
As a full-service IT provider, DISA will obtain IT equipment to satisfy customer requirements. DISA can use pre-competed contracts to obtain equipment for less cost to the customer. Purchasing the equipment directly, DISA can eliminate future issues associated with transferring customer-obtained hardware and software. Without the requisite capital authority, DISA cannot satisfy new customer requirements, such as entirely new system (hardware, software, and firmware) and upgrades to existing systems. This would force the customer to continue to use less efficient existing manual or legacy processes.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CX0100 Storage - Tech Refresh

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Storage - Tech Refresh	0	$0	$0	0	$0	$0	35	$517	$18,100
Total	**0**	**$0**	**$0**	**0**	**$0**	**$0**	**35**	**$517**	**$18,100**

Narrative Justification:

Description and purpose:
To replace aging storage resources which have exceeded their useful life. The tech refresh line will be used for replacing unsupported equipment at Ogden, UT, Oklahoma City, OK and Montgomery, AL facilities.

Storage requirements for unclassified processing systems using server based operating systems is the fastest growing segment of the DISA infrastructure. The increasing deployment of online web based systems, the redeployment of mainframe systems to open systems, expanding requirements of existing systems, and internal DoD regulatory requirements for electronic records management are factors in the rapidly increasing demand for storage resources. DISA conservatively estimates that our current inventory of approximately 600 Terabytes will grow at a rate of 25% a year. Storage resources have a three to five year useful life. As these resources come to the end of life they must be replaced. Assuming a 5-year useful life, that means a minimum of 20% of existing resources require replacement each year. There are also storage requirements for classified processing systems using server-based operating systems. Increasingly requirements being presented to DISA contain a classified SIPRNET based component. Because of the classified nature of the data, it must be hosted on physically separate equipment. Like the unclassified NIPRNET resources, DISA conservatively estimates that the capacity requirements for these systems will grow at a rate of 25% a year. This estimated growth and technical refreshment represent approximately 20 disk arrays, 8 fiber channel switches and 7 tape libraries of various capacities.

Current deficiency and/or Problem:
Major customers such as Global Combat Support System, Military Health System, Defense Finance & Accounting Service, Electronic Business, et al, have additional workload requirements that far exceed current storage resources. Many of the existing storage systems have either reached or are reaching the end of their useful life. DISA has the responsibility to provide life cycle sustainment of these storage resources. Sustainment means replacing a portion of these resources on an annual basis to meet customers' Service Level Agreements (SLA). Maintenance support of old equipment is extremely limited, hindering the operations of priority applications and customers. Existing DISA storage resources are either nearing the end of their useful life or are not capable of being upgraded sufficiently to meet these growth requirements.

Impact:
Failure to fund these projects means DISA would not be able to provide the storage capacity needed to meet its customers' requirements. The requirements include new application system functionality, increased growth in data volumes, and other regulatory or mission requirements, which translate into more storage capacity.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CV0200 Other - New Financial System

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Other - New Financial System	0	$0	$0	1	$2,670	$2,670	1	$600	$600
Total	**0**	**$0**	**$0**	**1**	**$2,670**	**$2,670**	**1**	**$600**	**$600**

Narrative Justification:

Description and purpose:
DISA has been directed to implement a new accounting system that is compliant with Federal regulations and the Joint Financial Management Improvement Plan (JFMIP). To comply with these regulations DISA will implement a standard financial system called Defense Enterprise Accounting and Management System (DEAMS). DEAMS is an approved DoD Business Transformation Agency initiative that will be executed jointly by the Air Force, USTRANSCOM, DISA, and DFAS. The Air Force established a DEAMS Program Management Office to oversee the acquisition. DEAMS is Commercial off the Shelf (COTS) Software product that will replace DISA's existing accounting system the Financial Accounting Management Information System (FAMIS).

Current Deficiency and/or Problem:
The OMB/DOD mandated audit of DISA's financial statements identified material weaknesses in DISA's accounting system that must be corrected. DISA must implement a new accounting system in order to meet the President's Management Agenda for Financial Management Improvement that specifically requires: 1) financial management systems meet federal financial management system requirements and applicable federal accounting and transaction standards; 2) accurate and timely financial information; 3) integrated financial and performance management systems supporting day-to-day operations; and 4) unqualified and timely audit opinion on the annual financial statements; no material internal control weaknesses reported by the auditors.

Program Completion:
OUSD(C) approved the DISA Standard Finance and Accounting System initiative on 8 August 2003 and Milestone A decision was approved by OUSD(C) in 2004. The Air Force and DISA will initiate implementation in FY 2006 with completion anticipated in FY 2007.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. CE0200 Facilities

D. Defense Information Systems Agency

B. CS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Facilities	9	$703	$6,333	4	$504	$2,018	0	$0	$0
Total	**9**	**$703**	**$6,333**	**4**	**$504**	**$2,018**	**0**	**$0**	**$0**

Narrative Justification:

Description and Purpose:
The current equipment and facilities to support and process classified information are considered obsolete and must be replaced at the Ogden facility. The replacement/upgrades are necessary to ensure that the Sensitive Compartmented Information Facility (SCIF) are brought up to date, and properly support the SCIF security and administration requirements for the customer.

The secure Video/Tele-Conference (VTC) provides the capability to host or participate in classified discussion among DISA Systems Management Centers Ogden, Oklahoma City, Montgomery and Mechanicsburg; Central Communications Centers co-located with SMC Montgomery and Oklahoma City; Business Management Centers Blue Ridge – Chambersburg and Rocky Mountain – Denver; and Computing Services (CSD) Denver and Alexandria.

Current deficiency and/or problem:
The lack of properly prepared facility infrastructure support (properly constructed Secure VTC room) has delayed the development of Secure Video/Tele-Conference capability within DISA. The Ogden facility upgrade is necessary to meet the DoD requirements for classified conversations/Video teleconferencing. The walls, doors and foundation will require inspection prior to SCIF certification.

Facility enhancements are required in Mechanicsburg in support of the White House Communications Agency (WHCA) to ensure that we can meet mission requirements. The current facilities configuration does not meet the customer's minimum floor space requirements or requirements to provide operational space to stage deployments.

Impact:
Computing Services is at risk of losing accreditation of the SCIF and the revenue generated by the customer in place. The SCIF must maintain its accreditation to remain operational.

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: CS
February 2006
(Dollars in Millions)

Projects in the FY 2006 President's Budget

FY	Approved Project	2006 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	(Asset)/Deficiency	Explanation
FY 2006	Facilities Equipment	15.700	0.000	0.000	17.200	1.500	Increase in European upgrade project
	IBM - Tech Refresh	19.454	0.000	0.000	14.954	(4.500)	Funding reprogrammed for emerging customer rqmts
	IBM - Customer	2.000	0.000	0.000	2.000	0.000	
	Systems Management/ADP	13.169	0.000	0.000	7.335	(5.834)	Postponed/reprogrammed for emerging customer rqmts
	Communications	7.507	0.000	0.000	7.507	0.000	
	Server - Tech Refresh	6.500	0.000	0.000	6.500	0.000	
	Server - Customer	25.959	0.000	0.000	38.154	12.195	Increased customer rqmts
	Other - New Financial System	2.670	0.000	0.000	2.670	0.000	
	Facilities	4.700	0.000	0.000	2.018	(2.682)	Reduced projects
	Classified ADPE	0.679	0.000	0.000	0.000	(0.679)	Customer cancelled
	Total FY 2006	**98.338**			**98.338**		

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: CS
February 2006
(Dollars in Millions)

Projects in the FY 2006 President's Budget

FY	Approved Project	2006 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	(Asset)/Deficiency	Explanation
FY 2007	Facilities Equipment	14.300	0.000	0.000	6.400	7.900	Requirements postponed
	IBM - Tech Refresh	2.020	0.000	0.000	14.154	(12.134)	Emerging business rqmts
	IBM - Customer	2.750	0.000	0.000	2.000	0.750	Requirements reduced
	Systems Management/ADP	11.032	0.000	0.000	11.871	(0.839)	Emerging business rqmts
	Communications	6.038	0.000	0.000	6.038	0.000	
	Server - Customer	38.162	0.000	0.000	6.537	31.625	Managed Svcs impact
	Storage - Tech Refresh	0.000	0.000	0.000	18.100	(18.100)	New category
	Other - New Financial System	0.600	0.000	0.000	0.600	0.000	
	Facilities	4.700	0.000	0.000	0.000	4.700	Requirements postponed
	Total FY 2007	**79.601**			**65.701**		

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2006
(Dollars in Millions)

Proj No.	Item Description	FY 2005 Quantity	FY 2005 Total Cost	FY 2006 Quantity	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Total Cost
	ADPE & Telecom						
EE0002	Enterprise Business Modernization	1	$1.100	1	$0.200	0	$0.000
TO0002	Command Section VTC Room	1	$0.175	0	$0.000	0	$0.000
TO0005	UPS System for Command Section	0	$0.000	1	$0.350	0	$0.000
TR0008	Telecommunications Equipment	0	$0.000	1	$8.600	1	$9.200
TS0003	Signal Transfer Points	1	$7.360	0	$0.000	0	$0.000
TT0002	Timing and Synchronization	1	$4.500	0	$0.000	0	$0.000
TT0006	CONUS Multifunction Switch	1	$0.800	0	$0.000	0	$0.000
TT0008	SWA IP Initiatives	1	$1.500	0	$0.000	0	$0.000
TT0019	Europe Transmission Expansion	1	$16.652	0	$0.000	0	$0.000
TT0025	Multi-Service Provisioning Platforms	1	$5.100	0	$0.000	0	$0.000
TT0026	Indefeasible Right of Use for DISN Sites	1	$2.538	0	$0.000	0	$0.000
	Software						
	Internally Developed Software						
EE0001	Telecom Inventory & Billing Application	0	$0.000	1	$0.160	0	$0.000
	Externally Developed Software						
EE0001	Telecom Inventory & Billing Application	1	$1.010	1	$0.135	0	$0.000
EE0002	Enterprise Business Modernization	1	$9.395	1	$5.040	0	$0.000
EE0003	Standard Financial System	0	$0.000	1	$2.670	1	$0.600
TT0020	Automated Workflow/PAWS	1	$0.693	0	$0.000	0	$0.000
	Minor Construction						
TO0001	Scott AFB Bldg Renovation	1	$0.750	0	$0.000	0	$0.000
TO0007	Earthen Berms	0	$0.000	0	$0.000	1	$0.200
TO0008	Building Exterior Enhancement	0	$0.000	0	$0.000	1	$0.150
TO0014	Bldg 1930 Renovations, Scott AFB	0	$0.000	1	$0.450	0	$0.000
	Total	**13**	**$51.573**	**8**	**$17.605**	**4**	**$10.150**
Total Capital Outlays			$34.327		$79.724		$113.700
Total Depreciation Expense			$16.609		$1.500		$2.800

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. TO0006 Enterprise Business Modernization

D. Defense Information Systems Agency

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Enterprise Bus Modernization Hardware	1	$1,100	$1,100	1	$200	$200	0	$0	$0
Enterprise Bus Modernization Software	1	$9,395	$9,395	1	$5,040	$5,040	0	$0	$0
Total	2		$10,495	2		$5,240	0	$0	$0

Narrative and Justification:

Description and Purpose:
DISA Enterprise Acquisition Services (EAS) has developed a project to significantly enhance its business environment. The project objectives are:
- Identify an enterprise architecture that includes mission, business functions, processes and systems, and as-is baseline.
- Identify, develop, acquire, test and deploy systems and processes that conform to the architecture.
- Plan, budget and implement a formal enterprise architecture function and organization. The execution strategy to this point in the project and up to the beginning of the second quarter of FY 2005 (the point at which capital asset money is required) involves working with the DOD Business Management Modernization Program (BMMP), Acquisition Governance Board (AGB) and the DoD Acquisition Domain to ensure our solution is consistent with the direction of DoD and the federal government as a whole. Implementation includes the purchase of necessary hardware and infrastructure upgrades to deploy new commercial off-the-shelf (COTS) software. This hardware and associated software will help modernize DISA's business processes and help transition it to a net-centric IT infrastructure that aligns with Federal and DoD architecture is immediate and compelling. Transitioning to a net-centric environment supports DISA's corporate strategy to improve planning, engineering, acquisition, fielding, supporting, and operating innovative net-centric services and solutions. The benefits realized by this project will be tangible and intangible and include: a reduction in the number of systems, eliminating data re-entry and reducing the number of user ID's and passwords; Improving system integration, accuracy of information, visibility of requirements processed, and retrieval of management reports and replacing the current "green screen" systems with modern state-of-the-art COTS products. The impact to DISA customers accessing the new IT system will be significant as they will be able to obtain current and accurate contractural and financial information from any location, 24x7. This project will eliminate significant operational and maintenance costs of obsolete software, and combine the operations of a multitude of independent systems into a system that will increase available data and reduce the impact of system failures.

Current Deficiency or Problem:
EAS provides procurement and acquisition logistics services for a wide variety of government customers. In order to support the DISA acquisition and financial management mission in an efficient and effective manner EAS manages, operates, and in many cases, has developed, a group of complex software applications that over time have independently evolved into disparate systems.

Impact:
EAS functions support DISA's management of the Global Information Grid and degradation or loss of capability places critical communications and missions at risk. Mission degradation due to system failure becomes more likely as a result of aging, unsupported and poorly integrated software.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

D. Defense Information Systems Agency

C. TO0005 UPS System for Command Section

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
UPS System for Command Section	0	$0	$0	1	$350	$350	0	$0	$0
Total	0	$0	$0	1	$350	$350	0	$0	$0

Narrative and Justification:

Description and purpose:
Requirement is for an electrical survey, purchase and installation of a stand alone 100 to 225 Kilovolt (KVA), 3 phase Uninterrupted Power Source (UPS), with 30 minute backup capability, to include a diesel generator which will be no greater than 400 Kilowatt (KW) with a 24 hour run time capability.

Current Deficiency and/or Problem:
The DISA CONUS Command Suite requires the capability to continue to be operational during scheduled and/or unscheduled power outages. The Command and control function of the DISA CONUS Command Suite is vital to the support of the warfighter, thus requiring the availability of an uninterrupted power source not simply for its day-to-day operations, but also when the need arises to respond to real world contingencies. This requirement is necessary not just as a back-up for/to the National Capital Region, but also for worldwide Communication Command Center Control and Assessments. DISA CONUS is in the process of moving the Command Suite from its current location to a newly renovated site within its facility. The limitations of the existing backup power systems are at or near capacity and therefore, will not be able to handle the electrical power load of the DISA CONUS Command Suite. Also included in this section is the DISA CONUS Video Teleconference Network System. During a real world emergency contingency, this area could be utilized as an Operations Control Center required to house a minimum of 40-50 personnel to manage such an operation.

Impact:
These funds are required for an electrical survey, purchase and installation of a stand alone 100 to 225 KVA, 3 phase UPS, with 30 minute backup capability, to include a diesel generator which will be no greater than 400KW with a 24 hour run time capability. Without this funding we risk continuity of operations in the event of power outages.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. TR0008 Telecommunications Equipment

D. Defense Information Systems Agency

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Telecommuncations Equipment	0	$0	$0	1	$8,600	$8,600	1	$9,200	$9,200
Total	0	$0	$0	1	$8,600	$8,600	1	$9,200	$9,200

Narrative and Justification:

Description and Purpose:
The current Joint Worldwide Intelligence Communications System (JWICS) Asynchronous Transfer Mode (ATM) network is integrating into the Global Information Grid Bandwidth Expansion Internet Protocol (GIG-BE IP) based network to support transformational customers. This initiative is part of the technology transformation in the delivery of services to the warfighter and is required as part of the Assistant Secretary of Defense's Networks and Information Integration (ASD/NII) architecture for the future. This capital investment will be used to integrate the existing JWICS network with the GIG-BE program seamlessly. The purchase of switches along with the purchase of Internet Protocol (IP) interface cards will enable the JWICS program to meet the ASD/NII vision of taking bandwidth out of the equation for communications in the future.

Current Deficiency and/or Problem:
In FY 2006, the classified portion of the GIG-BE program will be implemented and become the responsibility of the Defense intelligence community in the JWICS portion of the DISN. This capital investment will improve the performance of this technology worldwide. Currently the DISN uses legacy equipment and low bandwidth leases to provide service to the sites being upgraded. These sites will require the installation of switches and IP router cards to connect GIG-BE routers with the existing JWICS nodes, as well as connecting with Multi Service Provisioning Platform interface units to properly interface all requirements into the JWICS portion of the DISN. JWICS will also have to procure this equipment to remove commercial leases. Migration of these circuits to a government system will reduce the workload needed to transition circuits off the existing CONUS transmission when it expires. The JWICS Network will be able to offer an increased range of data rates for its customers without having to wait for commercial leases to be awarded.

Funds are also requested for miscellaneous equipment costing more than the DWCF investment threshold of $100K but less than the appropriated investment threshold of $250K. It is anticipated that funds will principally be used for Timing & Synchronization (T&S) upgrades at approximately 13 sites in FY 2006 and 13 sites in FY 2007. The T&S project seeks to improve the reliability of the DISN networks and permit the efficiencies of network optimization by providing consistent digital clocking signals to digital telecommunications systems.

Impact:
If not funded, these newly installed GIG-BE assets will operate without carrying current JWICS DISN customers and redundant bandwidth will continue to be leased for those requirements. Also, due to the difference between the $100 thousand DWCF vice $250 thousand Appropriated funds expense/investment threshold, there are no funds programmed for miscellaneous equipment requirements, such as T&S, which fall between the two thresholds. Without funds to maintain and/or upgrade the system, we risk disruption to the DISN network.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. EE0001 Telecom Inventory Billing Application

D. Defense Information Systems Agency

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Telecom Inv & Billing Application Hardware	1	$1,010	$1,010	1	$135	$135	0	$0	$0
Telecom Inv & Billing Application Software				1	$160	$160			
Total	1	$1,010	$1,010	2		$295	0	$0	$0

Narrative and Justification:

Description and Purpose:
The proposed customer billing application will create summary billing Communication Service Authorizations (CSA), update the Contracting On-line Procurements System (COPS), and provide performance metrics and web-based views. The new tool will alleviate many of the billing computation errors that have arisen from incorrectly applied rates and eliminate difficulties associated with the Customer Cost and Obligation report. Performance metrics provide a systematic means to proactively manage the customer billing and finance processes. The performance metrics package is structured to provide managers with fact-based information regarding the performance and condition of customer billing and finance processes. The web-based customized data screens for each type of user, provides a method to reduce billing cycle lead times, increase clarity and accessibility of billing information, and increase billing accuracy. This system received final Investment Review Board (IRB) and DoD Comptroller approval 5 August 2005.

Current Deficiency or Problem:
Based on a process with support systems developed in the 1970s, the current DISA telecommunications customer billing process is complex, fragmented, manual (in some key process areas), multi-disciplined and no longer meets all of DISA's or its customer's needs. In addition, the supporting systems do not generate metrics needed to analyze the billing process, measure performance, and identify areas for improvement. Furthermore, neither internal nor external customers have adequate visibility of billing data to accurately project telecommunications costs and revenue for program management, financial reporting, rate development, budget development, and execution purposes.

Impact: Due to lack of timely information and visibility of in-process orders, DISA customers have identified funds associated with overlapping service bills.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. EE0003 Standard Financial System

D. Defense Information Systems Agency

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Standard Financial System	0	$0	$0	1	$2,670	$2,670	1	$600	$600
Total	0	$0	$0	1	$2,670	$2,670	1	$600	$600

Narrative and Justification:

Description and purpose:
DISA has been directed to implement a new accounting system that is compliant with Federal regulations and the Joint Financial Management Improvement Plan (JFMIP). To comply with these regulations DISA will implement a standard financial system called Defense Enterprise Accounting and Management System (DEAMS). DEAMS is an approved DoD Business Transformation Agency initiative that will be executed jointly by the Air Force, USTRANSCOM, DISA, and DFAS. The Air Force established a DEAMS Program Management Office to oversee the acquisition. DEAMS is Commercial off the Shelf (COTS) Software product that will replace DISA's existing accounting system the Financial Accounting Management Information System (FAMIS).

Current Deficiency and/or Problem:
The OMB/DOD mandated audit of DISA's financial statements identified material weaknesses in DISA's accounting system that must be corrected. DISA must implement a new accounting system in order to meet the President's Management Agenda for Financial Management Improvement that specifically requires: 1) financial management systems meet federal financial management system requirements and applicable federal accounting and transaction standards; 2) accurate and timely financial information; 3) integrated financial and performance management systems supporting day-to-day operations; and 4) unqualified and timely audit opinion on the annual financial statements; no material internal control weaknesses reported by the auditors.

Program Completion:
OUSD(C) approved the DISA Standard Finance and Accounting System initiative on 8 August 2003 and Milestone A decision was approved by OUSD(C) in 2004. The Air Force and DISA will initiate implementation in FY 2006 with completion anticipated in FY 2007.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. TO0014 Bldg 1930 Renovations, Scott AFB

D. Defense Information Systems Agency

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Bldg 1930 Renovations, Scott AFB	0	$0	$0	1	$450	$450	0	$0	$0
Total	0	$0	$0	1	$450	$450	0	$0	$0

Narrative and Justification:

Description and purpose:
The CONUS network support activity at Scott Air Force Base needs to relocate some personnel from Bldg 3189 to Bldg 1930 because of overcrowding and inadequate space to operate efficiently. This relocation will also free up space in 3189 for other operational requirements. Funding is required to install intrusion detection device along with the necessary communication (classified and unclassified) to continue to perform the network support mission.

Current Deficiency or Problem:
Space is required to alleviate overcrowding in building 3189.

Impact:
Without these funds the DISA CONUS employees will continue to work in overcrowded conditions. Relocating folks to building 1390 will also free up much needed space for additional operational requirements.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. TO0007 Earthen Berms

D. Defense Information Systems Agency

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Earthen Berms	0	$0	$0	0	$0	$0	1	$200	$200
Total	0	$0	$0	0	$0	$0	1	$200	$200

Narrative Justification:

Description and Purpose:
Engineer and provide earthen berms adjacent to building 3189's West, East, and South perimeter walls. Berms will dissipate/mitigate the blast affect of any explosive device directed against the facility. This physical security site improvement will meet the DoD physical security standards for antiterrorism.

Current Deficiency or Problem:
The surrounding landscape is flat and open field. The building has no natural barriers to protect it from an explosive blast. The facility does not meet DoD physical security standards for antiterrorism.

Impact:
Without the investment, the activity is at greater risk in the event of terrorist attack and the CONUS network management and provisioning function is at risk.

Activity Group Capital Investment Justification
($ in thousands)

A. President's Budget

C. TO0008 Building Exterior Enhancement

D. Defense Information Systems Agency

B. TSEAS/February 2006

	FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Building Exterior Enhancement	0	$0	$0	0	$0	$0	1	$150	$150
Total	0	$0	$0	0	$0	$0	1	$150	$150

Narrative Justification:

Description and Purpose:
Engineer and provide decorative stone facing and graded landscaping to blast proof building 3189's perimeter walls. The stone facing will dissipate/mitigate the blast affect of any explosive device directed against the facility. This physical security site improvement will meet requirements of DoD instructions regarding physical security and antiterrorism.

Current Deficiency or Problem:
The facility does not meet the current physical security requirements of the DoD.

Impact:
Without the investment, the activity is at greater risk in the event of terrorist attack and the CONUS network management and provisioning function is at risk.

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2006
(Dollars in Millions)

Projects on the FY 2006 President's Budget

FY	Approved Project	2006 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	(Asset)/Deficiency	Explanation
FY 2006	Telecom Inventory & Billing Application	0.295	0.000	0.295	0.295	0.000	
	Enterprise Business Modernization	5.240	0.000	5.240	5.240	0.000	
	Standard Financial System	2.670	0.000	2.670	2.670	0.000	
	UPS System for Command Section	0.450	0.100	0.350	0.350	(0.100)	
	Telecommunications Equipment	0.000	0.000	0.000	8.600	8.600	Funds realigned from operating costs
	Total FY 2006				**17.605**		

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2006
(Dollars in Millions)

Projects on the FY 2006 President's Budget

FY	Approved Project	2006 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	(Asset)/Deficiency	Explanation
FY 2007	Standard Financial System	0.600	0.000	0.600	0.600	0.000	
	Earthen Berms	0.200	0.000	0.200	0.200	0.000	
	Building Exterior Enhancement	0.150	0.000	0.150	0.150	0.000	
	Telecommunications Equipment	0.000	0.000	0.000	9.200	9.200	Funds realigned from operating costs
	Total FY 2007				**10.150**		

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description			FY 2005		FY 2006		FY 2007	
				Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499			7	1.5	3	1.1	4	0.8
REP 000	Replacement			5	1.3	1	0.2	3	0.4
PRD 000	Productivity			2	0.2	2	0.9	1	0.4
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999			0	0.0	0	0.0	0	0.0
REP 100	Replacement								
PRD 100	Productivity								
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over			2	2.8	1	12.5	2	15.1
REP 200	Replacement			1	1.4	1	12.5	1	12.5
PRD 200	Productivity			1	1.4			1	2.6
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non ADP/T)			9	4.4	4	13.6	6	15.9
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499			6	1.7	10	1.8	16	4.1
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999			3	2.0	9	6.3	2	1.4
ADP 200	ADP/T EQUIPMENT $1.0 and Over			2	7.9	2	7.9		
	TOTAL EQUIPMENT (ADP/T)			11	11.5	21	16.0	18	5.6
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499				0.2		0.6		0.8
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999				1.9		1.6		2.2
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over				162.8		176.2		84.3
	TOTAL SOFTWARE DEVELOPMENT				164.9		178.4		87.3
RPM 000	MINOR CONSTRUCTION				29.0		29.0		28.9
	TOTAL AGENCY CAPITAL INVESTMENTS			20	209.8	25	237.0	24	137.6
	Total Capital Outlays				235.5		208.2		147.2
	Total Depreciation Expense				59.3		144.0		156.5

NOTE: FY 2005 Total Agency Capital Investments reflect FY 2005 projects only. Does not include prior year project adjustments.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
Replacement/Productivity Equipment < $1M

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non ADP Equipment Total REP/PRD 000				7	217.3	1,521	3	376.7	1,130	4	210.5	842

Narrative Justification:

These investments include replacement of existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancements standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. This program includes productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment are met. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

FY 2006: Defense Supply Center Richmond (DSCR), Front End Loader and Audio Visual System; DLA Headquarters, Communication System.

FY 2007: DSCR, HAZMAT Response Truck and Wrecker Truck; Defense Supply Center Columbus (DSCC), Unit Length Measuring Machine; DLA Headquarters, Communication System.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non ADP Equipment REP 200-02 Automated Tank Gauging Systems / Automated Fuel Handling Equipment (AFHE)				3	550	1,650	1	12,500	12,500	1	12,500	12,500

Narrative Justification:

There are more than 500 fuel terminals worldwide for which DLA is the DoD Executive agent. In all of these terminals there are various types of fuel tanks, each with Automated Tank Gauges (ATG) to measure and monitor the fuel level in the tanks. In addition, these gauges have connectivity to the Business Systems Modernization (BSM) Energy system, which will capture all the data with regard to fuel in the tank and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel dispensed and also have connectivity to the same BSM Energy system. The Defense Energy Support Center (DESC) plans to replace all of this equipment beginning in FY 2006 through FY 2008. A study was completed in 2005 that provided final recommendations with regards to the type and corresponding sites where AFHE will be installed. It is anticipated that the total Non-ADP Equipment capital funding required for the three fiscal years will be approximately $37.5 million.

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Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non ADP Equipment Total PRD 200 Automated Fuel Handling Equipment (AFHE)										1	2,600	2,600

Narrative Justification:

Naval Air Station (NAS) Whidbey Island is made up of two main bases and several outlying facilities. All facilities have the primary purpose of providing facility and training support to aviation units of the U.S. Pacific Fleet. At the two main bases there are four (4) separate fuel storage and issue areas. This project provides an AFHE System which will facilitate remote monitoring and control. NAS Whidbey Island receives all of the stored JP-8 via Navy owned/contractor tugged barges from DFSP Manchester. Product receipts at the fuel pier at the Seaplane Base are typically 500,000 gallons. JP-8 is the largest product volume handled with and average of 1,800,000 gallons issued per month.

The FY 2007 AFHE project will include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. As the integral component of the AFHE system, the Supervisory Control and Data Acquisition (SCADA) system will be installed in the site Operations Control Center (OCC). The SCADA system will provide: remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring and data exchange with the NAS Whidbey Island Fuels Department.

The project has a payback of 6.70 years and the savings to investment ratio of 1.4.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
ADP 000 $0.1 to $0.499

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000 ADP Equipment				6	282.3	1,694	10	180	1,802	16	157.7	4,124

Narrative Justification:
The requirements below are for computer hardware and telecommunications equipment less than $500,000.

FY 2006:
Defense Supply Center Columbus (DSCC) – Storage Area Network (SAN).
Defense Supply Center Richmond (DSCR) – Telecom equipment (buildings 33E), one terabyte, and a Video Teleconferencing (VTC) server.
Defense Logistics Information Service (DLIS) – Voice Mail Replacement.
Defense Automatic Addressing System Center (DAASC) – Servers in support of Integrated Data Environment (IDE).

FY 2007:
Defense Supply Center Columbus (DSCC) – LAN upgrade and Storage Area Network (SAN).
Defense Supply Center Richmond (DSCR) – Telecom equipment (buildings 31A, 33C, D, and F), Video Teleconferencing Server, Rack Mount Server.
Defense Logistics Information Service (DLIS) – Voice Mail Replacement.
Defense Automatic Addressing System Center (DAASC) – Logistics Data Gateway (LDG) servers and terabytes in support of Continuity Of Operations (COOP) initiative.
DLA Headquarters – Servers in support of eWorkplace.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
ADP 100 $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 100 ADP Equipment				1	493	493	9	703	6,329	2	721	1,442

Narrative Justification:

The requirements below are for computer hardware and telecommunications equipment from $500,000 to $999,000.

FY 2006:
- DSCR LAN Upgrade ($533) - Procuring the latest Smartswitch technology and continuing to upgrade LAN connections are necessary at Defense Supply Center Richmond (DSCR) to meet current and future telecommunication demands.
- DSCC Telecom Copper Reinstallation ($888) - The telecom requirement for the DSCC IT directorate is to provide the DSCC campus with access to Government Federal Telephone Service (FTS) and Defense Switch Network (DSN).
- DLIS EMall ($900) - The hardware includes web servers, data base servers, and storage devices to support EMall transaction volume growth.
- Pre-Planned Product Improvement (P3I) ($1,500) – Two severs are required to support the BSM Energy development and operational environments, which will be an augmentation to the existing Business Systems Modernization development and business warehouse environments.
- DAASC Electronic Business ($1,250) - Replace the EBus infrastructure with two HP RP8400 platforms supported by at least four GigaByte (GB) of memory per platform. In addition, purchase four TeraBytes (TB) of Direct Access Storage Device (DASD).
- DAASC Logistics On-line Tracking System (LOTS) ($1,258) - replace the LOTS and Historical Archive servers with no less than HP RP8400 platforms, supported by at least eight GB of memory per platform. In addition, purchase two Terabytes (TB) of Direct Access Storage Device (DASD).

FY 2007:
- DSCR LAN Upgrade ($542) - Procuring the latest Smartswitch technology and continuing to upgrade LAN connections are necessary at Defense Supply Center Richmond (DSCR) to meet current and future telecommunication demands.
- DLIS Emall Equipment ($900) - The hardware includes web servers, data base servers, and storage devices to support transaction volume growth.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
ADP 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200 BSM Hardware				1	840	840	1	2,515	2,515			

Narrative Justification:

The Business Systems Modernization (BSM) Program's development infrastructure requires capital funding for a Superdome (RP8620) mid-tier server to support the roll-out of BSM to the remainder of the Defense Logistics Agency (DLA) in FY 2006. This BSM development infrastructure requirement is included in the BSM Program's Economic Analysis. Return-on-investment (ROI) has been calculated for each of the BSM releases, and the ROI for the total program is 1.52 and payback will occur in FY 2009, as documented in the May 2003 Economic Analysis based on future costs and expected mission area benefits of inventory and personnel reductions. The Economic Analysis and ROI calculation will be updated as part of the program documentation updates for the Full-Rate Production Decision Review.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
ADP 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200 DSCC LAN Upgrade							1	5,366	5,366			

Narrative Justification:

The FY 2006 upgrade will replace or upgrade existing network switches in all communication closets and upgrade the network routers with equipment that is 30% faster and has port capacity that is one third greater. It will augment the fiber infrastructure plant with additional single mode fiber to all required DSCC outbuildings. This increased capacity provides DSCC the ability to have alternate path backup for critical backbone resources. The FY06 LAN upgrade will improve hardware and software security levels of DSCC switching equipment. The new equipment will be capable of managing to the port level on all network switches. All new hardware installed in the LAN upgrade will adhere to the 802.1X standard. DSCC has installed an independent and secure LAN to support an upgrade of the Center's physical security systems projects. This physical security LAN will be included in the FY 2006 LAN upgrade. The LAN upgrade project will also support upgrading the DLA Human Resources, Customer Support Office-Columbus, and DLA Training Center switching closets with new equipment. New switching equipment, fiber and patch panels will standardize and improve network efficiency and support to their functional users and customers.
The Benefit Investment Ratio (BIR) is 1.62.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
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Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 000 $0.1 to $0.499

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 000 Supply Software Development Initiatives						224			303			571

Narrative Justification:

The Hazardous Material Information Resource System (HMIRS) is a Commercial Off The Shelf (COTS) package with an extensive customer base including Shell chemical, Exxon Mobile, Chevron Phillips, and 3M. Whenever a system change is unique to one of the activities; extensive testing and deployment activities occur to cover testing of Oracle and SQL database because the application can reside on either. All funding in FY 2006 and 2007 is for System Change Requests in excess of $100,000.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 000 $0.1 to $0.499

D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-01 Program Budget Reporting System Modification (PBRS)									300			

Narrative Justification:

This funding was to be used to establish a web-based capability for DLA's internal database, Program Budget Reporting System (PBRS), that provides a means for all DLA activities (HQ and Field Activities) to generate, view, edit, and coordinate all Program and Budget related documents and exhibits. This database does not feed or interface with any other systems.

Based on direction from OUSD (Comptroller), in response to OMB Circular A-127, we should focus our efforts on using one of the OUSD(C) sponsored accounting and finance systems to meet our needs. Therefore, DLA will evaluate the available systems and, as needed, modify them to meet our requirements.

Return on Investment (ROI) for this effort will be 2.23

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
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B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 100 $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-02 Cataloging Re-Engineering System (DLIS)						750			750			750

Narrative Justification:

The Cataloging Re-engineering System (CRS) provides DoD with a standard cataloging system that fully supports the centralization of all cataloging functions under DLA responsibility. CRS went into production June 2003 and includes interfaces with Federal Logistics Information System (FLIS), DLA's Business Systems Modernization and the Marine Corps. In addition it will provide interfaces to all of the Service Enterprise Resource Planning (ERP) Systems. CRS increases the productivity of catalogers and reduces the number of errors in cataloging batch transactions. CRS stores business logic not data. Systems that encapsulate knowledge, rather than merely store data, reduce processing time and free operators to work on the smaller number of transactions that pose more intricate problems and require concentrated operator knowledge to solve. FY 2006 and FY 2007 funding will be used for System Change Requests to support variations in the Air Force and Navy Enterprise Resource Planning (ERP) implementations. The savings for CRS, which includes Air Force and Navy, are $11 million over the cost of investment period, FY 1999-2006, plus yearly savings of $12 million over the status quo in every subsequent year. The Return on Investment is 1.4 and the payback period is 7 years

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
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Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 100 $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-03 Apparel Research Network (ARN) Virtual Prime Vendor (VPV)						1,206			830			630

Narrative Justification:

The Apparel Research Network (ARN) Virtual Prime Vendor (VPV) initiative is a supply chain integration system based on a balanced inventory flow replenishment concept. This project will allow the Defense Supply Center Philadelphia (DSCP) to assume the ownership of inventory at Marine, Navy and Air Force Recruit Training Centers (RTCs) and retail clothing stores. This project is essential to the success of the DSCP initiative to take ownership of all retail clothing inventory at RTCs, immediately draw down inventory levels, and maintain optimum inventory control with total asset visibility of the recruit clothing supply chain. The ARN -VPV will provide tools to support every aspect of supply chain management:

Integration - ARN Asset Visibility System through the Virtual Item Manager Interface

Wholesale - Balanced Inventory Flow Replenishment System and Integrated Retail Management (IRM)

Retail – Integrated Retail Management (IRM) and 3-D Full Body Scanning for Recruit Clothing Issues

Manufacturing – ARN Supply chain Automated Processing

The design of the ARN-VPV system is built on a foundation of Commercial-off-the-Shelf Software (COTS) tools and standard web-based technologies. In FY 2000 development began under the Logistics Research and Development (Log R&D) program with the Army RTC's as the prototype. The prototype successfully achieved an overall inventory reduction of $25 million at the 6 Army RTC's. During FY 2006 and FY 2007, it is anticipated that the ARN focus will shift to the Organizational Clothing and Individual Equipment (OCIE) initiative. The ARN's focus is on process improvements at Central Issue Facilities (CIFs), and gaining visibility of Army owned wholesale stock at CIF. In FY 2006, ARN will extend its application to include component suppliers (fabric producers and finishers) focusing initially on the NOMEX family of items. The Nomex supply chain effort will involve the sharing of production and component information between partners in the supply chain; from the end item manufacturers, finishers, weavers, spinners, down to the fiber producer. Coordination with the BSM implementation team will continue to ensure a smooth transition as new items are added to the transition schedule. The Return on Investment (ROI) is 4.38 with a payback period of 1.29 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
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B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 100 $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-04 Logistics Data Gateway (LDG)												790

Narrative Justification:

This initiative will provide for an alternate location during a catastrophic event or emergency for an extended period of time to carry out Mission Essential Information Technology (IT) Operations and Services. The proposed Logistics Data Gateway (LDG) Continuity Of Operations (COOP) initiative will create a mirror image of LDG at the DAASC western site for complete failover protection in the event of any downtime at either site. This includes additional hardware, software, and professional services. This design will also enhance system performance during normal times, with the workload shared between the two sites. LDG is the exclusive portal for all processed data at DAASC. The LDG provides an integrated source of data to fulfill Component, Headquarters and COCOM level organizations requirements for aggregate logistics data. The LDG is vital, supplying logistics data from a central authoritative source that will support aggregate logistics reporting requirements for the DoD. The LDG initiative supports the needs of DoD customers and provides visibility of the numerous types of formatted data and their associated data elements among the users of the LDG. The FY 2007 investment is for Oracle and locally developed software. The application software will maximize the use of COTS software as well as integrating the unique value added services that DAASC provides to our customer base.

As defined by DLA 3020.70, this initiative will provide for an alternate location during a catastrophic event or emergency for an extended period of time to carry out Mission Essential Information Technology (IT) Operations and Services.

A pre-investment Economic Analysis (EA) was completed in April 2004. The additions that are described within this analysis are required by Federal guidelines, and are not intended to produce a savings, Return On Investment (ROI).

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
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B. Component/Activity Group/Date Defense Logistics Agency
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C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Pre-Planned Product Improvement									30,570			38,675

Narrative Justification:
The approved Blueprint for Business Systems Modernization (BSM) Release 2 will provide the functionality required to run the business, achieve business improvements, and sustain reengineering. In accordance with DoD Directive 5000.1, the BSM Program Manager has started planning for improvements to BSM that will occur during the Operations and Support phase, beyond full operational capability. These improvements include replacing the legacy bolt-on procurement systems: DLA Pre-Award Contracting System, DLA Internet Bid Board System, Procurement Automated Control Evaluation, and Procurement Contracting Officer Modification with the SAP eProcurement module with integration activities starting in FY 2006.

As with BSM, in order to completely address and manage Energy Commodities cradle to grave, additional functions must also be automated, converged, and standardized in BSM Energy. An EA is planned and will be done in conjunction with the BSM/FAS convergence analysis of alternatives and the chosen alternative will provide improved efficiencies which will enable DESC to process the increased workload associated with the overall DoD energy mission without increases in overall contracting staff. In FY 2006, there is a requirement to support an acquisition and tailoring of an automated contract writing system. This system will facilitate an end-to-end procurement cycle from requirements definition/initiation, solicitation, evaluation, contract award, contract administration and closeout. DLA is assessing Commercial Off The Shelf (COTS) packages to include SAP Supplier Relationship Management (SRM) to determine the overall applicability to the various Energy commodities, to include but not limited to missile fuels, natural gas and electricity.
This funding will also allow DLA to implement the overarching logistics Supply Chain Management/Enterprise Resource Planning (ERP) tool that will provide for the integration of the fuels commodity management with the DLA Business Enterprise Architecture. The DLA Business Enterprise Architecture is based on Commercial-off-the-Shelf software (COTS) and best practices. Establishing one overarching Supply Chain Management/business system will provide a basis for stable and continuous process improvement, one face to all DLA customers and suppliers through consistent technologies that are compliant with the DOD Business Enterprise Architecture. In FY 2006 DLA will have completed the Analysis of Alternatives (AoA) assessment and completed the concept refinement phase. This will enable DLA to receive Milestone A level approval and begin the Concept Development phase with an economic analysis to be completed during the Milestone B phase. Funds in FY 2006 will be used to develop the blueprint for the necessary RICE (Reports, Interface, Conversions and Extractions) objects to address the Concept Demonstration supply chain integration. Funds in FY 2007 will be used to complete the RICE Objects and begin introduction of the converged software.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
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Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Common Food Management System (CFMS)						9,426			18,766			16,807

The Common Food Management System [CFMS] incorporates requirements for Subsistence Total Order and Receipt Electronic System (STORES) NT, STORES Web as well as requirements for the emergent system known formerly as CFMS. The STORES is the automated system that supports ordering of all subsistence items from DLA including prime vendor, market ready, produce, and ration items. STORES NT operates on a PC located in the military dining facility and interfaces with the military services' six different food management systems to exchange order, receipt, and catalog information. STORES Web operates on the Internet for customers who do not need to connect to a legacy system, such as child-care centers. STORES Web also interfaces to the Services' retail food management systems. It offers the same catalog, order, receipt functionality as STORES NT and is replacing STORES NT as customers gain access to the Web.

The Retail portion of CFMS [the emergent system],a DLA-financed and DLA-coordinated system, will replace the various military food management systems and STORES NT with a single retail system for the DoD incorporating all food management functions performed by the service legacy systems, in addition to the catalog, order, receipt, and management information currently provided by STORES NT. It will utilize commercial off the shelf software, with some customization to address the special requirements of a system that must operate in peace and in war. CFMS will be the automation tool for total supply chain integration for Class I and will support DLA's role as Executive Agent. CFMS will interface with STORES Web.

Moving to a DLA-financed single retail system for Class I will reduce system maintenance costs across the DoD and will assure that the services continue ordering their garrison feeding from DLA. An economic analysis was conducted to identify the full scope of the anticipated savings. The analysis showed $117 million in savings over a ten-year period for DLA development of a single system versus the services developing and maintaining their own separate systems. This initiative satisfies the BMMP requirements and DRID 54.

FY 2006 funding is to support initial deployment to the field [90 Bases] of the CFMS system and for continued enhancements to STORES Web. FY 2007 funding is for continued rollout of CFMS to fixed sites [260 Bases] and continued enhancements to STORES Web

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
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Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-03 Integrated Data Environment (IDE)						12,754			12,179			4,479

Narrative Justification: The end-state IDE will provide an environment that enables the extended DLA enterprise to execute practices, processes, applications, and decision support tools to achieve logistics interoperability and allow for information sharing within DLA and between internal and external DLA business partners. IDE will employ a COTS based information technology service-oriented architecture that will provide industry-proven logistics transaction processing, data sharing, and state-of-the-art central data brokering capabilities. The IDE objectives are make logistics information visible, interoperable, and accessible for authorized users from a single point of entry; improve the quality of data/information through use of authoritative sources and coordinated application of business rules; incrementally modernize common information services that support DoD logistics operations (peacetime and contingency/wartime) and DLA and DoD transformation efforts. The expected benefits of the IDE include reduced time to implement new business processes, increased sharing of information using net-centric strategy principles to support discovery, ensure interoperability, and assure information security in accordance with DoD policies; reduction in cost through reuse of interfaces, elimination of unnecessary redundancies, and increased productivity from use of modern COTS development/integration tools; continued reliable, available and responsive support for data exchange needs among the Services, Agencies and commercial suppliers. In FY 2006 and FY 2007 funding will be utilized to expand information sharing services to support the needs of DLA transformation programs, share DLA-managed data with the Services and Agencies, enhance the IDE infrastructure capacity to accommodate additional interfaces to supply and transportation source systems, and incrementally transition Government-Off-The-Shelf (GOTS) solutions to Commercial-Off-The-Shelf (COTS) solutions for the current business processes at Defense Automatic Addressing System (DAASC), Defense Logistics Management Standards Office (DLMSO), and Defense Logistics Information Service (DLIS). Beginning in FY2006 the IDE plans to support the external information sharing needs of the DLA transformation programs where opportunities exist to replace legacy interfaces with modern interfaces and/or to supporting emerging standards, e.g. migration to Standard Financial Information Structure (SFIS) and Item Unique Identifier. In FY 2007 IDE plans to provide increased access to DLA managed information to enhance the level of support to DLA customers. The DLA modernized systems and IDE net-centric design concepts will combine to support customer data needs in new more efficient ways enabling improved logistics performance. The IDE will enable sharing of information most sought by the Services and USTRANSCOM including information from Business Systems Modernization (BSM) and Distribution Standard System (DSS) for materiel and financial visibility; and the Reutilization Modernization Program (RMP) for materiel visibility of excess property.

The IDE Economic Analysis is in process of being updated and is planned for completion NLT February 21, 2006. The Return on Investment (ROI), as cited in the approved June 2003 Economic Analysis, is 4.13 and the estimated payback period is 2 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-04 Business Systems Modernization (BSM)						121,169			94,099			

Narrative Justification:

Business Systems Modernization (BSM) allows for the integration of business processes with a new enterprise business system based on Commercial-off-the-Shelf (COTS) software and best business practices. BSM provides an IT foundation that allows for both continuous process and continuous technology insertion. It is the IT foundation which will allow DLA to fully implement electronic business, web-based technologies, and an integrated data environment, as well as other innovations to be compliant with the Joint Technical Architecture (JTA) and the data exchange standards (e.g. ANS X.12 and XML), necessary for DLA to interoperate with its customers and suppliers. DoD and DLA are striving to align our current business practices with best practices by re-engineering logistics processes at all echelons. BSM supports the objectives of Joint Vision 2020 (Concept of "Focused Logistics" and an "Agile Infrastructure" for Logistics), the Department of Defense Force-Centric Logistics Enterprise, and the DLA Strategic Plan. BSM complies with the Global Combat Support System (GCSS) Capstone Requirements Document, the Global Information Grid (GIG) Capstone Requirements Document, the Network-Centric Data Strategy and Information Assurance. Release 1.0 went live in the concept demonstration on 31 Jul 2002; Release 1.1 added Battle Dress Uniforms and Subsistence on 30 Nov 2003; and Release 1.2 (Procurement Retrofit) was added on 3 May 2004. It replaced Procurement Desktop-Defense (PD2) in the Concept Demonstration with a combination of procurement legacy systems and SAP. Release 2.0 retrofit to Concept Demonstration went live on 31 Jul 2004. Releases 2.1.1(Dec 2004), 2.1.2 (Mar 2005), and Release 2.1.3 (Jul 2005) were implemented as scheduled. With a successful Concept Demonstration, implementation of Release 2.0, and the favorable results from the Initial Operational Test &Evaluation, BSM achieved Initial Operating Capability in Jan 2005. With the entire subsistence workload migrated to BSM, Defense Integrated Subsistence Management System (DISMS) was retired in Mar 2005. During the period from January 2005 through December 2006, additional users and National Stock Numbers (NSNs) are migrating on a regular basis from the legacy system to BSM. Releases 2.2 and 2.2.1 (Dec 2005 and Sep 2006 respectively) will complete the BSM Approved Blueprint and provide the functionality required to run the business. BSM will achieve Full Operational Capability (FOC) in FY 2007. Funding for FY 2006 covers the final development and rollout costs for Release 2.2 as well as sustainment of the system already in production. In FY 2006 there is a directed increase of $8 million for specialized Army medical requirements which is now Release 2.2.1. Funding for FY 2007 covers the rollout of Release 2.2.1 and sustainment for the system already in production. No additional development costs are incurred following FOC in FY 2007. Return-on-investment (ROI) has been calculated for each of the releases, and the ROI for the total program is 11.57 and payback will occur in FY 2009, as documented in the October 2005 economic analysis based on future costs and expected mission area benefits of inventory and personnel reductions.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-05 Enterprise Operations Accounting System (EOAS)									2,957			

Narrative Justification:

The Enterprise Operations Accounting System (EOAS) will leverage the DLA Business Systems Modernization (BSM) (software configuration, licenses and infrastructure) to deploy a common integrated system solution across all DLA activities and business areas. The EOAS will facilitate the transformation of DLA financial management by providing a true enterprise-wide Enterprise Resource Planning (ERP) solution, with financial management functionality and data supported by a single Commercial Off The Shelf (COTS) solution. The EOAS will provide an integrated system which is compliant with the Federal Financial Management Improvement Act (FFMIA) and the DoD Business Enterprise Architecture, to include the Global Combat Support System (GCSS), the Global Information Grid (GIG), Net-Centric Data Strategy and Information Assurance.

EOAS/BSM will completely replace DLA's use of the Defense Business Management System (DBMS), Base Operations Support System (BOSS) and Defense Working-Capital Accounting System (DWAS) with a single COTS solution which incorporates best business practices. A single COTS solution ensures the use of standard business practices, including cost elements and standard general ledger, and strong internal controls ensuring the consistency and integrity of financial data. A single agency-wide COTS solution will ensure financial management information will be readily available to decision makers and for consolidation for financial reporting and analysis.

In FY 2006 DLA will complete a gap analysis between BSM functionality and any unique requirements of the DLA non-Inventory Control Point activities and business areas. The investment is for the blueprint/design, configuring, testing, and training for deployment of EOAS.

The ROI is 5.0 and Payback period is 5 years after initial development assuming a gradual phase-out of current systems.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-06 Logistics On-line Tracking System (LOTS)									1,040			

Narrative Justification:

The Logistics On-line Tracking System (LOTS) provides the capability to track the status of all DOD and FMS requisitions processed by the Defense Automatic Addressing Services Center (DAASC) by providing on-line transaction query capability through the WEB Visual Logistics Processing System (WebVLIPS) and summary statistics via the Logistics Metrics Analysis and Reporting System (LMARS) for Logistics Response Time (LRT) and Customer Wait Time (LMARS/CWT) reporting. LOTS is a relational database environment suite providing the ability to maintain, track, extract, and tailor the logistics data to the needs of the DoD community and its supporting infrastructure. On-Line query of the LOTS database provides “birth-to-death” tracking of logistics transactions supporting command and control decisions and ad-hoc query capability provides user specific information in seconds instead of hours/days/weeks. The DData/LOTS systems are designated Mission Critical status. This increases the need to ensure the continuance of world-class support to our customers. DAASC is upgrading DData/LOTS with the latest technology applied to its production systems (hardware, software, and system administration functions) in order to ensure the ability to meet all future mission requirements. The FY 2006 investment is for Oracle WEB development and locally developed software. The application software will maximize the use of COTS software as well as integrating the unique value added services that DAASC provides to our customer base.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-07 Federal Logistics Information System (FLIS)						1,890			1,550			1,010

Narrative Justification:

The FLIS is identified as the authoritative source system to broadcast the logistics data for numerous processes that support DoD ERP implementations. Current gaps in the SAP system (In use by the Defense Logistics Agency (DLA), Army and Navy) will require Defense Logistics Information Service (DLIS) to handle many of these processes in FLIS. Additionally, Air Force, currently not using an ERP, is planning modernization that will require FLIS changes. DLIS currently uses proprietary data exchange formats for FLIS queries and non-MILS, non-ANSI, FLIS specific formats for output transition processing. This is changing as we work with the Services to reengineer their process as they implement their ERPs. Given the increased emphasis on commercial practice (ANSI, EDI, XML) DLIS understands the need and OSD mandates to migrate data to environment that is open and current standards based rather than on a pseudo proprietary standard. These changes position DLIS to satisfy customer information needs and to prepare for inclusion in commercial products.

Federal Item Identification Guides (FIIG) automation will continue through 2006. This project will engineer FIIG processes into an XML environment that will facilitate reduced maintenance costs and provide FIIG users with systems access to the Cataloging Taxonomy in the most efficient manner. The second phase of this project will include any remaining software development (including total automation of edit guides) to support the FIIG automation. It will also include milestones for the deployment throughout the US and NATO cataloging community and extends the capability to interface with commercial sectors through industry standard cataloging capabilities (such as Electronic Commerce Code Management Association's (ECCMA's) electronic Open Technical Dictionary (eOTD)). Requirements for maintenance for FIIG documents are included in this phase. The successful completion of this project will streamline both customer interfaces and internal processing, allowing the automated interchange of data via XML standards.

FLIS system change requests will support the automation of Interchangeability and Substitutability (I&S), Logistics Reassignments and DIIP process in FLIS versus the Standard Automated Materiel Management System (SAMMS). These applications are required to support BSM.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-08 Customer Relationship Management (CRM)						6,321			11,643			9,367

Narrative Justification:
Customer Relationship Management (CRM) will provide the Defense Logistics Agency (DLA) with the information and processes necessary to better know its customers, understand their needs, and effectively build relationships between DLA and its customer base. As a result, DLA will better meet the needs of major customer segments and improve operational effectiveness. CRM will significantly improve customer satisfaction by providing the enhanced capability to anticipate and act on customer demands. This capability is not possible in a diverse corporate environment without a unifying corporate customer data profile, which is a key functional component of CRM. Further, CRM will provide the customer intelligence that will complement DLA's Business Systems Modernization (BSM) effort in supply chain management/financial management. Additionally, the CRM program will address the CRM requirements of the entire DLA enterprise, whereas currently there is no standard enterprise-wide capability. Investment dollars for FY 2004-FY 2007 are for software and systems integration contractor services. Integration costs will include re-engineering of customer-touch processes, training development, development of interfaces to the BSM SAP software, and technical configuration of the SAP CRM software to the DLA environment. As currently planned, the CRM program will evolve via four major releases. Releases 1 and 2 will focus on a "CRM Light" solution at each of the 12 DLA Field Activities and DLA Headquarters within the areas of Service, Sales, and Marketing. Releases 1 and 2 (R1, R2) will each be completed within 18 months spanning the period from September 2004 to March 2006. The R1/R2 CRM strategy is to initiate basic CRM practices in areas where DLA already engages the customer transactionally and to introduce CRM where it does not exist. Releases 3 and 4 will occur during the remainder of FY 2006 and FY 2007. Releases 3 and 4 (R3, R4) will improve the level of CRM capability to personal interactions in R3 and finally industry-leading partnering practices in R4. Although the CRM requirements are well-defined, the actual deployment specifics to each field activity and this timeframe are still being developed. The CRM Program Office developed an Economic Analysis by consulting with industry experts with regard to the potential operational requirements and incorporating cost estimating relationships discovered through research. The Economic Analysis will be updated prior to Milestone C. Potential CRM benefits are estimated at $184.7M over the life of the program (FY 2015). The expected Return-on-Investment (ROI) of the program is 2.53 with DLA reaching the investment payback point in FY 2009. The CRM potential benefits are based on increased productivity, FTE reduction, and Legacy System retirement. It is expected that the enhanced capability to analyze customer requirements will result in improved responsiveness, increased readiness, and reduced cost to the customers, leading to increased customer satisfaction. Without an IT-solution, the same level of responsiveness, readiness, and cost reductions would require additional personnel or Business Process Reengineering (BPR).

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-09 Product Management Data Initiative (PDMI)						297			7,630			7,288

Narrative Justification:

The primary objective of the Product Data Management Initiative (PDMI) is to implement automated capabilities to manage and use engineering support and product data within the Defense Logistics Agency (DLA). Specific objectives include increased accuracy and accessibility of product data needed to make informed engineering, technical and quality decisions in support of procurement actions; provide easy location and access of product data for authorized users; and link to the SAP application being developed and implemented, where required, to support ongoing business processes. PDMI builds on the accomplishments of the Engineering Support Automation (ESA) project. It is an enhancement of the capability already resident in the product data management tool developed for the ESA project. PDMI will leverage the DLA Enterprise Architecture, and COTS hardware put into production by the ESA project.

The PDMI Program implementation Full Operational Capability (FOC) will be achieved incrementally. Each increment will provide additional functionality and/or expand the use of PDMI. FY 2005 funds are for Increment 1 (Initial Operational Capability (IOC)) with integration of PDMI to Business System Modernization (BSM) Release 2.0. FY 2006 and 2007 funds will be used for Increment 2 which will further automate technical business processes, to include special studies, value engineering, item reduction, etc. The integration of PDMI to BSM will involve the interface of the COTS application to the BSM SAP Enterprise Resource Planning application. In addition, this increment will include the implementation of initial document management and critical item management functionality into the COTS application.

A preliminary Economic Analysis (EA) has been completed. The Return on Investment (ROI) is 2.02 and the payback period is 6.5 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-10 eWorkplace						4,965			2,209			204

Narrative Justification:
The DLA e-Workplace program is a Business-to-Employee (B2E) program focused on serving DLA employees with tools and resources necessary for them to work efficiently and effectively. All of the web-based content and services delivered via the program's employee portal is specific to DLA programs, strategies, and processes. The eWorkplace will create value at the DLA by reducing the cost of delivering enterprise-wide employee services and by improving employee productivity. eWorkplace is a business model embracing knowledge as an organizational asset and delivering this asset to individuals responsible for decision-making to ensure mission success. Through the eWorkplace environment, DLA knowledge workers will be able to search for content through a user-friendly interface that is accessible from any duty location. Users will be able to review, edit and approve documents through automated processes within eWorkplace. The purpose is to empower knowledge-enabled Communities of Practice (CoPs), largely through an effective knowledge management program throughout DLA. Phased implementation has allowed e-Workplace to achieve an initial set of capabilities and begin to familiarize the customer base in the use of basic e-Workplace principles and methodologies (e.g., collaboration and workflow) and to advance uses of supporting technologies. Subsequent releases will expand eWorkplace capabilities, and, more importantly, broaden the use of collaboration, resource sharing and information sharing with individuals, subject matter experts, CoPs and other advanced users of technology. Work in FY 2006 and early FY 2007 will extend the capabilities of that software upgrade, and will enable content managers across DLA to independently manage their own content in the new environment. The introduction of workflow in FY 2006 will complete the functionality promised in the Functional Requirements Document and take the program to Full Operational Capability, where it will fully enter the sustainment phase.

The DLA e-Workplace program offers cost avoidance benefits in workforce productivity, training effectiveness, elimination of redundant data repositories and websites, and in several other areas. The total program Return on Investment (ROI) is 1.57. Payback period is 2012.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-11 Defense Medical Logistics Standard System (DMLSS) Wholesale						5,005			4,974			5,091

Narrative Justification:
The Defense Medical Logistics Standard System Wholesale (DMLSS-W) is an integrated electronic system supporting the medical logistics needs of the Military Services. While the program directly funds the business process improvements and Management Information System (MIS) enhancements at the Defense Supply Center Philadelphia (DSCP) Medical Directorate, the benefits and savings cascade down the entire wholesale DoD logistics network. In FY 2006-2007 the DMLSS-W program will focus on providing and managing the business intelligence necessary to maintain and exploit situational awareness throughout the medical supply chain. DMLSS-W will fund the enhancements and re-engineering of the Distribution and Pricing Agreement (DAPA) Management System and Medical Electronic Customer Assistance, incorporating the Product of Choice initiative and positioning the Medical Directorate to establish and maintain one Single Federal Catalog for medical materiel. DMLSS-W will continue its data warehousing, customer relationship management and training efforts under the Medical Logistics Integrated Information Environment program to ensure it provides medical customers the reliable business intelligence they require on a 24/7 basis. DMLSS-W will expand and improve its Readiness Management Application further integrating the Medical Contingency File and the Industrial Preparedness System to project the War fighter's medical materiel needs and position materiel to meet those needs. DMLSS-W will expand the scope of the developing Medical Air Bridge supporting the Warfighter in expediting and tracking high priority orders through the commercial consolidation hub to the Warfighter overseas. By fully developing the capabilities of the Contingency Automation Application, DSCP will be better able to source and fill high priority requisitions in world-wide contingency support. DMLSS-W will also improve its Medical Web Portal (DMMonline) and its Electronic Catalog, thereby ensuring timely ordering and delivery of medical materiel to Warfighters, their families and other federal customers throughout the world. In addition to situational awareness, DMLSS-W must provide the data integrity and electronic connectivity to rapidly collaborate and communicate decisions among trading partners up and down the supply chain from the place of manufacture to the point of consumption. The developing plan for Business Systems Modernization focuses on interfaces to include product and price information, sales and execution data and ultimately seamless/transparent execution of sales initiated in BSM and executed in the commercial sphere through subordinate DMLSS-W applications using an E-Gateway. The Return on Investment for the DMLSS Program is almost 6 to 1. The benefits estimate is over $3.6 billion across the Department of Defense from FY 2002 through FY 2012. These savings were identified as part of the Milestone IIIC decision. All savings are aggregated for the retail and wholesale components because DMLSS is an integrated partnership between these components.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-12 DoD EMALL									1,600			1,600

Narrative Justification:

The DoD EMALL is an advanced, web-based government procurement application designed much like commercial applications. The site provides a personalized experience where each user can initiate transactions right from their desktop. DoD EMALL allows users to search or browse for commercial and government off-the-shelf products and services through a single interface and then to purchase those products or services in an easy to use online format. The application offers several advantages over traditional methods of procurement including:

- The ability to compare cross-vendor price and product value from a central location;
- Logistical improvements that lead to more efficient order fulfillment;
- Data integrity improvements as a result of a new distributed architecture model where the vendors maintain their own data. By allowing vendors to maintain their own data, more products can be featured and the system no longer requires the replication of data by government resources.

In FY 2006, development will continue DLA Web Order Fulfillment site integration with Medical ECAT. This system is joint owned by Defense Supply Center Philadelphia and the Defense Medical Logistics Standard Support (DMLSS) system. Integration with the Integrated Acquisition Environment (IAE) e-Government initiative will be required during this time frame as well as integration with General Services Administration Advantage. FY 2006 also includes testing for Federal Financial Management Improvement Act compliancy review. Additional system change requests in FY 2006 and 2007 will integrate 25 tailored vendor web sites including Warfighter.net for clothing and textile and Foreign Military Sales.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management Activity Group February 2006

C. Line Number & Item Description
RPM 000 Minor Construction

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction												
Non-Energy						4,617			3,497			3,350
Energy						24,471			25,500			25,500
Total Minor Construction						29,022			28,997			28,850

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance and increase the level of protection of the workforce and the mission stock. These projects include:

1. Renovation and alteration of administrative facilities. An example is the conversion of a portion of a Pearl Harbor warehouse to administrative space to replace that in the buildings at Camp Smith, Hawaii which are scheduled for demolition.
2. Upgrading security facilities (gates, fences, security lighting). An example is the upgrade of two existing entrance gate facilities at the Headquarters Complex, Fort Belvoir, Virginia to comply with current Anti-Terrorism/Force Protection (AT/FP) standards.
3. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities (Energy only).
4. Upgrades to utility systems to comply with environmental and fire protection standards.
5. Additional paving for road networks and personnel parking to comply with the new AT/FP standoff distances
6. Incidental improvements associated with facilities repair projects

None of the projects are justified on the basis of cost savings or avoidance. All of these projects are required to allow existing missions to continue in safe, compliant and efficient facilities.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2006
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2006 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2005	Equipment except ADPE & TELCOM:	(0.5)	3.8	4.4	(0.5)	
	Replacement < $0.499	(0.3)	0.9	1.3	(0.3)	One new requirement
	Productivity < $0.499	(0.2)	0.0	0.2	(0.2)	Change orders from prior year projects
	Chillers for Computer Facility (DSCR)	0.1	1.5	1.4	0.1	Actual price
	AFHE MCAS Beaufort	0.0	1.4	1.4	0.0	
2005	Equipment - ADPE & TELCOM:	(0.6)	10.9	11.5	(0.6)	
	Base Level Sustainment (BLS)	2.5	4.2	1.7	2.5	DSCR requirement cancelled.
	LAN Replacement (DSCR)	0.0	0.5	0.5	0.0	
	Storage Area Network (DAASC)	0.0	0.7	0.6	0.0	
	Product Data Management Initiative Hardware	(2.4)	1.0	3.4	(2.4)	Emergent hardware requirements
	Business Systems Modernization (BSM) Hardware	3.8	4.6	0.8	3.8	Hardware leased instead of purchased
	Defense Automatic Addressing System Tech Refresh	(4.5)	0.0	4.5	(4.5)	Emergent requirement
2005	Software Development:	5.5	170.4	164.9	5.5	
	Software Development < $0.499	(0.0)	0.2	0.2	(0.0)	
	Program Budget Reporting System (PBRS)	0.8	0.8	0.0	0.8	Project cancelled
	Learning Management System (LMS)	0.0	0.9	0.9	0.0	
	Cataloging Reengineering System (CRS)	0.0	0.8	0.8	0.0	
	Apparel Research Network (ARN) VPV	(0.4)	0.9	1.2	(0.4)	Additional Information Assurance requirements
	Defense Medical Logistics Standard Sys (DMLSS)	0.0	5.0	5.0	0.0	
	Business Systems Modernization (BSM)	(4.6)	116.6	121.2	(4.6)	Ermergent development requirements
	Customer Relationship Management (CRM)	0.6	6.9	6.3	0.6	Task order repriced
	Common Food Management System (CFMS)	0.0	9.4	9.4	0.0	
	Integrated Data Environment (IDE)	(3.1)	9.7	12.8	(3.1)	Additional Asset Visibility requirements
	eWorkplace (formerly Knowledge Management)	(0.8)	4.2	5.0	(0.8)	Ermergent development requirement
	Federal Logistics Information System	0.2	2.1	1.9	0.2	Project repriced
	Product Data Management Initiative	7.9	8.2	0.3	7.9	Delay in contract award.
	Organization Clothing and Individual Equipment (OCIE)	5.0	5.0	0.0	5.0	Project cancelled
2005	Minor Construction:	1.9	30.9	29.0	1.9	Emergent requirement for DSCP
	Total FY 2005	**6.3**	**216.1**	**209.8**	**6.3**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description			FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499			12	2.8	19	3.6	15	2.8
REP 000	Replacement			6	0.9	14	2.5	15	2.8
PRD 000	Productivity			6	1.8	5	1.1		
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999			3	2.6	3	2.2	1	0.8
REP 100	Replacement			2	1.7	1	0.7		
PRD 100	Productivity			1	0.9	2	1.5	1	0.8
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over			4	12.6	4	9.7	4	14.3
REP 200	Replacement			1	8.1	2	6.7	2	6.3
PRD 200	Productivity			3	4.5	2	3.1	2	8.0
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non ADP/T)			19	18.0	26	15.5	20	17.9
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499			14	7.4	2	0.5		
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999					15	11.5	12	9.0
ADP 200	ADP/T EQUIPMENT $1.0 and Over			2	3.3	2	6.1	2	2.4
	TOTAL EQUIPMENT (ADP/T)			16	10.8	19	18.1	14	11.4
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499								
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999								
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over				5.5		15.7		8.0
	TOTAL SOFTWARE DEVELOPMENT				5.5		15.7		8.0
RPM 000	MINOR CONSTRUCTION				7.7		9.3		8.9
	TOTAL AGENCY CAPITAL INVESTMENTS			35	41.9	45	58.6	34	46.1
	Total Capital Outlays				47.6		45.4		44.2
	Total Depreciation Expense				27.8		42.8		39.2

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
Replacement/Productivity Equipment < $1M

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total REP/PRD 000				15	356.9	5,354	22	262	5,758	16	226.6	3,626

Narrative Justification:

These investments include the replacement of existing items that have reached or exceeded their useful life. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancement standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. This program also includes productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment are met. All productivity related projects normally provide a payback of not more than five years and a savings to investment ratio of greater than one.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-01 EDC High-Rise Vehicles (DDSP)				1	8,074	8,074	1	5,300	5,300			

Narrative Justification:

The Eastern Distribution Center (EDC) at Distribution Depot Susquehanna (DDSP) is the primary distribution facility on the east coast. The largest storage area in the EDC is located in the southwest corner of the facility. The high bay storage area contains 65 foot racks that hold 70,248 pallet storage and 242,688 bin/package locations. These racks are serviced by personnel onboard hybrid high rise vehicles. They have a single mast design, with an onboard compartment that traverses the mast vertically using a lift motor and cable. Cracks have been found in the mast and the annual maintenance costs are continually increasing. The vehicles were originally installed in 1989 and have exceeded their useful life of 10 years. For both economics and safety reasons, it is time to replace these vehicles. The equipment replacement will be accomplished in two phases (FY 2005/FY 2006) providing the ability to remain operational during the replacement process.

The savings to investment ratio is 3.9 and the discounted payback for this project is 2.4 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
PRD 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-02 Refurbish Bin Storage, Building 159							1	1,380	1,380			

Narrative Justification:

Defense Distribution Depot Cherry Point (DDCN) has eighteen SPS Technologies Cranes in building159, designed to handle binable material, that are approximately 20 years old. Some of the parts are difficult and sometimes impossible to replace because the original crane manufacturer is out of business. Additionally, the need for package rack size storage locations has increased and DDCN needs a minimum of 11,250 new locations to relocate material from Building 155. Building 155 requires considerable repair and DDCN needs alternate storage space so that Building 155 can be vacated. Most of the bin racks in building 159 will be replaced with 30 ft. high x 6 ft. wide x 36 in. deep package racks. Cranes will be replaced with guided narrow aisle stock selectors, which are much cheaper to purchase, but have the same functionality and enough capacity to handle the workload. The stock selectors are not aisle captive and therefore flexible and easier to maintain. Replacing old cranes with newer ones was among the various alternatives considered, however that option was determined to be uneconomical and therefore rejected. If the project is not funded, the cranes will eventually recede to a non-performing mode. Material storage and retrieval will continue in manual mode using a pick ladder which is unsafe at 30 ft. clear stack height resulting in increased material handling costs with lower output.

The payback is 1.91 years and the savings to investment ratio is 4.71

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-03 Carousel Upgrade, Bldg. 16A-3										1	2,500	2,500

Narrative Justification:

The Defense Distribution Depot San Joaquin (DDJC), Tracy, site is designated as a primary distribution center within the Defense Logistics Agency's Defense Distribution Center (DDC). The purpose of this project is to upgrade and/or replace the existing carousel storage in Warehouse 16A-3 with a new carousel storage system and any necessary modifications to the package/tote conveyor system. The existing carousel storage units were installed in two increments, in 1984 and 1988, and will need replacement/refurbishment in order to be available to meet future operational requirements. At the present time, Building 16 is the Small Parcel Operations Hub at DDJC, and the storage policy is to have all active items stored within the Operational Hub. The upgrade/replacement of the carousels, which are past their economic life, will provide high-density storage and optimum resource utilization for storage and issuance of high demand material. Among the alternatives considered were the following: Using the existing equipment/systems without replacement/refurbishment, replace the system with a mini-load storage system, replace the system with a manual walk and pick storage system and use manual methods when the systems are unusable/obsolete or nonexistent. For the type of material stored, replacing the carousels was determined to be the most appropriate solution. If the project is not funded, operations will be negatively impacted resulting in multiple handling of material, misplaced/damaged material, and reduced productivity resulting in higher material handling costs.

The payback period for the project is 4.77 years and the savings to investment ratio is 1.96

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line N umber & Item Descriptio
PRD 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-04 Narrow Aisle Pallet Racks, Building 659 and 660										1	3,800	3,800

Narrative Justification:
The North Island Complex at Defense Distribution Depot San Diego (DDDC) consists of six 600 Ft. x 200 Ft. x 18 Ft. clear stack height buildings. The buildings are 656, 657, 658, 659, 660 and 662. In FY 2007, DDDC must vacate Bldg. 662 and return to the Navy. The stock which is currently in building 662 must be consolidated within the remaining five buildings. The racks that were originally installed in the North Island Complex by the Navy are substandard for the following reasons: 1) They are not rated for seismic zone 4. 2) The racks are severely damaged from forklift impact. 3) Multiple vendors have installed these racks making it difficult to replace the damaged components. 4) The racks have different ratings from 600 lbs. to 2,000 lbs. 5) Most of the racks do not have crossbars or back to back ties. 6) In-rack sprinkler fire protection as required by National Fire Protection Association was never installed. To maximize the cube utilization and correct the serious fire protection and safety violations of the present rack systems, the existing racks will be replaced in sections 1, 2 and 3 of buildings 659 and 660 with 18 ft. high narrow aisle rail guided pallet rack. This will yield 10,400 new pallet rack locations. To meet fire code, an in-rack sprinkler system will be installed and all racks will be designed and installed for seismic zone 4. The only alternative to installing pallet racks in these warehouses is to double or triple stack pallet material on the floor where possible. This alternative will not solve the problem of overcrowding and permit DLA to vacate building 652. If the project is not funded stacking height will be limited and available cube will not be properly utilized and the consolidation of material in fewer buildings will not be possible.

The payback period for the project is 3.27 years and the savings to investment ratio is 2.80

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-04 Active Item Conveyor							1	1,080	1,080			

Narrative Justification:

With the implementation of Defense Distribution Depot San Joaquin, California (DDJC) Plan 2000, the majority of binable receipts and issues will be processed and stored within Building 15, 16, 17, 18, 19 and 20 at the Tracy site. Currently, material is moved between buildings on the intra-depot transporter system. In an effort to increase productivity, the Active Item Conveyor will provide a mechanized link between buildings 18 and 19, which store binable material, and the Mechanized Distribution Hub in building 16. This project will provide the package/tote conveyor system transporting binable material to the Mechanized Distribution Hub in a more productive manner. The conveyor system will consist of powered belt and live roller conveyor. Material issued from buildings 18 and 19 will be placed on the conveyor system at designated locations within the building. The project also includes installation of a cross over tunnel between buildings in which the conveyor system will be installed. Status quo is to continue the method of moving material between buildings 18 and 16 utilizing the intra-depot transporter conveyors/trucks, however, current handling capabilities and system capacities will not be able to meet the future workload and will not allow DDJC to meet the one day processing goal instituted by DLA.

The payback is 3.29 years and the savings to investment ratio is 2.78

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Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-05 Material Processing Center, Building W135							1	1,970	1,970			

Narrative Justification:

Defense Distribution Depot, Norfolk, VA (DDNV) will assume the responsibility of processing material for large deck ships in FY 2005. The existing material processing center (MPC) in building Y109 does not have the sorting capacity or staging floor space to handle the extra workload. A new sortation system is planned to be installed on a mezzanine above the existing system in building Y109. It will have the necessary stortation lanes with an automated scanning system. Each sortation lane will be setup to hold material for a specific store room in a ship. Binable and package material for the sorter will be provided from building W143 using the new overhead conveyor system or from existing or new storage in building Y109. The proposed system will also have a pallet handling system which will transport material to and from the mezzanine. The other alternative considered is to upgrade the existing system in building W135, however, this building is very old and needs considerable repair and the automated out-loading system to the ships is not available as it is in building Y109. If not funded the mission will continue in building W135 at increasing operating and handling costs.

The payback is 3.4 years and the savings to investment ratio is 2.70

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-06 Equipment for GPW, Phase 1										1	6,000	6,000

Narrative Justification:

An FY 2006 MILCON project providing a new warehouse at Defense Distribution Depot San Joaquin (DDJC) will replace four World War II era warehouses located at Tracy. This MILCON project will also eliminate improperly stored mission stock in various locations, and provide for workload increases. A new General Purpose Warehouse (GPW) will be constructed west of building 56, the new Active Bulk Warehouse complex. This is part of the process to eliminate substandard facilities and reduce infrastructure at DDJC. This investment will provide equipment for this new 480,000 square foot GPW with cube efficient, easily accessible material storage. This equipment will consist of a high rise narrow aisle pallet rack storage system, turret trucks including batteries and chargers, guidance system for Material Handling Equipment (MHE), floor level pallet conveyor, intra-depot transporter conveyors and work stations. Installation of this new equipment will lower overall material handling costs, reduce facility space requirements and decrease warehouse receiving, storage and shipping times. In an effort to coordinate the installation of the equipment with MILCON, the entire project will be installed in two phases. The first phase will be in FY 07 at an estimated cost of $6.0M and the second phase in FY 2008 at a cost of $3.5M.

The estimated payback is 4.50 and the Savings to investment ratio is 2.05

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-07- High Density Bin Storage, Building 16B-3										1	2,000	2,000

Narrative Justification:

The consolidation of all active items at Defense Distribution Depot San Joaquin (DDJC), Tracy site has increased the quantity of binable items stored in a significant number of bulk storage warehouses therefore it is necessary to develop a storage plan for handling the binable item workload. Storage management principles dictate that high priority items should be stored together in close proximity to the operational hub, with lower priority item storage moving to the outermost storage locations. High density storage coupled with a manual selection process provides optimum resource utilization for storage and/or issuance of high demand material. The project consists of installing a high density bin storage system with associated tote/package conveyor modification to interface with the receiving/pack/offer/ship operations. If the project is not funded, a significant amount of bulk storage space in some warehouses would continue to be dedicated to hold unit packs of binable items. High priority items could not be consolidated in high density storage to effect optimum resource utilization for storage and issuance of the material and existing storage cube would continue to remain under utilized.

The payback period for the project is 2.28 years and the savings to investment ratio is 4.00

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
ADP 000 $0.1 to $0.499

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000 Base Level Support							2	262.5	525			

Narrative Justification: Base level support projects for FY 2006 include:

Trunked Radio System Upgrade, San Joaquin.

Telephone System Upgrade, San Joaquin - Upgrade for the Definity Equipment Control System (ECS) and support for MILCON projects.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
ADP 000 $0.5 to $0.999

D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 100 Base Level Support				14	530.3	7,424	15	766.6	11,499	12	745.9	8,951

Narrative Justification:

Local Area Network (LAN) Upgrade - In FY 2006 and FY 2007 the Defense Distribution Center (DDC) will upgrade LAN networks to include hardware and infrastructure cabling. These upgrades will improve mission performance through increased connectivity depot-wide. The LAN infrastructure is standardized, upgraded, and refreshed according to recognized DoD and DLA standards. FY 2006 upgrades are planned for the Defense Distribution Center and Defense Distribution Depot Cherry Point, Columbus, Map Support (Richmond), Norfolk, Pearl Harbor, Puget Sound, and Tobyhanna. FY 2007 upgrades include Defense Distribution Depot Anniston, Albany, Barstow, San Joaquin, Susquehanna, and Richmond.

Radio Frequency Equipment - DLA is committed to supporting the policy for Unique Item Tracking (UIT) as specified in DoD 4140.1-R and Defense Reform Initiative Directive (DRID) 48. Initial specifications for the UIT mission call for the ability to read 2D bar codes during the pick operation. The mission relies upon the perpetuation of serial number information throughout the supply chain; suppliers will mark this information on material in the form of 2D bar codes. This work is primarily supported by Radio Frequency equipment. Since the existing equipment cannot read 2D bar codes, the current systems must be replaced. The costs associated with replacing the systems are based on a one for one replacement of the existing end user equipment (hand held terminals and vehicle mounted terminals) as well as the number of access points (base stations) necessary to support this equipment. The Radio Frequency Identification (RFID) project is sequenced following network upgrades to the same sites. FY 2006 and FY 2007 includes replacements at the following sites: Defense Distribution Depot Yokosuka, Europe, Tobyhanna, Anniston, Cherry Point, Barstow, Richmond, Albany, Oklahoma City, Warner Robbins, Hill, Sigonella, Guam, and Korea.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
ADP 000 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200-01 Telephone Network Upgrade				1	1,678	1,678	1	2,260	2,260	1	890	890

Narrative Justification:

As Radio Frequency technologies and wireless LAN networks expand within the infrastructure, a robust telecommunications system is required to maintain a reliable base system. During FY 2006 at Defense Distribution Depot Susquehanna (DDSP), telecommunications upgrades will include installation of new meridian software loads to increase telecommunications capabilities within the telephone switch and to upgrade mission essential telecommunications systems, including the Enterprise Telecommunication Management System and the E-911 System. Also, FY 2006 funding requirements are projected for communications needs for MILCON projects: Consolidated Maintenance Facility, Fitness Center, Billeting Quarters, and Heat Plant. Requirements are addressed in DDSP Telecom Network Upgrade FY 2006 Business Case Analysis (BCA), dated December 11, 2001.

The DDSP FY 2007 telecommunications projects will upgrade the Telephone Management System and the Automated Directory Assistance System. Requirements are addressed in DDSP Telecom Network Upgrade FY 2007 BCA, dated December 11, 2001.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
ADP 000 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200-2 Radio Frequency Identification (RFID)				1	1,649	1,649	1	3,840	3,840	1	1,513	1,513

Narrative Justification:

DoD Radio Frequency Identification (RFID) Policy, October 2, 2003, (updated February 20 and July 30, 2004) directs suppliers to DoD to put passive RFID tags on case/pallet packaging by January 2005. It also directs Components to establish initial capability to read RFID tags at key sites for the January 2005 implementation. An interim update to the October policy directs DLA to instrument its two Primary Distribution Platforms for operation in January 2005 with remaining CONUS sites being equipped by the end of FY 2006 and OCONUS sites by the end of FY 2007. The interim policy also directs DoD shippers to attach passive RFID tags to shipments to other DoD components. The funds requested in support of this initiative are designated to provide the DDC distribution sites with the equipment necessary to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns.

RFID supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners.

The implementation schedule determined by USD (AT&L) is nineteen depots in FY 2006 and seven depots in FY 2007.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Radio Frequency Identification (RFID)						510			10,647			4,484

Narrative Justification:

DoD Radio Frequency Identification (RFID) Policy, October 2, 2003, (updated February 20 and July 30, 2004) directs suppliers to DoD to put passive RFID tags on case/pallet packaging by January 2005. It also directs Components to establish initial capability to read RFID tags at key sites for the January 2005 implementation. An interim update to the October policy directs DLA to instrument its two Primary Distribution Platforms for operation in January 2005 with remaining CONUS sites being equipped by the end of FY 2006 and OCONUS sites by the end of FY 2007. The interim policy also directs DoD shippers to attach passive RFID tags to shipments to other DoD components. The funds requested in support of this initiative are designated to provide the DDC distribution sites with the equipment necessary to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns.

RFID supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners.

The implementation schedule determined by USD (AT&L) is nineteen depots in FY 2006 and seven depots in FY 2007.

The software funds requested are for middleware that can provide data monitoring and management, device monitoring and management, and application development tools. This is necessary to pass data to the Distribution Standard System (DSS) and for DSS to communicate with outside systems. Development funding is also required for modifications to DSS to support RFID functionality.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Distribution Standard System (DSS)						2,175			3,500			3,500

Narrative Justification:

The Distribution Standard System (DSS) was fully deployed at all 21 sites in FY 1998. DSS will continue to be enhanced through Business Process Improvements beyond Full Operational Capability (FOC). Many of these productivity System Change Requests (SCR's) are generated by the Defense Distribution Centers to improve and standardize the Distribution Business Processes. They will provide more cost effective customer support by enhancing the following functional areas: Storage, Workload Planning, Transportation, Inventory, Receiving, Total Package Fielding/Small Arms Serialization Program (TPF/SASP), Packing, Packaging, Preservation and Marking (PPP&M), Care Of Supplies In Storage (COSIS), Hazardous Material (HAZMAT), Equipment Control System (ECS), and Management Information System (MIS). DSS System Change Requests (SCRs) are created by DLA/DDC HQ to support ERP (Enterprise Resource Planning) of DSS interface requirements. FY 2006 and FY 2007 includes Passive RFID Project, Configuration Load Build Tool (CLBT), Wide Area Workflow and Unique Identifier (UID) initiatives. This funding will support expanding DSS not only to new sites as required (for example, SW Asia and Pacific sites) but also for ongoing Distribution Depot Europe, Sigonella, and Yokosuka initiatives. System Change Request's are required to keep DSS current with changing commercial and government freight policies, unique DoD and Service related initiatives, and regulatory changes to on-line and batch programs. These SCRs address priority 1 or priority 2 core mission issues. All development will be performed internally.

Analysis of individual DSS SCRs shows a range of Return On Investment (ROI) from 0.33 to 11.1; the payback periods range from less than one (1) month to three (3) years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-03 Distribution Planning Management System (DPMS)						2,792			1,575			

Narrative Justification:

The Distribution Planning Management System (DPMS) will provide process integration to evaluate and optimize transportation operations, at a global level, not just in terms of cost but also in terms of trade-offs between inventory, warehousing, forecasted demands and the actual capacities of the transportation/distribution network, to include suppliers to meet customer requirements. DPMS will integrate information about transportation rates, routes, carrier capacities and customer service requirements. Defense Distribution Center (DDC) will be able to better manage the existing movement of products from vendors and distribution centers to customers through the use of DPMS resulting in greater coordination, asset visibility, and precise stock positioning to lower transportation and inventory holding costs. DPMS will interface with the Department of Defense's (DoD's) transportation financial system (PowerTrack), Distribution Standard System (DSS), the execution and planning portions of Business Systems Modernization (BSM), as well as Service Enterprise Resource Planning (ERP) systems and DoD tracking systems. Phase 1, which began in FY 2003, includes development of the concept demo, software capabilities mapping to DDC processes and the Full Operational Capacity (FOC) blueprint. The FY 2006 investment is for completion of increments 4 and 5, Reverse Logistics (initiative to identify and optimize the distribution of returned DLA items) and Service Enterprise Resource Planning.

The Return on Investment (ROI) is 12.79 for all five phases and the payback period is 2.4 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2006

C. Line Number & Item Description
RPM 000 Minor Construction

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction (DDC)						7,667			9,298			8,878

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Installing and improving fire protection and alarm systems.
2. Upgrading security facilities (gates, fences, lighting) to meet current Anti-Terrorism/Force Protection standards.
3. Adding paving for open storage, road networks and operational areas.
4. Altering facilities to accommodate mission changes, consolidation and stock repositioning
5. Improvements to utilities to enhance reliability.
6. Incidental improvements associated with facilities repair projects.
7. Replacement of existing facilities that cannot be economically repaired.

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the distribution mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2006
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2006 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2005	Equipment except ADPE & TELCOM:	1.2	19.1	18.0	1.2	
	Replacement <$500K	0.9	1.9	0.9	0.9	Two requirements cancelled
	Productivity <$500K	(0.7)	1.1	1.8	(0.7)	Includes change order for FY 04 project
	Replacement $0.5 to $0.999K	0.0	1.7	1.7	0.0	
	Productivity $0.5 to $0.999K	0.0	0.9	0.9	0.0	
	Replace EDC High-Rise Vehicles (DDSP)	(2.8)	5.3	8.1	(2.8)	Bid price per vehicle higher than planned.
	Equipment for General Purpose Whse (DDJC)	4.3	4.6	0.3	4.3	Funding carried over to FY 06.
	Modernize Depot Operations (DDPH)	(0.6)	1.8	2.4	(0.6)	Project scope change.
	Equipment for General Purpose Whse (DDSP)	0.0	1.8	1.8	0.0	
2005	Equipment - ADPE & TELCOM:	1.4	12.2	10.8	1.4	
	Base Level Support	(0.3)	7.1	7.4	(0.3)	DDJC Trunked Radio System cancelled.
	Telecom System Upgrade	(0.9)	0.8	1.7	(0.9)	Additional depot included in upgrade.
	Radio Frequency Identification (RFID)	2.6	4.3	1.6	2.6	
2005	Software Development:	3.1	8.5	5.5	3.1	
	Distribution Standard System	1.3	3.5	2.2	1.3	Funding carried over to FY 06.
	Distribution Planning & Management Sys	0.5	3.3	2.8	0.5	Funding carried over to FY 06.
	Radio Frequency Identification (RFID)	1.3	1.8	0.5	1.3	No development required; COTS software purchased.
2005	Minor Construction	1.2	8.9	7.7	1.2	
	Total FY 2005	**6.9**	**48.7**	**41.9**	**6.9**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description			FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499			4	1.4	4	1.2	9	1.2
REP 000	Replacement			4	1.4	4	1.2	9	1.2
PRD 000	Productivity								
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999			0	0.0	0	0.0	0	0.0
REP 100	Replacement								
PRD 100	Productivity								
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over			0	0.0	0	0.0	0	0.0
REP 200	Replacement								
PRD 200	Productivity								
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non ADP/T)			4	1.4	4	1.2	9	1.2
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499								
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999								
ADP 200	ADP/T EQUIPMENT $1.0 and Over								
	TOTAL EQUIPMENT (ADP/T)			0	0.0	0	0.0	0	0.0
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499				0.3				
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999								
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over						19.5		10.7
	TOTAL SOFTWARE DEVELOPMENT				0.3		19.5		10.7
RPM 000	MINOR CONSTRUCTION				3.0		2.0		2.0
	TOTAL AGENCY CAPITAL INVESTMENTS			4	4.7	4	22.7	9	13.8
	Total Capital Outlays				6.3		9.0		15.0
	Total Depreciation Expense				8.3		8.8		11.1

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 2006

C. Line Number & Item Description
REP 000 Replacement Equipment $0.1 to $0.499

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 000 Material Handling Equipment				4	342.5	1,370	4	310	1,240	9	127.7	1,150

Narrative Justification:

These investments, which include front end loaders, shredders, and all terrain forklifts, replace existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy- with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 2006

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200 Reutilization Modernization Program (RMP)									19,489			10,681

Narrative Justification:

DRMS Automated Information System (DAISY), the legacy Defense Reutilization and Marketing Service (DRMS) mission system, was developed using primarily a government developed software approach. The Reutilization Modernization Program (RMP) is planned to satisfy new mission requirements capability using a commercial off the shelf (COTS) approach. In FY 2006 the investment includes the purchase of commercial financial software, configuring and integrating the software into both Business Systems Modernization (BSM) and the DRMS business. The result will be an Auditable Financial system with several DRMS legacy financial applications being turned off. In FY 2006 and FY 2007 DRMS will purchase demand planning software. This functionality will be new to DRMS and will be geared towards the unique items in the DRMS disposal chain. A commercial integrator will assist in the large amounts of configuration that are expected for this new functionality. Also in FY 2006 and FY 2007 the investment includes commercial inventory management and property accounting software to replace the DRMS DAISY applications. A commercial integrator will stand up and configure the new system.

RMP has a three year investment period starting in FY 2006. Full Operating Capability (FOC) will occur in FY 2009. The ROI is 1.22 with payback occurring in FY 2013.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 2006

C. Line Number & Item Description
RPM 000 Minor Construction

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction						2,998			2,000			2,000

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Adding paving for open storage, road networks and operational areas.
2. Altering facilities to accommodate mission changes, consolidation, and relocation
3. Improvements to warehouse, administrative, and demilitarization facilities to increase employee safety and comfort
4. Replacement of facilities that cannot be economically repaired.
5. Incidental improvements associated with facilities repair projects

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DRMS mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2006
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2006 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2005	Equipment except ADPE & TELCOM:	(0.7)	0.7	1.4	(0.7)	
	Replacement <$500K	(0.7)	0.7	1.4	(0.7)	Emergent requirements OCONUS
	Productivity <$500K	0.0	0.0	0.0	0.0	
2005	Equipment - ADPE & TELCOM:	0.1	0.1	0.0	0.1	
		0.1	0.1	0.0	0.1	Requirement cancelled
2005	Software Development:	0.7	1.0	0.3	0.7	
	DAISY SCR's	0.7	1.0	0.3	0.7	Requirements reduced pending RMP implementation.
2005	Minor Construction:	0.0	3.0	3.0	0.0	
	Total FY 2005	**0.1**	**4.8**	**4.7**	**0.1**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DOCUMENT AUTOMATION AND PRODUCTION SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description			FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499			0	0.0	3	0.5	2	0.2
REP 000	Replacement					3	0.5	2	0.2
PRD 000	Productivity								
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999							1	0.7
REP 100	Replacement							1	0.7
PRD 100	Productivity								
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over								
REP 200	Replacement								
PRD 200	Productivity								
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non ADP/T)			0	0.0	3	0.5	3	0.9
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499							1	0.4
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999			1	1.3				
ADP 200	ADP/T EQUIPMENT $1.0 and Over					1	1.3	1	2.8
	TOTAL EQUIPMENT (ADP/T)			1	1.3	1	1.3	2	3.2
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499								0.4
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999								
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over								
	TOTAL SOFTWARE DEVELOPMENT				0.0		0.0		0.4
RPM 000	MINOR CONSTRUCTION				0.0		0.3		0.3
	TOTAL AGENCY CAPITAL INVESTMENTS			1	1.3	4	2.1	5	4.8
	Total Capital Outlays				7.8		0.8		2.1
	Total Depreciation Expense				3.7		3.9		4.1

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2006

C. Line Number & Item Description
REP 000 Replacement Equipment < $1M

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 000 Equipment							3	158.3	475	3	306.7	920

Narrative Justification:

These investments for duplicating equipment replace existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2006

C. Line Number & Item Description
ADP 100 $0.1 to $0.5

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000										1	402	402

Narrative Justification:

In FY 2007 DAPS will refresh and upgrade the Electronic Document Management Service (EDMS) system hardware (computer workstations, monitors, servers, operating systems, uninterruptible power supplies, switches, miscellaneous cables and connectors) to current industry standards in order to ensure that uninterrupted and high quality service continues to be provided to the Defense Distribution Center's (DDC) field activities. This equipment was originally purchased in FY 2002 and FY 2003. The equipment replacement strategy not only ensures the highest quality equipment is purchased to refresh the original equipment but also minimizes equipment related costs by taking advantage of discounts available for high quantity buys. The EDMS is required to continually support DDC's demand for a local service provider with global capabilities.

The estimated quantity of equipment and associated costs are based on the current number and the present configuration of the 23 EDMS installations being operated for the DDC. Technological advances and additional sites may modify the estimate.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2006

C. Line Number & Item Description
ADP 100 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Electronic Document Management (EDM)						787			1,300			2,793

Narrative Justification:

Electronic Document Management (EDM) is a transformational, capabilities-based capital planning initiative. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. DAPS must be able to react quickly to emergent customer fact-of-life needs, usually within one year, or less. The FY 2007 projection was developed based on the number, size and scope of projects DAPS has already installed, as well as, those anticipated. Funding for FY 2005 and FY 2006 is for Financial Document Workflow (FDW), an EDM initiative. FDW is the deployment and implementation of an enterprise-wide financial document workflow solution in support of DLA J-8 Headquarters and field level financial management processes.

While exact customer requirements are not known at this time, examples of the equipment generally required are database, archive and web servers, document scanners, workstations, uninterruptible power supplies, miscellaneous switches, cables, and connectors. Additionally, COTS application software licenses and contract labor to perform integration, testing, training, etc., will also be part of the capital investment.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) FY 2007 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2005

C. Line Number & Item Description
ADP 100 $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 000										1	403	403

Narrative Justification:

In FY 2007 DAPS will refresh and upgrade the Electronic Document Management Service (EDMS) system software to ensure high quality service continues to be provided to the Defense Distribution Center's (DDC) field activities. This system was originally deployed in FY 2002 and FY 2003. The estimated costs are based on the current number and the present configuration of the 23 EDMS installations being operated for the DDC. Technological advances and additional sites may modify the estimate.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) FY 2007
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2006

C. Line Number & Item Description
RPM 000 Minor Construction

D. Activity Identification

Element of Cost				FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction						035			300			300

Narrative Justification:

The minor construction investment for projects (between $100,000 and $750,000) will construct new, replace existing, or modify current facilities to implement mission consolidations and allow for operational improvements. These projects consist of:

(1) Renovations and alterations of administrative facilities.

(2) Renovations and alterations to mission operational facilities such as printing, blueprint and microfilm facilities.

These investments will result in cost effective facilities to support the mission and will allow for the implementation of the MEO resulting from the recent A76 competition.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE AUTOMATED PRINTING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2006
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2006 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2005	Equipment except ADPE & TELCOM:	0.0	0.0	0.0	0.0	
	Productivity <$500K	0.0	0.0	0.0	0.0	
	Equipment - ADPE & TELCOM	(1.3)	0.0	1.3	(1.3)	
	ADPE <$500K	0.0	0.0	0.0	0.0	
	EDM (Financial Document Workflow)	(1.3)	0.0	1.3	(1.3)	New requirement
2005	Software Development:	0.0	0.0	0.0	0.0	
	Software Development <$500K	0.0	0.0	0.0	0.0	
	Electronic Document Access	0.0	0.0	0.0	0.0	
2005	Minor Construction:	0.1	0.2	0.0	0.1	Funding reprogrammed for EDM
	Total FY 2005	**(1.2)**	**0.2**	**1.3**	**(1.2)**	